

Business Plan Outline

Before starting a new business or expanding an existing business, you should develop a Business Plan. The Business Plan will serve many purposes. It will help you define the purpose of your business and organize it. You will learn so much about your business and industry through doing the research required to create your Business Plan. It will help you determine potential growth patterns, and it will help you anticipate problems before they arise, thus enabling you to more effectively deal with them. The Business Plan is an agreement on how you and your management team plans to carry out certain functions to achieve Business Plan results. It will serve as a means of measuring the company's performance. Lastly, the Business Plan is a document you will need when raising capital from banks, private investors, or other sources.

Begin your Business Plan with a title page including the date and contact information, i.e. your name, address, telephone number, etc. The Business Plan should be neatly typed in narrative form with correct spelling, punctuation and grammar. Include section headings, for ease of finding information. The Business Plan document should be approximately 3 to 5 pages, plus appendices.

I. ESTABLISHED BUSINESS (1 page)

This is often the only page viewed, so make every word count.

- a. The Mission Statement – this explains what your business is all about.
- b. Company Information – a short statement covering when your business was formed, names of the founders, their roles, number of employees, and business location(s).
- c. Growth Highlights – include examples of financial or market highlights. Graphs and charts can be helpful.
- d. Products/Services – a brief description.
- e. Financial Information – include any information about your current financial situation, banking details, and investors.
- f. Summarize Future Plans – explain where you would like to take your business.

NEW BUSINESS DESCRIPTION (1 or 2 paragraphs)

You might compose this section, when you have all the other information put together.

- a. What type of business are you planning? Describe the nature of your business and the marketplace needs that you are going to satisfy.
- b. What products or services will you sell? Explain how your products and services will meet the needs of the marketplace.
- c. What type of opportunity is it (new, part-time, expansion, seasonal, year-round)?

- d. Why does it promise to be successful? Explain the competitive advantages that you believe will make your business a success, such as your location, expert personnel, efficient operations, valuable product.
- e. What are the growth opportunities? Demonstrate thorough market analysis, showing a need or gap that your product/service can fill.

II. MARKETING PLAN

a. Situation Analysis

Define Your Product

Use only one or two sentences. (This could be a recap from overall business description.)

Does your idea offer something not currently available or being offered?

Can it serve an existing market in which demand exceeds supply?

Competitive Analysis

Describe the industry your product is part of.

What is the current size of this industry?

Describe the economic climate.

What has been the growth/decline in the last five years? 10 years? 20 years?

What elements have effected these changes?

Describe other trends and characteristics.

Are there any barriers that may hinder your entrance to the market?

Is there a window of opportunity to enter the market?

Determine Your Competitors

List your competitors (name, corporation address, phone, web address)

How many companies are competition (locally, statewide, nationally, internationally)?

How much product do they produce?

What is their advertising/promotion?

What are their prices?

How do they distribute, and to whom and where?

What is their packaging?

Product Differentiation

What makes your product different/better than your competitors?

What are the strengths and weaknesses of your product?

What are the strengths and weaknesses of your competitors' product?

What are the threats to and opportunities for your business?

What are the threats to and opportunities for your competitors' business?

Where can you be competitive? Quality, selection, price, convenience?

Identify your potential target market/audience(s)

The smaller and more specific you can be with the definition of your audience, the easier it will be to reach them. Many businesses make the mistake of trying to appeal to too many target markets.

List, describe, and count your potential customers by types – use demographics/psychographics (i.e. how old they are, where they live, their income). Write a sentence describing the typical

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customer. Include how many potential customers are in each age group, in each location, (locally, statewide, in US, nationally) in each income bracket, etc.

What is the amount of annual purchases your target market makes in this industry?

What is the forecasted market growth for this target market?

Are there any seasonal or cyclical customer trends?

Does the customer type have any special needs that make your product/service appealing?

Calculate how much of the market share you can gain

What is the market share percentage and number of customers you expect to obtain in a defined geographic area?

Explain the logic behind your calculation.

Place/Distribution

Where could the consumer find your product?

Can you mail it?

(Note: if distribution is not established, set up a meeting with a business consultant to talk about the process.)

Price

Define your pricing structure: determine your selling price, and gross margin levels.

What is the market demand?

Is your price competitive with your competitors?

b. Market Objectives

This defines what you want to accomplish.

These objectives should be results-orientated.

They should support your company's overall goals.

Objectives should be measurable, set within a noted timeframe, realistic, and achievable.

c. Marketing Strategy

This outlines the methods you will use achieve your sales objectives.

Product concept

This states your product's unique elements that are of value to consumers.

Promotion/Communication Methods

List the types of methods that will reach your target audience(s). Consider the differences among your target market (ages, location, etc.). Select from the following:

1. Personal Selling (word-of-mouth, referrals)
2. Advertising (TV, radio, newspaper, magazines/newsletter, direct mail, internet, billboards)
3. Public Relations (newspaper/magazine feature articles)
4. Sales Promotion (contests, coupons, displays in stores, free samples)
5. Collateral Materials (logo/corporate identity, brochure/flyer, displays, packaging)

Measurement Tools

How you will track the effectiveness of your promotional elements?

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d. **Marketing Tactics**

Marketing Budget

Timeline

Marketing Message/creative execution

III. **OPERATIONS PLAN**

a. **Geographic Location**

Where will the business be located?

What factors will influence your choice of location?

How will your building contribute to your marketing strategy?

b. **Facilities and Improvements**

What features will your location have?

What will your building layout feature?

c. **Labor Force**

This section should include detailed information about who does what in your business. An organizational chart with a narrative description can be very useful here. Give a detailed description of each division or department and its function.

How many employees will you need?

What will they do?

What are your plans for employee hiring, salaries and wages, benefits, training, and supervision?

d. **Hours of operation**

e. **Seasonality/yearly operating cycle**

f. **If manufacturing, describe manufacturing process including:**

Vendor listing

Order lead time

Process time for finished project

Inventory management

IV. **ORGANIZATION AND MANAGEMENT PLAN**

a. **Business Structure**

What legal form of ownership will you choose, i.e. sole proprietor, LLC, corporation, etc.?

Why is this the best structure?

If applicable, Articles of Incorporation and date established.

b. **Key Management Personnel**

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Give a detailed description of each division or department and its function.
What will be the management positions in your company?
What will be the primary duties and responsibilities of each manager?
What qualifications and experience are you looking for in each manager?
Who/How will you manage finances and recordkeeping?
If an existing business, include detailed resumes for each manager.

c. Board of Directors

If incorporated, who will be your Board of Directors?
What are the positions on the Board?
What qualification and experience do your Board Members need?
How will you find and maintain Board Members?
What will be the extent of the Board's involvement with the company?
Will there be any compensation for Board Members?

d. Management Compensation and Ownership

Names of owners.
Percentage of ownership.
Extent of involvement with the company.
Forms of ownership (i.e., common stock, preferred stock, general partner, limited partner, etc.)
Outstanding equity equivalents (i.e., options, warrants, convertible debt, etc.)
Explain the salary and benefits package.

e. Supporting Professional Services

What consultants or specialists will you need?
Why will you need them?

f. Laws and Regulations affecting your business

What licenses and permits will you need?
What regulations will affect your business?