



**Southern**  
Good Faith Fund

# **BUSINESS PLAN FORMAT**

## **INTRODUCTION**

### **CONGRATULATIONS!**

You are about to embark on an exciting and challenging task of writing a business plan! To get you started, here are answers to some questions you may have.

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### **WHY DO I NEED TO WRITE A BUSINESS PLAN?**

Whether you are starting or expanding your business, you will find the business plan useful for the following reasons:

1. To help you think through your business idea and consider all opportunities and challenges.
2. To help you apply for a small business loan to fund your business.
3. To help you apply for IDA match funds if you are saving for a small business.
4. The business plan can serve as an operating guide for your small business, yourself and your employees. The business plan should be reviewed and updated annually.

### **HOW WILL THIS BUSINESS OUTLINE HELP ME?**

The following outline contains the following information:

- The necessary sections of a business plan,
- What should be included in each section and,
- Why the information is necessary

A good business plan is the cornerstone of successful financing. If you want an investor's money, you must give them good reasons to invest. You lay out the reasons in the business plan. The business plan does not have to be unduly lengthy or complicated, but must be informative and relevant. The business plan should also show how you plan to measure the success of the business.

### **HOW DO I WRITE A WINNING BUSINESS PLAN?**

Here are some tips to writing your business plan:

1. Visit with the Business Development Center staff for guidance in writing your plan.
2. Research the business at the Business Information Centers in Pine Bluff or Helena.
3. Type your business plan on a computer and save it on a disk; a hand-written business plan is normally difficult to read or edit. If you cannot type, pay someone to type it for you.
4. Get a friend to edit or critique your business plan. Their feedback may be insightful.
5. Schedule an appointment with BDC staff, to help you in editing or completing the business plan.
  - Angela Austin, Program Manager: 870-535-6233 ext.13 {Pine Bluff}
  - Pat Scott, Program Manager : 870-816-1120 {Helena}

## **COVER SHEET**

The cover sheet should contain the following information:

1. Type of document i.e. business plan and financial request
2. Proposed or actual name of the business. (Legal name as appears on the registration documents)
3. Owner(s) of the business
4. Owner(s) contact information including addresses, telephone numbers, fax numbers and e-mail addresses
5. Mailing address if different; P.O. Box or separate office address
6. Date of the plan

## **TABLE OF CONTENTS**

1. Use section names and page numbers.
2. If you include charts, tables or graphs, list those in the table of contents

## **EXECUTIVE SUMMARY**

1. Describe the purpose of the plan.
2. Owner or owners of the business and share of ownership
3. Organization structure; (i.e. Sole Proprietor, Partnership, Corporation, Non-Profit)
4. Total project amount
5. Equity being invested into the business
6. Loan or IDA funds being requested (if applicable)
7. What will be the use of the funds?
8. How will you repay the loan? (if applicable)
9. Collateral that will be used to secure the loan (if applicable)
10. What are the strengths of the business/owner?
11. What are weaknesses of the business/owner?
12. Who is the proposed lender? (if applicable)

## **BUSINESS OVERVIEW (if borrowing to expand or finance an existing business)**

1. What is the history of the business and how and when was it started?
2. Why are the previous owners selling the business?
3. Summarize its past and current performance in terms of sales and profits. If possible provide 3 years of past tax returns for the business.
4. Why do you intend on buying the business and how will you make it more profitable.

## **PRODUCTS AND SERVICES**

1. What products or services does the business currently sell or plan to sell? List and describe all the different types and variants.
2. Is there a need for this type of product or service? Why?
3. How is this product or service unique?
4. How will your business be better than the competition?

5. What licenses, patents and trademarks are necessary for you to sell your products or services?
6. Will you sell any warranties with your product or service?

## **THE INDUSTRY**

1. Within what industry will your business operate?
2. What is the history and current size of this industry?
3. Is this industry growing or declining?
4. What is the source of your information?
5. What recent trends have affected this industry within the last 5 years?

## **MARKET INFORMATION**

Please provide detailed information on each of the following 3 parts:

### **Part 1: Customers**

1. Describe your typical customer.
2. Explain why they will buy your product or service rather than the competitions?
3. Where are your target customers located? Name the town, cities, counties or states you will serve?

### **Part 2: Competition**

1. List five (5) businesses that will compete against your business.
2. For each of your competitors, find out how long they have been in business, how they are unique, and their products, prices, strengths and weaknesses.
3. For each of your competitors, please describe their marketing strategies.

### **Part 3: Marketing Strategies.**

1. List the different advertising methods you will use to reach your target customers.
2. What prices will you charge for your products or services?
3. How will you package your product?
4. Will you offer any special discounts or sales tactics?
5. What is your marketing budget for the first year?

## **OPERATIONS**

Please provide detailed information on each of the 4 parts:

### **Part 1: Location**

1. What are the advantages of your business location?
2. Do you have sufficient space for your operations?
3. Will you be leasing or buying the building?
4. What renovations are necessary to bring the building up to code?

### **Part 2: Equipment**

1. List the type of equipment you will need to run the business?

### **Part 3: Inventory**

1. What type of inventory will you need to produce your product?
2. Who are your suppliers and what terms and conditions will you receive from them?
3. What policies or systems do you have in place to manage purchasing and production?

### **Part 4: Insurance**

1. What type of insurance will you have to protect your small business?
2. What taxes will you be liable for paying?

### **Part 5: Management Plan**

1. List the names of key owners and managers of the business. What roles will they play in the business? (E.g. who will be responsible for financial management like bookkeeping and taxes)
2. What shares will the owners have in the business if the business has more than one owner?
3. What experience or education do you have that makes you suitable to start or expand this business?
4. How many employees will you hire to successfully run this business? What experience will they need?
5. What salaries will you pay yourself and your employees?

### **Part 6: Time line.**

**Provide a simple calendar showing when the following activities will happen:**

1. Obtain funding for the business
2. Purchase a building
3. Purchase equipment
4. Renovations
5. Hiring staff
6. Production planning
7. Marketing activities
8. Grand opening of the business

## **FINANCIAL PLAN**

**Please provide the following documents as part of your financial plan:**

1. List your start-up budget and what the money will be used for.
2. Profit and loss projections for 3 years. Month by month for the first year and annually for the next two years.
3. Cash flow projections for 1 year.
4. Balance sheet projections for 1 year.
5. Business debt schedule.
6. Assumptions to all projections.

## **ATTACHMENTS**

1. Credit reports for all proposed owners
2. Personal financial statements for all proposed owners.
3. Resumes of all owners and key managers
4. 3 years of previous personal tax returns
5. 3 years of previous business tax returns. – If an existing business
6. Letters of intent from all prospective suppliers or customers

7. Copies of licenses, registration documents or tax I.D numbers
8. Names and telephone numbers of 8 references
9. Letters of support from satisfied customers if any
10. Partnership agreements