

Business Development Center

Business Plan Format

Document Date: 11/25/2008



Building communities. Changing lives.

Southern Good Faith Fund, a 501(c)(3) non-profit organization, is an affiliate of Southern Bancorp, Inc. and is committed to increasing incomes and assets of low-income and low-skilled residents in rural communities. Visit us on the Web at www.southerngff.org.

Contents

Introduction	1
Why Do I Need to Write a Business Plan?	1
How Will This Business Outline Help Me?	1
How Do I Write a Winning Business Plan?.....	1
Structure	3
Cover Sheet.....	3
Table of Contents.....	3
Executive Summary.....	3
Business Overview	4
Products and Services	4
Research	5
The Industry.....	5
Market Information.....	5
Part 1: Customers	5
Part 2: Competition	5
Part 3: Marketing Strategies.....	6
Operations.....	6
Part 1: Location	6
Part 2: Equipment.....	6
Part 3: Inventory.....	6
Part 4: Insurance.....	7
Part 5: Management Plan	7
Part 6: Time line.....	7
Financial Plan	8
Additional Questions.....	9
Attachments.....	10

Notes

Introduction

Congratulations!

You are about to embark on the exciting and challenging task of writing your business plan! To get started, consider the answers to some common questions below.

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. Helps you think through your business idea and consider all opportunities and challenges.
2. Helps you apply for a small business loan to fund your business.
3. Helps you apply for Individual Development Account (IDA) match funds if you qualify and are saving for a small business.
4. Serves as an operating guide for your small business, yourself, and your employees.

And remember, you should review and update your business plan annually.

How Will This Business Outline Help Me?

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 by clearly presenting your reasons in your 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.

Later sections of this document show you how to structure your business plan, what should be included in each section, and why the information is necessary.

How Do I Write a Winning Business Plan?

Here are some tips for writing your business plan:

1. Visit with our Business Development Center (BDC) staff for guidance in writing your plan.

2. Research the business at our Business Information Centers (BICs) in Pine Bluff or Helena-West Helena.
3. Type your business plan on a computer and save it on your computer's hard drive. You should always keep a back-up copy saved to a compact disk (CD) or an external electronic storage device, such as a flash drive. 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.
 - Pine Bluff – Kim Jones-Sneed, Acting Program Manager: 870-535-6233 ext. 13
 - Helena-West Helena – Pat Scott, Program Manager : 870-816-1120

Structure

This section describes the elements that should be included in a good business plan.

Cover Sheet

The cover sheet should contain the following information:

1. Type of document, such as Business Plan or Financial Request.
2. Proposed or actual name of the business. (The legal name as it 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. Alternate mailing address if necessary, such as a 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 them 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's legal structure, such as Sole Proprietor, Partnership, Corporation, or Non-Profit.
4. Total project amount.
5. Equity being invested into the business.
6. Loan or IDA funds you are requesting (if applicable).

7. How you will use the funds (if applicable).
8. How you will repay the loan (if applicable).
9. Collateral that you will use to secure the loan (if applicable).
10. The strengths of the business/owner.
11. The weaknesses of the business/owner.
12. Your proposed lender (if applicable).

Business Overview

This section applies if you are borrowing to expand or finance an existing business. Include:

1. What is the history of the business; why, how, and when was it started?
2. Why are the previous owners selling the business?
3. Summarize the business' past and current performance in terms of sales and profits. If possible provide three years of past tax returns for the business.
4. Why do you intend to buy 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 variations.
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?

Research

Please feel free to use our Business Information Center to research the following sections.

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 five years?
6. What trends are predicted to affect this industry moving forward?

Market Information

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

Part 1: Customers

1. Describe your typical customer. (Include gender, age, race, income, employment status, etc.)
2. Explain why they will buy your product or service rather than the competition's.
3. Where are your target customers located? Name the town, cities, counties, or states that you will serve.

Part 2: Competition

1. List five 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.
 - Their products and prices.

- Their strengths and weaknesses.
- 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/disadvantages of your business location?
2. Do you have sufficient space for your operations? Parking?
3. Will you be leasing or buying the building?
4. What renovations are necessary to bring the building up to code?

Part 2: Equipment

List the type and cost 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? (For example, 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 does each owner have that makes them suitable to start this business?
4. How many employees will you hire to successfully run this business? What experience will they need?
5. What salaries/wages will you pay yourself and your employees?
6. What benefits, if any, will you provide for your employees? How much will they cost the business?

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 three years: month-by-month for the first year and annually for the next two years. (Ask BDC staff for assistance.)
3. Cash flow projections for three years.
4. Balance sheet projections for three years.
5. Business debt schedule.
6. Assumptions to all projections.

Additional Questions

When you have completed all sections of the business plan outline, please answer the following questions and discuss your answers with BDC staff:

1. What are the strengths of your business concept?
2. What are the weaknesses of your business concept?
3. Based on the financial projections, is this business financially feasible?
4. If not, what changes can be made to the business concept to make it feasible?
5. Do you plan to pursue opening this business?
6. Have you seen a copy of your credit report in the last 12 months? Do you need assistance in resolving some credit issues?
7. How do you plan to manage the business' financials? (Will you use a bookkeeper, Certified Public Accountant (CPA), software, manual system, or other?)
8. What are your next steps?

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. Three years of previous personal tax returns.
5. Three years of previous business tax returns (for an existing business).
6. Letters of intent from all prospective suppliers or customers.
7. Copies of licenses, registration documents, or tax identification numbers.
8. Names and telephone numbers of eight references.
9. Letters of support from satisfied customers, if any.
10. Partnership agreement.