

PREPARATION of a **BUSINESS PLAN**

Successful small business expansions and new small business creations lead the way in sustaining existing jobs, forming new jobs, creating new markets and innovation that fuel economic growth and prosperity. In recognition of small business as a catalyst to a strong economy, the following business plan outline* is made available as a guide for your preparation; one that will help facilitate the appropriate research, analysis and feasibility study that it take to appropriately support your business idea on this business plan.

A business plan should help you define the plans and goals of the business and should outline the methods for achieving and growing your vision. It is the “Business Plan” that is often used for the purpose of inviting opportunities for funding, purchasing, promotion and other needs to expand or start a business.

Please check the glcedc.org website or contact GLCEDC staff to discuss funding options for your new business.

Congratulations to you and the best of luck on your venture from the Greater Livingston County Economic Development Council.

Following is a generic format for your business plan preparation:

- **A cover page of your business plan that names the business and owner.**
- **A table of contents that outlines the business plan format. When completing the business plan, add beginning page numbers to each category making it easy for the reader (investor) to do a quick search on any portion of the business plan.**

Example: 1. Business Description

A. Type of Business	Page 1
B. Purpose of Business Plan	Page 5

- **A body of the business plan with the descriptions by category for the appropriate input.**
- **An Appendix that includes supporting documentation.**

* The following template of a business plan was borrowed extensively from the Jo Daviess County Economic Development and Planning office.

BUSINESS NAME
Address
Phone Number

BUSINESS PLAN
Date

Name of owner
Address of owner
Phone number of owner

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- I. Business Description**
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 - B. Purpose of Business**
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- III. Financial Plan**
 - A. Business Loan Request**
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 - A. Two years of personal Income Tax Returns**
 - B. Lease or purchase agreements**
 - 1. Property**
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 - 4. Other**

I. Business Description

A. Type of Business: Introduce a summary of the business idea; describe what the business will do, what products or services will be provided, who will be your customers (what age, what locations, what economic level) the location of the business, the days and hours that will it function and the form of business; a proprietorship, a partnership, a type of corporation. Discuss any unique or special characteristics of the business.

B. Purpose of Business: Explain the purpose and need for the business. Discuss in what way the purpose and need was determined. Explain the method of research used. Discuss in what way the business will improve the economy of the community and your well-being. State how many employment opportunities will be sustained or created. Highlight the advantages of this business. If there are negative issues, explain them positively in a way that they will be overcome and managed.

C. Client Base: In greater detail explain your client base. Discuss the frequency of customer purchasing the service or product; annual or seasonal and if the purchases are volume based or item based. Detail the prices and costs of the product or service. Discuss the quality of the product or service.

II. Organization

A. Owner: Fully discuss education including prior and current working experience. Discuss your education and working experience in a way that benefits the project. Associate motivation and skill with the success of this project. Discuss the plan for handling ups and downs of business, particularly the growing period for a new or expanded business. Give an overview of salary.

B. Form of ownership: Discuss the form of ownership and why this form was chosen. State the benefits of this type of ownership. Depending on the ownership, name the partners and or associates. Describe their duties, responsibilities and titles. Describe in good detail their education and work experience. Highlight what benefits they bring to the project. Give an overview of wages.

C. Personnel and selection: Discuss your employees in regard to their education, work experience, roles and duties. Describe their work schedules and wages.

D. Business advisors: Name and discuss the background of current and future business advisors. In what capacity are these advisors helping you with your business.

Always know where you are going and in what way you PLAN to get there. Planning will define that destination and provide the best direction to get there. Planning is the most important guide to starting, building and managing a successful business.

III. Financial Plan

A. Business Loan Request: Provide a summary of the amount needed, preferred terms and plan for repayment. Make sure that considered are the necessary funds that will provide at least six months to a year of start up money in addition to support funds for what may be unexpected expenses.

1. Loan distribution: Outline where this money will be used. There is an attached outline in the business plan for this purpose.
2. Expected revenue and breakeven analysis: Outline expected revenue for the next five years. Outline the breakeven analysis (the absolute amount of money needed to cover all costs.) There is an attached outline in the business plan for this purpose.
3. Cash flow projections: Determine this on the outline enclosed. Discuss the method used to arrive at these projections. Explain the type of research supporting these figures. Example: (population of customers) x (purchases) x (prices) = sales revenue. Go out five years. There is an attached outline in the business plan for this purpose.
4. Business balance sheet and income statement: There is an outline attached in the business plan for this purpose.
5. Working Capital: There is an outline attached in the business plan for this purpose.

B. Personal balance sheet and income statement: There is an outline attached in the business plan for this purpose.

Attachments for 1, 2, 3, and B follow.

A1. Loan Distribution

LOAN DISTRIBUTION

This list is subject to change dependent on business Type

Start up plus six months cushion

amount

Advertising and promotion _____

Leases _____

Mortgage _____

Purchasing _____

Utilities _____

Phone _____

Supplies _____

Maintenance and repairs _____

Prepayments _____

Insurance _____

Down Time _____

TOTAL _____

A2. Expected Revenue and Breakeven Analysis

Total operating cost equals sales revenue is the breakeven point

A good process would be:

Divide the anticipated cost of operation by anticipated revenue less cost of sales = quantity of units of service to be sold to cover all of your operational expenses.

Example:

\$3000.00 cost to operate for a month

\$1500.00 sales revenue

\$1000.00 cost of product sold

$\$3000.00 / \$1500.00 - \$1000.00 = 6$ units must be sold a month to cover all your operating costs.

A3. Cash Flow Statement

CASH FLOW STATEMENT		2007	2008	2009	Total
Cash flow from operating activities					
Cash received from sale of goods					
Cash interest received					
Cash other received					
Cash provided by operating activities	Total				
Cash paid to suppliers					
Cash paid for operating expenses					
Cash interest paid					
Cash paid for taxes					
Cash disbursed for operating activities	Total				
Net cash flows					

A4. Business Financial Statements (Balance Sheet and Income Statement) the personal finance statements can be used by replacing the personal line items with those conducive to the business.

A5. Working Capital

WORKING CAPITAL			
Year to date			
	2008	2009	Working Capital Increase or Decrease
Current Assets			
Cash			
Checking Account			
Investment Account			
Accounts receivable			
Inventory			
Prepaid Expenses			
Total			
Current Liabilities			
Accounts payable			
Notes payable			
Lease payable			
Accrued expenses			
Total			
Net working capital			
Increase in working capital			

B. Personal Financial Statements (Balance Sheet and Income Statement).

Balance Sheet

BALANCE SHEET		
Year to date		
Assets		
Cash		_____
Checking account		_____
Investment account		_____
Accounts receivable		_____
Furniture		_____
Vehicles		_____
	TOTAL	_____
Liabilities		
Accounts payable		_____
Loans payable		_____
Notes payable		_____
Lease payable		_____
	TOTAL	_____
Equity		_____
	TOTAL	=====

Income Statement

**INCOME
STATEMENT**

Year to date

INCOME

Wages _____
Investments _____
Interest earned _____
Other income earned _____
Prepaid expenses _____

TOTAL _____

EXPENSES

Mortgage payment _____
Insurance payment _____
Utilities _____
Phone _____
Car payment _____
Groceries _____
Travel expenses _____
Accrued expenses _____

TOTAL _____

Equity _____

IV. Market Plan

This is a very important part of the business plan and must support the numbers used to document expected revenues, breakeven analysis and cash flow projections. Verification that this business is needed and has potential for long term life as a business should be introduced. Express your methods for your continued effort to move the business forward and stay competitive.

Determine if there is a market (a need) for your product and or service, one must interview suppliers, customers and competitors. Knowing the market arena will serve as a map to guide in the decisions that will be made along the path to business success. One the path to the Market plan are the following concerns:

Market research (Feasibility study):

A. Products and services:

1. What is the product or service?
2. Who are the suppliers?
3. Is the service or product essential in a customer's day to day activity?
4. Can the customer afford the service or product?

B. Market Area, Market Need and Market Position

1. Who are the customers?
2. Where are they located?
3. What are their needs and resources?
4. What areas within the market position are declining or growing?
5. What is the general economy of the service or product area?

C. Competition

1. Who are the customers?
2. Locate the competitors and describe them. Compare their customer base.
3. Compare their pricing.
4. Compare the quality of their product.
5. Discuss their reputation, experience and years in business.
6. Discuss their effect on the project.

D. Location

1. In addition to the address, city and state, discuss the business's infrastructure in a way that describes the convenience of traveling to the business, parking accommodations and safety features.

E. Marketing, Promotion and Pricing

1. Describe the methods that will be used to market and promote the business.
2. Explain the prices and by what method they are derived. The primary goal of business is to make a profit. Before setting prices, you must understand your product's market, distribution costs, and competition.
3. Discuss any incentive pricing strategies.

F. Credit Policy

1. If credit is offered, discuss the terms and plan for collection.

V. Appendix

- A. Copies of past Personal and Business Income Tax Statements
- B. Copy of Leases
- C. Purchase agreements