

BUSINESS PLAN OUTLINE



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BUSINESS PLAN DEVELOPMENT

There are numerous and various business plan outlines and recommended formats. However, there are hardly any authors who provide any direction on how to tailor a business plan to fit the enterprise and its unique set of circumstances such as community, cluster orientation(s), viability, sophistication of the entrepreneur, annual projected gross revenue, amount of funding needed, etc. Given these issues and other subtle effects, one is well advised to refine the process and direct the plan preparer by providing an adjusted outline and some overview of content for each recommended section.

*Note: Some projects, especially start-ups, may be well advised to develop a project proposal rather than a formal business plan. Such proposals may simply be a precursor to a formal plan but serves well to drive the preparer to crystallize ideas and realities.

It is well worth the time of an advisor to provide direction rather than to repetitively read and reread and critique an entrepreneur's vain attempt to develop a document that was not understood before trying to write it.

As a general rule the size or length of a business plan is relative to the amount of funding requested. Specifically, if an entrepreneur is seeking one million dollars or proportionately less, his/her plan needs to be a maximum of twenty pages. The reasons for such page counts are similar to a child's requests of his/her parents. If a child wants the parent to give him fifty cents for an acceptable purchase, all that is required is to ask in one simple sentence. If the same child wants a \$20,000 loan with which to buy a new car, he must explain in some detail. Imagine what is required to convince the parent to co-sign a mortgage loan for \$150,000.

Local loan officers seem to respond well to business plans formatted as outlined below.

*Note: Some plans deviate to adopt a unique circumstance of an enterprise. Salvage adherence to a format generally suggests insight limitation.

#1. Title Page

Business Name

Owner's Name
Owner's Contact Information

Date (month and year)

#2. Table of Contents

*Note: If a plan is less than 10 pages, the table may not be needed.

#3. Executive Summary

Provide a brief statement (no longer than one page) regarding the business idea, the person (or people) who will be involved in the business as prime decision makers, industry and market information to support why you think this business idea will succeed and what type of financial assistance the business will require.

#4. History/Concept

For those businesses that are already established, provide a brief description on the history of the business: when it was started, the location, its legal formation, services and products offered, first year's revenue, current revenue.

For start-up businesses, provide a brief description on the concept of the business: the proposed location, business' name, products and/or services offered.

*Note: This section is generally a paragraph to ½ page.

#5. The Industry

This section is devoted to information regarding the particular industry of the small business. Information about the industry can be global, national or regional. It is good to include some quantitative data on the magnitude of customer base and dollar volume. Also include any current trends in the industry. Quotes from a recognized source of authority are recommended.

#6. The Business

Section #1: The Overview

Provide an overview of the business, including the business' name, its location, the legal formation, hours of operation, etc.

Section #2: Product/Service Description

Provide a description of the services and/or products offered. Give details about each product or service.

Then, include a brief narrative statement on the pricing philosophy (i.e. for retail – percent mark-up over wholesale; for services- charge by the hour, by the service, etc.). You may provide a price list in the appendix. Also, state how your pricing is competitive.

Section #3: Employees

Discuss your employment- number of employees, part-time/full-time, responsibilities of each employee, wages and benefits offered, etc.

Section # 4: Management

This section is devoted exclusively to identify prime decision makers. Only list those who are authorized to make management and fiscal decisions.

Identify each person by his/her name, position, and job responsibilities, as well as qualify past experience.

*Note: This section is relatively short (about 1 paragraph) because a resumé for each person will be included in the appendix.

#7. The Market

Section #1: Target Market

This section must clearly define who your customers are. This can be done by describing your customers geographically (the radius area you will serve), demographically (gender, age, annual income, etc.), and psycho-graphically (attitudes, values, lifestyles, and opinions unique to your customers).

After describing the demographics of your target market, check the US Census Bureau information to confirm that your “target market” exists in the geographic region you want to target. Establish the percentage of the population that fits your target market description.

Section #2: Marketing Strategy

This section is devoted to clearly explaining how you will advertise your business (i.e. - ads in newspapers, distributing flyers, ad in the phone book, direct mailings, etc). Describe each method you plan on using to advertise. Include monthly cost.

The key to developing your marketing strategy is first to identify who your target market is (as done in the previous section) and then figure out where your target market is going to be. These are the places that you will want to advertise.

Section #3: Competition

This section should identify at least 3 similar sized competitors within your service area. Each competitor is identified by their name, location, (mile radius), 3-4 sentence description of business services and/or operations.

Section #4: Competitive Advantage

Briefly describe how your business is better suited than your competitors.

*Note: This section is brief, generally 1 paragraph to ½ page.

#8. Fiscal

In this section, explain how financial calculations were derived. Also include a detailed explanation of your loan request. Itemize requests with the quoted amount for each.

#9. Projections

Provide cash flow statements for three years monthly for a total of 36 months. These statements should be representative of what you will expect to happen financial with the business. See Part II- Monthly Projected Cash Flow Projections for further information.

#10. Appendix

Use as needed to provide supportive materials. Be sure to include resumès for Management.
