Elements of a Business Plan
Executive Summary

- Sell business in first five minutes
- Opening statement → grab attention
- Provide overview of plan:
  - Industry
  - Product / Service
  - Market analysis
  - Marketing Plan
  - Operations
  - Management
  - Funding
  - Milestones / Time Frame

- 2 pages of writing – 1 page fact sheet
Industry Analysis

- Sets the stage for ideas potential

- What is an industry?
  - “the collection of competitors that produce similar or substitute products or services to a defined market” -- entertainment, fast food, travel, etc.

- Evaluate the industry
  - **Best** industries to enter are high-growth and profitable, with low barriers to entry
  - **Worst** industries to enter are declining, barely profitable, highly competitive and regulated, with higher barriers to entry
Industry Analysis

• Why important to know?
  - To be prepared for the way it’s changing
  - To understand better how to compete

• Leaders in the industry?

• Future – trends, growth, problems?
  - Charts and graphs

• Total sales and profits?

• Quote industry analysts – surveys taken about industry
Product / Service Description

- Your mission statement
- Describe your business within industry
  - Problem you solve / need you fill
  - What are you providing?
- How will it benefit the customer?
  - Features and benefits
  - Why better than existing service/product
- Use photographs and graphics
Market Analysis

- Demographics: Who is your target market? Why will they buy it? What are they willing to pay?
- Justify your location – assume your reader doesn’t know the area
- What are the market trends?
- How do you arrive at your potential number of customers?
Competition Analysis

- SWOT Analysis – know your competition
  - Strength
  - Weaknesses
  - Opportunities
  - Threats

- Analysis for top 3 to 5 competitors
- Direct competitor – sells same product
- Indirect competitor – others that also meet the need
Marketing Plan
The Essential Questions

- Who are your primary customers (target market)?
  - Must be clear on this first
- Why will they buy from you?
- How can you reach them?
- How much will they buy over time?
- How much will it cost you to get them to buy?
- What assumptions are you making?
Marketing Plan

- Develop a Value Proposition Statement
  - What value your product or service offers
- Revenue Model – sales forecast
- Develop your advertising plan
  - TV, radio, magazine, trade shows, ???
  - Promotions, brochures, ???
- Direct sales; sell in store….
- Lots of visuals
- Summary of advertising expenses
Operations

- How will you deliver the service / product in a cost effective way?
- Location and Facility
  - Start-up expenses
  - Floor plan
- Daily operational procedures
  - Hours, schedules, etc
  - Cost of day to day operation
  - Utilities, inventory, etc
Implementation

- **Major Milestones**
  - What needs to be done to successfully reach your goal?
- **Schedule of milestones**
  - What is the priority for completion?
  - Gantt Chart
- **Strategic Plan**
  - What are the potential risks / problems?
  - How will you deal with them?
Management / Personnel

- Organization chart
- Key management
- Key personnel
  - Full-time, part-time, contract
  - Bookkeeping, administrative
- Job description for each person
- How will you attract and pay people
  - Training, evaluation
- Summary of salary costs
Financial Analysis

- What are your financial assumptions?
- Define your source of financing
- Outline a realistic start-up budget
- Define realistic operating costs
- Define revenue sources (monthly income)
- Discuss profitability – break-even analysis, return-on-investment (ROI)
- Financial statements
  - Projected income statement
  - Projected balance sheet
  - Projected cash flow statement