# Business Plan Outline

This plan is provided by Roxanne Banta with Liberate Your Biz Consulting and was derived from a few different outlines found online. Please use this as a guide in creating your own business plan. Even if it feels overwhelming just start writing and filling out sections and look online if you aren’t sure what the outline is suggesting. If you’d like help contact rox@liberateyourbiz.com.

The following pages provide a suggested outline of the material to be included in your business plan. Your final plan may vary according to your specific needs or individual requirements of your lender or investor.

1. Cover Sheet (Serves as the title page of your business plan)
   1. Name, address, and phone number of the company.
   2. Name, title, address, phone number of owners/corporate officers.
   3. Month and year your plan was prepared.
   4. Name of preparer.
   5. Copy number of the plan.
2. Table of Contents (Quick reference to major topics covered in your plan)
3. Executive Summary
4. The executive summary is the abstract of your business plan. It summarizes the content and purpose of your finished plan, covering all of the key points. This is a key section if you are seeking funding.
   1. Your Company (introductory overview - who, what, where it is and why it is unique)
   2. Market Opportunity (opportunities your company is positioned to take advantage of)
   3. Capital Requirements, Breakdown of Uses of Funds, Repayment of Loan or Benefits to Investors. (include only if you are seeking funding)
   4. Mission Statement
   5. Management (who they are and strengths each one brings to the company)
   6. Competitors (direct and indirect); list their strengths and weaknesses.
   7. Your Company's Competitive Advantages
   8. Financial Projections (summary of Income Statement Projections for next 3 years)
5. Note: Write the executive summary after you have completed your business plan. It is a summary.
6. Part I: The Organizational Plan
7. What is included? This section should include a "summary description of your business" statement followed by information on the "administrative" end of your company.
   1. Summary Description of the Business
   2. In a paragraph or two give a broad overview of the nature of your business, telling when and why the company was formed. Then complete the summary by briefly addressing:
      * mission (projecting short- and long-term goals)
      * business model (describe your company's model and why it is unique to your industry)
      * strategy (give an overview of the strategy, focusing on short- and long-term objectives)
      * strategic relationships (tell about any existing strategic relationships)
      * SWOT Analysis (strengths, weaknesses, opportunities, and threats that your company will face, both internal and external)
   3. Products or Services
      * If you are the manufacturer and/or wholesale distributor of a product: Describe your products. Tell briefly about your manufacturing process. Include information on suppliers and availability of materials.
      * If you are a retailer and/or an e-tailer: Describe the products you sell. Include information about your sources and handling of inventory and fulfillment.
      * If you provide a service: Describe your services List future products or services you plan to provide.
   4. Administrative Plan
      * Intellectual Property
        + Address Copyrights, Trademarks, and Patents
        + Back up in Supporting Documents with registrations, photos, diagrams, etc.
      * Location
        + Describe your projected or current location.
        + Project costs associated with the location.
        + Include legal agreements, utilities forecasts, etc. in Supporting Documents.
        + Note: If location is important to marketing, cover in Part II - The Marketing Plan.
      * Legal Structure
        + Describe your legal structure and why it is advantageous for your company.
        + List owners and/or corporate officers describing strengths (include resumes).
      * Management
        + List the people who are (or will be) running the business.
        + Describe their responsibilities and abilities.
        + Project their salaries.
        + (Include resumes in Supporting Documents)
      * Personnel
        + How many employees will you have in what positions?
        + What are the necessary qualifications?
        + How many hours will they work and at what wage?
        + Project future needs for adding employees.
      * Accounting & Legal
        + Accounting: What system will you set up for daily accounting? Who will you use for a tax accountant? Who will be responsible for periodic financial statement analysis?
        + Legal: Who will you retain for an attorney? (Keep 'Murphy's Law' in mind.)
      * Insurance
        + What kinds of insurance will you carry? (Property & Liability, Life & Health)
        + What will it cost and who will you use for a carrier?
      * Security
        + Address security in terms of inventory control and theft of information (online and off).
        + Project related costs.
8. Part II: The Marketing Plan
9. What is a marketing plan? The Marketing Plan defines all of the components of your marketing strategy. You will address the details of your market analysis, sales, advertising, and public relations campaigns. The Plan should also integrate traditional (offline) programs with new media (online) strategies.
   1. Overview and Goals of Your Marketing Strategy
   2. Market Analysis
      * Target Market (identify with demographics, psychographics, and niche market specifics)
      * Competition (describe major competitors assessing their strengths and weaknesses.
      * Market Trends (identify industry trends and customer trends)
      * Market Research (describe methods of research, database analysis, and results summary)
   3. Marketing Strategy
      * General Description (budget % allocations on- and off-line with expected ROIs)
      * Method of Sales and Distribution (stores, offices, kiosks, catalogs, d/mail, website)
      * Packaging (quality considerations and packaging)
      * Pricing (price strategy and competitive position
      * Branding
      * Database Marketing (Personalization)
      * Sales Strategies (direct sales, direct mail, email, affiliate, reciprocal, and viral marketing)
      * Sales Incentives/Promotions (samples, coupons, online promo, add-ons, rebates, etc.)
      * Advertising Strategies (traditional, web/new media, long-term sponsorships)
      * Public Relations (online presence, events, press releases, interviews)
      * Networking (memberships and leadership positions)
   4. Customer Service
      * Description of Customer Service Activities
      * Expected Outcomes of Achieving Excellence
   5. Implementation of Marketing Strategy
      * In-House Responsibilities
      * Out-Sourced Functions (advertising, public relations, marketing firms, ad networks, etc.)
   6. Assessment of Marketing Effectiveness\*
   7. \* To be used by existing companies after making periodic evaluations
10. Part III: Financial Documents
11. The quantitative part of your business plan. This section of the business plan is the quantitative interpretation of everything you stated in the organizational and marketing plans. Do not do this part of your plan until you have finished those two sections.
12. Financial documents are the records used to show past, current, and projected finances. The following are the major documents you will want to include in your Business Plan. The work is much easier if they are done in the order presented because they build on each other, utilizing information from the ones previously developed.
    1. Summary of Financial Needs (needed only if you are seeking financing)
    2. This is an outline giving the following information:
       * Why you are applying for financing
       * How Much capital you need
    3. Loan Fund Dispersal Statement (needed only if you are seeking financing)
    4. You should:
       * Tell How you intend to disperse the loan funds.
       * Back Up your statement with supporting data.
    5. Pro Forma Cash Flow Statement (Budget)
    6. This document projects what your Business Plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. It is of prime interest to the lender and shows how you intend to repay your loan. Cash flow statements show both how much and when cash must flow in and out of your business.
    7. Three-Year Income Projection
    8. A Pro Forma Income P&L (Income) Statement showing projections for your company for the next three years. Use the revenue and expense totals from the Pro Forma Cash Flow Statement for the 1st year's figures and project for the next two years according to expected economic and industry trends.
    9. Projected Balance Sheet
    10. Projection of Assets, Liabilities, and Net Worth of your company at end of next fiscal year.
    11. Break-Even Analysis
    12. The break-even point is the point at which a company's expenses exactly match the sales or service volume. It can be expressed in: (1) Total dollars or revenue exactly offset by total expenses -or- (2) Total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically. Revenue and expense figures are drawn from the three-year income projection.
    13. Note: The following (G-J) are Actual Performance (Historical) Statements. They reflect the activity of your business in the past.
        * If your business is new and has not yet begun operations: the financial section will end here and you will add a Personal Financial History.
        * If yours is an established business: you will include the following actual performance statements:
    14. Profit & Loss Statement (Income Statement)
    15. Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.
    16. Balance Sheet
    17. Shows the condition of the business as of a fixed date. It is a picture of your firm's financial condition at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period. Contains: (1) Assets, (2) Liabilities and (3) Net Worth.
    18. Financial Statement Analysis
    19. In this section you will use your income statements and balance sheets to develop a study of relationships and comparisons of: (1) Items in a single year's financial statement, (2) comparative financial statements for a period of time, or (3) your statements with those of other businesses. Measures are expressed as ratios or percentages that can be used to compare your business with industry standards.
    20. If you are seeking a lender or investor, ratio analysis as compared to industry standards will be especially critical in determining whether or not the loan or venture funds are justified.
        * Liquidity Analysis (net working capital, current ratio, quick ratio)
        * Profitability Analysis (gross profit margin, operating profit margin, net profit margin)
        * Debt Ratios (debt to assets, debt to equity)
        * Measures of Investment (return on investment)
        * Vertical financial statement analysis (shows relationship of components in a single financial statement)
        * Horizontal financial statement analysis (percentage analysis of the increases and decreases in the items on comparative financial statement)
    21. Business Financial History
    22. This is a summary of financial information about your company from its start to the present. The Business Financial History and Loan Application are frequently one and the same. If you have completed the rest of the financial section, you should have all of the information you need to transfer to this document.
13. Part IV: Supporting Documents
14. This section of your plan will contain all of the records that back up the statements and decisions made in the three main parts of your business plan. The most common supporting documents are:
    1. Personal Resumes
    2. Include resumes for owners and management. A resume should a one-page document. Include: work history, educational background, professional affiliations and honors, and a focus on special skills relating to the company position.
    3. Owners' Financial Statements
    4. A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.
    5. Credit Reports
    6. Business and personal from suppliers or wholesalers, credit bureaus, and banks.
    7. Copies of Leases, Mortgages, Purchase Agreements, Etc.
    8. All agreements currently in force between your company and a leasing agency, mortgage company or other agency.
    9. Letters of Reference
    10. Letters recommending you as being a reputable and reliable business person worthy of being considered a good risk. (both business and personal references)
    11. Contracts
    12. Include all business contracts, both completed and currently in force.
    13. Other Legal Documents
    14. All legal papers pertaining to your legal structure, proprietary rights, insurance, etc. Limited partnership agreements, shipping contracts, etc.
    15. Miscellaneous Documents
    16. All other documents which have been referred to, but not included in the main body of the plan. (for example, location plans, demographics, competition analysis, advertising rate sheets, cost analysis, etc.)

Putting Your Plan Together

* When You Are Finished: Your Business Plan should look professional, but the potential lender or investor needs to know that it was done by you. A business plan will be the best indicator that can be used to judge your potential for success. It should be no more than 30 to 40 pages in length, excluding supporting documents.
* If you are seeking a lender or investor: Include only the supporting documents that will be of immediate interest to the person examining your plan. Keep the others with your own copy where they will be available on short notice. Have your plan neatly bound at your local print shop or in blue, black or brown covers purchased from the stationery store. Make copies for each lender or investor you wish to approach. Do not give out too many copies at once, and keep track of each copy. If you are turned down for financing, be sure to retrieve your business plan.

Keep Your Business Plan Up-to-Date!!!

Your business plan will be beneficial only if you update it frequently to reflect what is happening within your business. Measure your projections against what actually happens in your company. Use the results to analyze the effectiveness of your operation. You can then implement changes that will give you a competitive edge and make your business more profitable.

The final portion of your business plan outlines your exit strategy. It may seem odd to develop a strategy this soon to leave your business, but potential investors will want to know your long-term plans. Your exit plans need to be clear in your own mind because they will dictate how you operate the company. For example, if you plan to get listed on the stock market, you’ll want to follow certain accounting regulations from day one. If you plan to pass the business to your children, you’ll need to start training them at a certain point.

Here’s a look at some of the available strategies for entrepreneurs:

**Exit Strategies for Long-Term Involvement**

* **Let it run dry:** This can work especially well in small businesses like sole proprietorships. In the years before you plan to exit, increase your personal salary and pay yourself bonuses. Make sure you are on track to settle any remaining debt, and then you can simply close the doors and liquidate any remaining assets. With the larger income, naturally, comes a larger tax liability.
* **Sell your shares:** This works particularly well in partnerships such as law and medical practices. When you are ready to retire, you can sell your equity to the existing partners, or to a new employee who is eligible for partnership. You leave the firm cleanly, plus you gain the earnings from the sale.
* **Liquidate:** Sell everything at market value and use the revenue to pay off any remaining debt. This is a simple approach, but also likely to reap the least revenue. Since you are simply matching your assets with buyers, you probably will be eager to sell and therefore at a disadvantage when negotiating.

**Exit Strategies for Short-Term Involvement**

* **Go public:** The dot-com boom and bust reminded everyone of the potential hazards of the stock market. While you may be sitting on the next Google, IPOs take much time to prepare and can cost anywhere from several hundred thousand to several million dollars, depending on the exchange and the size of the offering. However, the costs can often be covered by intermediate funding rounds.
* **Merge:** Sometimes, two businesses can create more value as one company. If you believe such an opportunity exists for your firm, then a merger may be your ticket to exit. If you’re looking to leave entirely, then the merger would likely call for the head of the other involved company to stay on. If you don’t want to relinquish all involvement, consider staying on in an advisory role.
* **Be acquired:** Other companies might want to acquire your business and keep its value for themselves. Make sure the offered sale price meshes with your business valuation. You may even seek to cultivate potential acquirers by courting companies you think would benefit from such a deal. If you choose your acquirer wisely, the value of your business can far exceed what you might otherwise earn in a sale.
* **Sell:** Selling outright can also allow for an easy exit. If you wish, you can take the money from the sale and sever yourself from the company. You may also negotiate for equity in the buying company, allowing you to earn dividends afterwards — it clearly is in your interest to ensure your firm is a good fit for the buyer and therefore more likely to prosper.