

SCORE

Counselors to America's Small Business

CONDENSED BUSINESS PLAN

BUSINESS DESCRIPTION

The Business Description is an overview of what your business is and what it does. In a concise and direct manner describe your business. For example, New Business Enterprises is a partnership set up to manufacture widgets. It is located in a 2,500 sq. ft. facility in Anytown, NY, and sells through a distributor network to customers throughout the United States. The partners developed the widgets while working from home and moved to the current location last year. New Business Enterprises is seeking to expand manufacturing with new production equipment and a larger facility.

PRODUCT OR SERVICE ANALYSES

Describe specifically what your product or service is and why customers will purchase it. What are the features or benefits of your product or service that are better than the competition (e.g., better quality, cheaper, faster, softer)? What need does your product meet for customers? How does it satisfy demand? Is the product protected, perhaps by a patent or an exclusive contract? What makes your product unique – is it branded or private label, what will your warranty policy be?

MARKET ANALYSIS

In the Market Analysis you describe who your customers are, or will be. Are they individuals or businesses? How many customers are out there? If individuals, what are their characteristics in terms of age, location or other common traits? If businesses, how can they be identified, e.g., by industry, by size, etc.? If your product or service is already available from other sources, how big is the market, in other words, how much is currently being spent by all possible customers? What are the past, current and future market trends; is the market segmented; is it a commodity market; is it unique; what is the geographic area of your market; what part of the market will you be selling to?

COMPETITION

Identify the top 3 or 4 companies that provide the same or an alternative product or service – be sure not to overlook foreign competition. Briefly describe these competitors in terms of size, location, target market, distribution or other characteristics. You may wish to do this section as a chart. Remember – a good place to start this research is your local yellow page telephone directory and industry directories. Describe also any identifiable strengths and weaknesses, such as, competitor #1 has a large sales force, #2 has no local distribution. Don't forget to learn from the competition – what are they doing right and what are they doing wrong? What are your competitor's strategies in markets, sales and operations?

MARKETING STRATEGY

This section describes how you will reach your customers and your sales goals. Be sure to think specifically of why customers will buy from you and not the competition. Identify and describe how you will get sales, how you will reach specific markets, how you will price the product or service, and how you the product or service will be distributed. For example, will you sell through retailers, by direct mail, sales representatives, regional distributors, direct sales people, etc.? How will you promote the product or service – will you develop a brochure or data sheet, where and when will you advertise and estimate how much will this cost? Will you build a market niche? How will service / other policies interact with marketing?

OPERATIONS

Describe how you will make or obtain your product or provide your service. Be specific in describing how much space, or special electrical service, or special plumbing may be needed for machinery, for storage, packing and handling, what type of machinery is required, how much warehouse and office space you need, and, if

there are any zoning or regulatory (OSHA, EPA, etc.) concerns. How many people will you need and, when will you need them? Are special skills required? Describe the specific process used to make the product or provide the service.

MANAGEMENT

In this section you need to identify who will be in your business. What experience are you bringing into the business, how does your background relate to the business? Provide resumes or detailed descriptions of the backgrounds of yourself and the people that will be working with you. If there are several owners or partners, identify all of them. Identify support persons and services, such as accountants or attorneys, in this section as well. You may also wish to do job descriptions to identify specific tasks and responsibilities.

FINANCES

In this section you describe how much your business proposal will cost. Describe the current, future and past fiscal side of your business. If your business is already operating, provide financial statements or tax returns for the last three years. How much business are you doing now? Are you making a profit, if so, how much?

Estimate how much it will cost to do the things you are proposing, for example, the new machine you need will cost \$3,000 plus \$500 for installation. If you do what you plan, how much more will you sell or how much more cost effectively can you produce or provide the product or service. Will new machinery or equipment help you keep up with the competition, will it give you a competitive advantage? Identify the specific costs of making your product or providing your service – and can you charge enough to make a profit?

Estimate the operating costs you will incur in your business by reviewing these cost areas: rent, wages, benefits, insurance, advertising, printing, telephone, utilities, business travel, sales expenses, etc. See the sample financial schedule at the back of this booklet to help you prepare projections for the first three years of your business. If you will be borrowing money, don't forget to include the proceeds of the loan and repayment of principal and interest. As you work on the numbers, remember to write down the assumptions that are behind the calculations.

SUMMARY

The Summary is a brief – not to exceed one page – overview of your business plan. You should write it after completing the 9 areas described above and after completing the financial sections. It should highlight the key ideas in your plan and help the reader to make sense of what they will be reading.

SUPPORTING INFORMATION

Provide copies of brochures, photos, news clippings or other relevant information that you feel will help the reader to better understand your proposal. For example, a photograph can help someone to understand what your product is, a copy of a competitor's brochure can show how attractive your product is compared to theirs, if your business is a franchise attach a copy of the contract, etc.