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BUSINESS PLAN
(COMPANY NAME)

(COMPANY NAME)
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(CITY, STATE ZIP CODE)

(CREATION DATE)

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Introduction

Say the term "business plan" and many small business owners and freelancers quiver. The stereotypical image is one of a complex document that requires enormous research and is time consuming to create. However, there is a simple way to develop an effective business plan without the struggle most people envision.

With *FAST* Business Plans, you have an easy-to-understand template that guides the process every step of the way. As you go through this document, you'll discover precisely what to include in each section of your plan to ensure it gets the results you need.

Please keep in mind whom you're writing to while creating your business plan. Whether you're:

- applying for a loan
- securing venture capital funds
- approaching new partners
- considering significant purchases
- selling your business
- growing your business
- communicating with management and staff
- or have other reasons

… a business plan can keep you focused and on track.

It is suggested that you read through the entire template first to get an idea of what information you will need to have access to before creating your plan. Then, go back through with data in hand and develop your business plan from start to finish with your *FAST* Business Plans template.

This business plan template can be downloaded in both PDF and MS Word format at:
http://www.fastbusinessplans.com/business-plan-template.html

Free sample business plans are available at:
http://www.fastbusinessplans.com/sample-business-plans.html.

Articles to assist in guiding you through the process of writing of your business plan are available at:
http://www.fastbusinessplans.com/business-plan-guide.html

1.0 Executive Summary

Although the executive summary comes first in the business plan, it should be the last section you write. Because it is the first to be read, it holds a significant amount of weight and should be geared to capture your reader's attention. If the executive summary fails to pique interest, then the rest of the plan most likely won't be read. This section should provide the reader with a thirty thousand-foot view of what you plan for your organization. In addition, you must also clearly convey what is unique about your business: one element that could potentially make or break its success.

Essentially, the executive summary shows a synopsis of the following aspects of the plan:

- Business Idea / Unique Selling Proposition (USP)
- Workability, Goals and Opportunities for the Business
- Financial Data (should show projections for the first two years of operations, equity and some detail of required finance)
- Keys to Success

These come in four sections: Business Objectives, Mission Statement, Guiding Principles and Keys to Success that we'll cover individually below.

Start this section with an overview of your business idea, introducing the company by name and providing any relevant historical information. You should talk about the needs/wants of your customers and how your business will meet those needs, including an overview of your unique skills and experience as they apply to the business. Discuss your overall approach to your organization, giving the reader an idea of how your business will operate. You'll also want to help readers create a clear picture in their minds of the company as a whole and its daily operations. Lastly, make mention of the purpose of this business plan: to get financing, provide a detailed roadmap or serve as a general framework to start your business (redefining the plan as the business develops and grows).

1.1 Business Objectives

While it is true that the Executive Summary is typically written after the rest of the business plan is created, you may find it helpful to make a first pass at this one section. Outlining your business objectives will allow you to get your thoughts together and form a basis for developing the rest of your business plan. You can then come back to this section of the Executive Summary when the rest of the plan is complete and update your business objectives.

Your business objectives should be related to the marketplace, gross margins, revenue and expansion. They also must be specific and measurable; otherwise, you can't determine how to reach your objectives or know if/when you've met them.

- **Specific** - Should be specific enough that you know clearly what the objective is.
- **Measureable** - Put a number on it so you will know when you've achieved it.
- **Perishable** - Don't make time frames open-ended: put a time limit on your objectives. Typically, a year is a good goal.
- **Realistic** - Your objectives must be achievable with the resources and time you have.

Write the objectives in this format: objective, measurement and time. For example, increasing sales by 30% should be written as:

- Increase sales (objective) to $800,000 (measureable) by the end of the third quarter of fiscal year 2012 (time specific).

The following are some typical examples of different types of objectives used often in business plans.

- Gross Margins/Revenue/Sales
- Market Share/Penetration
- Expansion into New Markets
- Product/Service Development/Expansion
- Business Value (net worth for resale of business)
- Brand Recognition
- Brand Loyalty
- Reputation
- Long-Term Survival
- Diversification
- Profit Maximization
- Globalization
- Social Change/Responsibility - Develop a new drug to cure a disease, develop a new product that purifies water in developing countries, etc.
- Environment
- Customer Service
- Employee Workspace
- Marketing
- Target Market - How to connect with your customers.

1.2 Mission Statement

The Mission Statement outlines your organization's purpose or fundamental reason for existence. The mission statement could be defined in terms of:

- Your Target Audience (who are they?)
- Products, Services or Offerings

- Location of Business, Geographic Region
- Technology
- Concern for Survival
- Philosophy (beliefs, values, aspirations and philosophical priorities)
- Self-Concept (what are our strengths?)
- Concern for Public Image
- Concern for Employees

1.3 Guiding Principles

Guiding Principles are the Ten Commandments for your business. This is where you define the principles for how business will be conducted. It can include statements related to your product or service, your customers, your employees, shareholders, suppliers and anyone else who will - in one way or another - interact with your business.

Number six of Google's philosophy (*Ten Things We Know to be True*) states, "You can make money without doing evil." Starbucks third principle conveys, "When we are fully engaged, we connect with, laugh with, and uplift the lives of our customers." Be creative as you think about the principles that will define your business. They may be similar to, or overlap, with your Keys to Success, and this is okay. There are many ways to present your Guiding Principles. We highly recommend that you go online and look at Google's philosophy and Starbucks principles to get some ideas before writing your own. (You can find them by doing a search.) Below are some examples.

1. **Our Customers**
   Treat each customer as a friend, engaging them in a cheerful and happy manner, and they will be a longtime customer.
2. **Our Suppliers**
   Treat our suppliers as partners with an interest in ensuring that both our businesses grow and succeed, and both will.
3. **Our Products/Services**
   Deliver a quality product at a reasonable price along with exceptional customer service and the business will succeed and grow.
4. **Our Service**
   Exceeding the level of service we expect to receive from others ensures our customers will be happy and will help our business grow.

1.4 Keys to Success

What differentiates your business from others? Why would your company succeed when others that seem to be like it fail? This section is where you'll define your uniqueness. Think of it this way: if a prospect found your company on Google, but also saw 10 more pages of businesses that did what you do, why would they choose you over the rest? What makes you deserve their business? In order to succeed, you have to make it crystal clear to your customers why you are the best choice.

Below are a few examples of Keys to Success:

- **Customer Service** - Providing a high level of customer service through clear and frequent communications, flexibility in the way we conduct business and empowering our customer-service representatives.
- **Establish Loyal Customers -** Making people feel as though they are our only customer through personalized communications and going beyond the call of duty.
- **High-Quality Products/Services -** Selling only products/services that are of better-than-good quality. When sourcing products/services, seek out the best quality.
- **Reputation -** Establishing a reputation as an honest business with quality products/services and excellent customer service.
- **Gross Margins -** Maintaining gross margins in excess of 50%.

2.0 Company Description

Your company description should be a one- to two-paragraph overview of the business that gives the reader a clear picture of what your business is. There is no need to include information that will be discussed in the subtopics below (Ownership, Legal Form, Start-Up Summary and Location and Facilities). You can include your business name, tag line (if any), location and website address.

2.1 Ownership

This section contains a brief biography of the owners of the company and their individual ownership stakes/percentages. Include relevant experience that each owner brings to the business.

2.2 Legal Form

It is recommended that you consult a lawyer and an accountant to get details regarding the different sorts of legal structures and which best suits your needs. Although there are many types of organizations, most small businesses are ordered as one of the five following types:

- **Sole Proprietor** - Most small businesses are started as sole proprietorships. This is because they are the easiest and cheapest business type to set up. With a sole proprietorship, your organization is typically in your own name or with a trade name also called DBA (doing business as). Using this company structure, all the risk falls to you exclusively as the owner. This means your business and personal assets are at risk.
- **Partnership** - In a partnership, two or more people have ownership in the business. This is similar to the sole proprietorship as it's easy to set up and there is personal risk (each of the owners' personal assets could be vulnerable). There is the additional cost of having an attorney write a partnership agreement. Although it's similar to a sole proprietorship, a partnership may be riskier because control of the business is shared by more than one person (one bad egg can bring

a struggling business down). If you're thinking of taking this approach, choose your partner(s) carefully!

- **Corporation** - C Corporations and S Corporations have various aspects. The main advantage is that the owner is not exposed to any liabilities of his/her personal assets.
- **Subchapter S Corporation (S Type Corporation)** - An S Corporation offers the same protection as the C Corporation but without the "double" taxation (taxed at both the corporate level and at the individual level). All profits are passed through to its shareholders, who then report that as income on their individual tax returns.
- **Limited Liability Company (LLC)** - The LLC is a hybrid between the partnership and corporation. It gives the owners the legal protection of a corporation, but taxes them as if they were in a partnership.

2.3 Start-Up Summary

Include this section if your business is new; otherwise, you can disregard this section. Here, you should provide information related to your new company, such as start-up expenses, source of capital, identification of investors, necessary capital purchases, etc. This section should only provide an overview of information related to the start-up. More details will be presented in other sections of the business plan.

2.4 Location and Facilities

The people you're communicating with through your business plan will have an interest in the location of your company. In this section, describe the location of your business and other details, like area particulars and rent typically charged in surrounding areas. The objective is to suggest a high traffic area in a good location that would produce a great number of sales. Other statistics might include the number of businesses, hotels, hospitals, schools and the population data of the area. These can help predict sales figures as well. *Tip: Use www.map-google.com to search the locality and get a map. Then get demographic information from www.census.gov.*

3.0 Products

3.1 Products/Services Descriptions

In this section, you will detail:

- What products/services you're selling
- Why you're offering the products/services you've selected
- What complementary products/services could help grow sales

Research has shown that it is wise to offer a diversity of products/services. In addition, if you provide items that correspond with your core inventory, you are more likely to increase the size of orders/projects and the overall number of sales. Additionally, a recent study has shown that customers will spend more money on low-cost products/services than higher-priced ones. If your initial offerings were to include those with significant price tags, you may consider adding several for budget-conscious people.

Informational Websites: (National Retail Federation) www.nrf.com, (International Trade Site) www.p-maps.org

3.2 Competitive Comparison

Performing a competitive comparison is one of the most important steps in developing your business plan. By identifying and analyzing your competitors, you'll have a better idea of what makes them successful and what works against them. This then leads to a further analysis of your own business to address these strengths and weaknesses. You should list and analyze every major direct competitor to your business along with at least three indirect competitors.

An indirect competitor is a business that provides a not-so-obvious solution to your target market that would still solve their problem or fulfill their need. For example, you might sell new automobiles. Direct competitors would be other new and used car dealers. An indirect competitor would be a motorcycle dealership.

For each direct competitor, include the following in your analysis:

- Name and Location
- Strengths and Weaknesses
- Market Share (% or small, medium, large, etc.)

3.3 Product/Service Sourcing

How will you be sourcing your products? Will you manufacture them yourself? If so, you should discuss how you'll source the materials needed to manufacture your products. Likewise, if you're a service-based company, will you have your own staff or will you subcontract labor from others? Discuss methods of production or service delivery, product or service development, quality control, inventory control.

3.4 Inventory Management

How much inventory is needed? What is its value? Why is that amount of inventory appropriate for your business and location? What equipment and technology are necessary to operate the business? List your major suppliers and discuss any terms they extend to your business.

3.5 Warehousing and Fulfillment

Does your business require you to warehouse inventory and fulfill orders or provide services? If so, how do you plan to do this? Will you outsource it or will you rent a warehouse and hire workers to fulfill orders and/or handle inventory? (Or will you work from your garage and do it yourself?) Typically, with new businesses it's smart to start small and then grow as the business grows. This limits your exposure and risk.

3.6 Future Products/Services

When starting a new business, or running an existing one, capital to invest into products/services isn't limitless. Because of this, you have to focus on the ones with the most potential and then expand your line as the business grows. It is important that you have a strategic plan for this area of your company. What new products/services do you plan to add in the future? When do you plan to add them? Questions like these need to be addressed in this section.

4.0 Market Analysis

The goal of this process is to research your sale venue and determine what the market is for your offerings. In short, you want to collect and analyze an appropriate amount of information to determine whether there is enough of a need/want for your products/services to support a viable business and allow it to grow. Some of the things you'll want to know include the market size, the growth rate of the market, how the market is trending, profitability and main competitors. Any data pertaining to your proposed marketplace should be included.

This information is further used to determine what products/services to invest in and how to promote them. Be sure to do complete and thorough research for this section as it is critical to the success of your business.

4.1 Industry Analysis

It's time to do a bit of Internet-based research. There are many organizations on the Web that are specific to industries that can provide valuable information regarding your industry analysis. First, you should search the Web for trade associations and organizations that pertain directly to your industry. They typically have a lot of good information.

Additionally, two sources you can check are First Research and Prime Industry Reports, both of which have a wide selection of industry reports available for a reasonable price. First Research (www.firstresearch.com) has statistics and analysis for a wide range of industries. Prime Industry Reports (www.primeIndustryReports.com) offers data on business ratios, benchmarks and trends on both national and local levels.

4.1.1 Market Size

You can find this information in the reports you've already gathered for your industry. If your product/service is very new and unique, you may have to make some assumptions in determining the market size. It's best that you have hard numbers for market size; however, if you can't do this, then scale it as best you can. If you worked from assumptions, then you should identify and explain them and how they were used to determine your market size. Don't just stick a number in this section without providing the source of your information.

4.1.2 Industry Participants

This section should provide an overview of the competition in your market. No need to list specific competitors, as they'll be provided in the next section. Rather you should generalize the competition (i.e., supermarkets, big-box resellers, hair salons, certified public accountants, etc.). It is also helpful to discuss the buying patterns of your target market. How and where do they purchase these products/services from? This will also help you to hone in on the industry participants and determine which are relevant and which aren't.

4.1.3 Main Competitors

Identify a minimum of three main competitors; include a brief summary about each one. Discuss how they market their offerings. (Is it offered as a service, through retail outlets, online, etc.?) Information you'll want to mention includes their size, number of locations, website address and anything else that will help you to understand their businesses better.

4.1.4 Market Segments

Market segmentation helps you to approach your specific customers by breaking down your target market as a whole into specific segments. This allows your marketing and sales strategy to focus on the people that are most likely to purchase your offerings.

Most businesses have more than one market segment. For example, if you sold nutritional supplements, you would have several market segments that you would market to differently. These might include women, men, the young, older people, professional bodybuilders, athletes, average people who exercise to maintain good health. You should identify and understand each segment so you can create a marketing approach perfectly suited to every one. Some market segment considerations include:

- Demographics (age, gender, income, marital status, etc.)
- Geographic Location (local, international, regional, country, etc.)
- Lifestyle (thrifty, upscale, etc.)
- Special Interests (hobbies, etc.)

4.2 Market Tests

Testing is an excellent course of action in order to reduce your risk when entering a new business or market. A market test can be conducted at a relatively low cost. For instance, you can order or produce small quantities of your product and see if consumers vote for it with their credit cards. I've even heard of someone who developed a website for their product without actually having produced the product, then when someone ordered, they would apologize and say the product was out of stock.

Another idea is to take your product to other resellers, such as small mom-and-pop shops, and put your product for sale there through consignment. The importance of a market test is to see if there is a desire for your product or service without going to full production and developing the entire infrastructure necessary to sell the product or provide the service.

4.3 Target Market Segment Strategy

Now that you've identified the market segments, you need to decide which one to target. You may choose one or opt for several segments. In this section you should be prepared to identify your target market segment(s) and explain in detail your reasoning for the choices you made. This will not only help you prevent targeting the wrong market, but will also instill confidence in potential investors that your decision-making process is sound.

4.3.1 Market Needs

Here, you want to identify the needs for the target market segment(s) you've chosen. You should provide a paragraph discussing the overall market need and a bulleted list of specific needs.

4.3.2 Market Trends

Discuss how the market has changed leading up to today and how it is expected to trend in the future. Discuss how this affects your target market segment(s).

4.3.3 Market Growth

Present historical and future growth for your target market segment(s). The historical numbers will lend credibility to your future growth projections.

4.4 Positioning

Positioning involves ascertaining how a product, service or company is perceived in the minds of consumers.

5.0 Marketing Strategy and Implementation

In this section, you'll want to provide a summary of your overall marketing strategy and details on how you plan to implement it. Present it as a kind of executive summary by writing a couple of paragraphs that give a synopsis about your overall approach. It should highlight the major points presented below.

5.1 SWOT Analysis

SWOT stands for strengths, weaknesses, opportunities and threats. A SWOT analysis is a method for strategic planning that evaluates these four elements as they relate to your business objectives. While performing the SWOT analysis, you'll want to identify the internal and external factors that are favorable and unfavorable to your company objectives. This not only helps you look at the business objectively, but also helps in devising the marketing strategy and the positioning you intend to adopt.

- **Strengths** - Your internal advantages (those within the company), compared to others, which will help you achieve your business objectives.
- **Weaknesses** - Your internal shortcomings in the business that can potentially prevent you from achieving your business objectives.

- **Opportunities** - External conditions (those outside the company) you see that will help you to achieve your business objectives.
- **Threats** - External conditions that could potentially prevent you from meeting your business objectives.

The first two are internal to the business; whereas, the last two are external in the sense that they are related to the market and the competition. First, you develop a list of your strengths, then weaknesses. Afterward, you compile a list of external opportunities and threats to the business. After making the list for each of the four factors, you'll summarize them to have a clear picture of the important points from each of the sections. The goal is to draw a verbal picture that demonstrates what strengths and opportunities you can take advantage of while overcoming or avoiding weaknesses and threats internally or within your marketplace.

5.1.1 Strengths

Internal strengths are those found within your company. They give you an advantage that other organizations may not have. Perhaps you have previous work experience that gives you a business advantage. Or you have an innovative new-patented product. Location of your business, your marketing skills, manufacturing approach, well-known brand, financial resources, key staff… all of these could be considered strengths. List each one.

5.1.2 Weaknesses

Develop a list of your internal weaknesses, which are the weaknesses inherent to you or your business. You need to be aware of your weaknesses when creating your business plan, so they don't negatively affect your likely success. For instance, if you're weak in marketing, you may choose to outsource your promotions or hire someone who has a strong background in this area. When identifying your weaknesses, look for areas where you can improve. Examples of weaknesses are the location of the business, low-quality products, negative branding (poor reputation), little experience with this type of business, or high product and/or overhead costs.

5.1.3 Opportunities

Opportunities are openings in the marketplace that you can leverage to your advantage. For instance, there may be a new niche that is developing that you can enter. Or there may be an opportunity available due to a large company leaving a market, new demographic for your product or service, new technology that allows you to produce products or deliver services faster and cheaper… these and countless others are possible opportunities for you.

5.1.4 Threats

Competitors can undercut your price because they are able to purchase wholesale at a much lower price due to volume discounts. These companies have a much larger marketing budget as well, which poses a threat. Other hazards might come later on.

For instance, you might enter a new niche that has been ignored by larger companies. While success comes almost instantly, larger companies may follow suit and enter the same market. They stand a good shot at taking a large share of business in this case. One example is Walmart deciding to sell a competing product at a discount in their stores. New regulations or import tariffs could also threaten your business. Compile a list of anything or anyone you can think of that would potentially pose a risk to your company.

5.2 Strategy Pyramid

A strategy pyramid is a method used by many businesses to help to achieve their strategic goals. At the top of the strategy pyramid, you have your main business strategy. This is basically a strategic goal that you want to achieve. At the next level are the tactics you'll use to achieve your strategy. For example, if your plan is to grow your Web business, your tactics may be to develop a more robust and user-friendly website, build awareness of your website and develop an online customer base.

At the bottom of the strategy pyramid, you list the methods you'll use to carry each task through to completion. Google AdWords advertising campaigns are a good example. They would support your task of building awareness of your website. Another may be to produce new, improved images of all your products or to write better copy for all your product categories on the new website.

When developing your strategy pyramid, limit yourself to three or four strategic priorities. If you develop any more, you're likely to lose focus and not achieve any of your goals.

5.3 Unique Selling Proposition (USP)

Also known as the value proposition - the unique selling proposition (USP) is the aspect of your business that differentiates it from businesses similar to yours. In essence, it's what makes your business special.

Although most businesses should imitate other successful businesses, they also need to provide something unique and valued by potential customers in order to succeed. The USP should address an obvious void in the marketplace that you can actually fill. Beware that you don't promise too much, as it'll be difficult to deliver if you overpromise. Keep in mind that you'll need to clearly convey your USP through both your marketing and day-to-day operations in order to make your business successful.

5.4 Competitive Edge

What can you offer which is more competitive than what your competition offers? Do you offer better quality? Lower prices? Better service? A safer product? Better style? While the USP defines what you offer that other similar businesses don't, your competitive edge compares what you offer to similar products or services that your competition also brings to market. For instance, let's say you have a new method of manufacturing that lowers your production costs. This gives you a competitive edge over your competition by allowing you to sell your product at a lower price than they do. Competitive edge is an apples-to-apples comparison.

5.5 Marketing Strategy and Positioning

Now that you've identified your target market and the segments within, you need to develop a marketing strategy. Your plan and positioning should address each of these segments.

There are three popular types of marketing strategies: product differentiation, cost leadership and focus strategy. Marketing strategies are executed through positioning (or the message strategy), which is used to communicate the aspects of the business you want to highlight to the target consumers.

These three types of marketing strategies include:

1. **Product differentiation** that uses the following positioning approaches:
   a) **Product** - This could be the uniqueness of the product like design, origin, service, features, options, etc. Or perhaps a special sort of packaging, service or range.
   b) **Price** - Directed toward status and prestige, hence high-priced brand.
   c) **Distribution** - Distributor service or distributor location.
   d) **Marketing Communications** - Connecting the brand with some celebrity or spokesperson.
2. **Cost leadership** strategy uses low-price positioning.
3. **Focus strategy** is positioning that caters to the needs of a narrow market.

5.5.1 Positioning Statement

The positioning statement tells the world who you are, what business you're in, what markets you serve, who you compete against, what benefit your products or services offer and also states how you're different from your competitors. To be effective, your positioning statement should be clear and concise. Be sure to limit yourself on how many benefits you include. If you include too many, you'll lose your focus and won't have an effective positioning statement.

5.5.2 Pricing Strategy

The pricing strategy may seem like a straightforward topic; however, it requires much thought and planning when starting a business and throughout the life of your company. Here are some typical pricing strategies:

- **Competition-Based Pricing** - Prices based on your competitors' prices.
- **Creaming or Skimming** - Setting a high price to sacrifice volume for high margins.
- **Loss Leader** - Pricing a few products at below market value in order to get customers to make additional purchases that hopefully will include higher-margin products.

- **Penetration Pricing** - Pricing the product so you can quickly enter an established market.
- **Premium Pricing** - Setting the price artificially high, giving the customers the perception that this high-priced item must be much better than other similar products. Typically, you want to set prices at whole numbers, such as $65.00, $30.00, $15.00 rather than $64.99 or $29.95.
- **Predatory Pricing** - Pricing low in order to force the competition out of the market.
- **Psychological Pricing** - Pricing the product so it seems like a lower number (i.e., $4.99 versus $5.00).
- **Dynamic Pricing** - Flexible pricing that can be based on a number of market conditions, timing or other circumstances. An example of a partial implementation of this is having daily discounted products.
- **High-Low Pricing** - Prices are set artificially high and then discounts, sales and other promotions lower the prices, giving the consumer the perception of getting a good deal. This is seen quite often in jewelry stores.
- **Premium Decoy Pricing** - One item's price is set artificially high in order to drive sales of lower-priced items.

5.5.3 Promotion and Advertising Strategy

Now it's time to decide how you're going to market your business. Your promotion and advertising strategy should target your demographics at the lowest cost per conversion. In other words, you want to pay the least amount possible to bring in one new prospect through a means that works. You might try word of mouth, for example, which is free. But if that method doesn't bring in any new customers, it is useless to you (it does not convert lookers into buyers). On the other hand, you might try mailing postcards or brochures to prospects. You could pay $10 per new client, but have them coming in by the bucket-load. This method would, therefore, outperform the other.

You want to be sure you're targeting the right audience and that you're reaching them in a meaningful way; otherwise, you'll waste a lot of effort, time and money. Here are some examples of typical promotions and advertisements:

- **Word of Mouth** - Provide products and services such that your customers will spread the word and bring more customers to you.
- **Pay Per Click (PPC) Advertising** - Pay each time a prospect clicks your keyword-related ad on a search engine.
- **Affiliate Marketing** - Other people sell your products/services in return for a commission. This is usually an online method, but can also work offline.
- **Forums** - Participate in forums and discussion groups relative to your target market in order to position yourself as an expert and attract new business.
- **Print Advertising** - Advertising in newspapers and magazines.

- **Broadcasting** - Marketing through radio ads and/or TV commercials.
- **Video** - Producing short videos to place on your website, YouTube or other websites.
- **Direct Mail** - Bulk mailing either directly to potential customers or by including a postcard in a value-pack-type mailing.
- **Outdoors** - Through billboards, sponsorships of sports teams, on public transportation, etc.
- **Spokesperson** - Using a well-known, or unique and memorable, spokesperson to represent your business/products.
- **Event Marketing** - Exhibiting at tradeshows, fairs and other community events.

You should be specific in your promotion and advertising strategy. Don't just say you're going to use Google AdWords for advertising. Define what your keywords are, target price per click and monthly budget. Explain why this is one of your chosen strategies for advertising. Provide as much information as possible because investors will be very interested in how you plan to promote and advertise your business.

5.5.4 Website

The days of businesses not having websites have passed. No matter what type of business you have, you must have a Web presence. This section should discuss what your Web presence will be and how you plan to leverage it. You should define the purpose of your site (usually either informational or ecommerce). Document where your website will be hosted (i.e., third party-shared hosting, third party-dedicated server(s), server on your local network, etc.). Discuss what software you'll use for your website, who and how it will be customized and maintained, and all special features it will have (i.e., affiliate module, product reviews, configurable products, clients-only section with forms/information, etc.). Having a Web presence doesn't stop at your website: it extends well beyond and reaches out into the Internet. Here are some examples of other considerations for your Web presence:

- **Social Media** - Use Facebook and Twitter to reach out to your customers.
- **Blog** - Regularly updated blogs with helpful and interesting information related to your product or service.
- **Forums** - Moderated discussions related to your products/services. This is popular for companies providing software, as users often look for answers to their questions in the forums.
- **Google Shopping** - Free way to list your products in Google searches.
- **Third Party Websites** - List products on third party sites such as Amazon.com.

Again, don't just state what you plan to do. Discuss it in detail. For example, if you're going to include a blog, define the topic of the blog, who will be responsible for updating it and how frequently it will be updated. A Web presence takes a lot of work, so plan ahead in order to avoid it being neglected.

5.5.5 Marketing Programs

Your marketing programs should be based on the promotion and advertising strategies you outlined previously. Create a separate marketing program for each of your promotion and advertising strategies. Discuss the methodology and include the budget, person managing it and a clear set of objectives tied to a timetable for each marketing program.

5.6 Sales Strategy

The difference between a marketing strategy and sales strategy is that the marketing strategy describes how you're going to reach out to potential customers. Your sales strategy defines how you're going to interact with potential customers once they've entered your store/office, visited your website or otherwise made contact with you. A good sales strategy should address how you're going to win over a difficult customer.

If you run both an online and a brick-and-mortar company, then you should address each of these separately. Let's look at an example sales strategy for a kiosk in a mall selling skin-care products. You might choose to locate the kiosk in a high-traffic area of the mall and have salespersons directly approach shoppers to offer demonstrations. This way, you could show shoppers firsthand how effective the product is on the potential customers' hands. An example of an online business selling high-end candies may be to offer free samples when visitors subscribe to your mailing list. You can then follow up with those persons and make additional sales.

5.6.1 Sales Forecast

A sales forecast should be realistic, achievable and have milestones defined in both time and dollars. Include a short paragraph or two giving an overview of your sales projections along with the basis for those figures. Also, be sure to include a chart showing your monthly sales over a 12-month period and a table showing annual forecasts for three to five years.

Table 5.6.1 Annual Sales Forecast

	Year 1	Year 2	Year 3

5.6.2 Sales Programs

Managing the sales department of your company will require having a few sales programs in place. Some things to consider are sales metrics (to measure effectiveness of salespeople and methodologies), payroll for your sales staff (hourly or commission based), materials and resources needed by your sales team, and a budget for these materials and resources. You may also include charts and schedules for prospect follow-up, incentives for salespersons and training requirements, schedule and budget, just to name a few. Just as your marketing department has programs to manage its initiatives, your sales department should have the same.

5.7 Legal

Research and understand all legal issues pertaining to starting up and operating your organization and then document them in this section. This may include licensing, bonding, permits, insurance, zoning, government regulations, patents, trademarks, copyrights, etc.

5.8 Milestones

All businesses have milestones they work toward achieving. Defining your milestones in your business plan helps to ensure you keep your business on track and that you can measure the successfulness of your business.

Table 5.8 Milestones

Milestone	Date

5.9 Exit Strategy

Everyone starts a new business expecting success, and many times dreams do come true. However, there are times when a business idea doesn't prove to be profitable enough to base a business on, or you've lived your dream and are ready to move on. In order to limit your exposure to excessive debt, it's a good idea to have an exit strategy when you start the business. In this section, you should identify what would trigger an exit from the business (sales revenue below $xxx, margins of $xxx, retirement, selling to someone else, etc.) and how you will accomplish that exit. Questions pertaining to inventory liquidation, business closings, selling the business, compensation and severance packages for employees, etc. should be addressed.

6.0 Organization and Management

In this section of the business plan, be prepared to cover the people portion of your organization. One of the keys to the success of a business is its people, and the planning of your personnel should be given great and careful consideration.

6.1 Organizational Structure

Provide an organizational chart showing your company's structure. As with most small businesses, you may have one person filling multiple roles, and this is acceptable. Show each person in relation to their duties even if a single person performs more than one set of responsibilities.

6.2 Management Team

For each person in your management team, include a one-paragraph biography and then a paragraph that discusses what they bring to the company as far as experience, strengths, education and other skills. Next, provide a paragraph about what their role is and the requirements of that role.

6.3 Management Team Gaps

Most start-ups have limited resources. This section identifies and details areas where the management team lacks skills and experience. For each management team gap, discuss how you'll overcome the challenge. For instance, if your team doesn't have accounting and financial experience, you may turn to a financial planner or CPA to fill that gap.

6.4 Personnel Plan

This section identifies how you're going to staff your business. Identify the personnel requirements for your business along with a table showing the budget requirements for each position over the next three to five years.

Table 6.4 Personnel Plan

Position	Year 1	Year 2	Year 3
Total Personnel Costs			

6.5 Board of Directors

If your business is incorporated, identify the members of your board of directors in this section. Include a brief biography for each board member. It is acceptable to have the same person serve in more than one director's role.

7.0 Financial Plan

The financial plan will cover the following:

- Required Cost of Start-Up
- Profit and Loss
- Cash Flow
- Balance Sheet
- Financial Ratios

Profit and loss shows the profitability of the business, whereas balance sheet outlines the financial position of the company. Also, cash flow details the status of cash received and paid over a specified period of time. These entire documents are required to get financing.

7.1 Important Assumptions

All financial plans are based on a number of assumptions. In this section, you should list the assumptions your financial plan is based on. Some examples include:

- Your ability to hire staff at an estimated hourly rate of $x.xx.
- Customers purchasing products because [fill in the blank].
- A conversion rate of x% using PPC advertising that results in $x.xx in sales for every $1 spent in advertising.
- The ability to negotiate a discounted rent for the storefront.

7.2 Start-Up Costs

Tracking expenses is an important responsibility for small companies. In this section, you'll want to itemize all expenses associated with starting your business and operating it for the first month. Begin with expenses, then current assets with no depreciation and then long-term assets that will have depreciation value. Depreciation will be included after the first month.

Table 7.2 Start-Up Costs

Start-Up Expenses	Amount
Total Start-Up Expenses	
Start-Up Assets	
Total Start-Up Assets	
Total Required Start-Up Costs	

7.3 Source and Use of Funds

Identify the source of the money you need to start your business and how that money is going to be used. For example, you may be getting a line of credit with the bank that you'll use to purchase inventory, paying the line of credit down in between orders. Some of your start-up assets may be financed; whereas, other on-time start-up costs may be funded using your personal savings. If your organization is incorporated, the sale of shares of stocks to principals may also be a source of funding.

7.4 Break-Even Analysis

Businesses need to generate a certain number of sales dollars before they can break even. This is because there are typically large, fixed-price monthly expenses that need to be covered before you can start earning a profit. For example, you need to reach a sales threshold before paying monthly rent, payroll, utilities, advertising and other ongoing expenses. As the business grows, these monthly expenses may also grow - advertising may increase, you may need a larger storefront or additional employees, insurance rates may rise, etc. Additionally, you have variable costs such as purchasing the products you sell. Be sure to include all fixed and variable costs in your break-even analysis. This report should be presented in a graph format that shows the sales along the horizontal (x-axis) and profit/loss along the vertical (y-axis).

7.5 Projections

There are three key projections needed for this section: profit and loss, cash flow and balance sheet. For a start-up, business figures have to be projected for all of the above financial statements (called pro forma statements). The term "pro forma" means provided in advance. You should consult your accountant or financial advisor when making projections. The sample tables here are not all-inclusive and are presented as examples to be used only as a starting point.

7.5.1 Projected Profit and Loss

The profit and loss statement details the income and sales of your company over a specified period.

Table 7.5.1 Pro Forma Profit and Loss

Pro Forma Profit and Loss	Year 1	Year 2	Year 3
Income			
Sales			
Cost of Goods Sold			
Gross Profit			
Expenses			
Payroll			
Rent			
Utilities			
Deliveries and Freight			
Insurance			
Payroll Taxes			
Administrative Expenses			
Advertising			
Misc. Expenses			
Total Expenses			
Net Profit			

7.5.2 Projected Cash Flow

The statement of cash flow shows the incoming and outgoing cash of the business.

Table 7.5.2 Pro Forma Cash Flow

Pro Forma Cash Flow	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales			
Cash from Receivables			
Subtotal Cash from Operations			

Additional Cash Received
Sales Tax
Rental Income
Subtotal Cash Received
Expenditures
Expenditures from Operations
Cash Spent
Bills Paid
Subtotal Spent on Operations
Additional Cash Spent
Sales Tax
Loan Payment
Subtotal Additional Cash Spent
Net Cash Flow
Cash Balance

7.5.3 Projected Balance Sheet

The balance sheet provides an instant financial picture of your business. It has two sections: assets, and liabilities and capital.

Table 7.5.3 Pro Forma Balance Sheet

Pro Forma Balance Sheet	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash			
Accounts Receivable			
Inventory			
Other Current Assets			
Total Current Assets			
Long Term Assets			
Long Term Assets			
Accumulated Depreciation			
Total Long Term Assets			
Total Assets			
Liabilities and Capital			
Current Liabilities			
Accounts Payable			
Current Borrowing			
Other Current Liabilities			
Subtotal Current Liabilities			
Long Term Liabilities			
Total Liabilities			
Paid In / Invested Capital			
Retained Earnings			
Earnings			
Total Capital			
Total Liabilities and Capital			
Net Worth			

7.6 Business Ratios

You should state the Standard Industrial Classification (SIC) code that is used for your industry profile ratios. Your ratio-analysis table will typically be based on the information you're able to find on your business. The one provided below is an example of common ratios.

Table 7.6 Ratio Analysis

Ratio Analysis	Year 1	Year 2	Year 3	Industry Profile
Financial Ratios				
Quick Ratio				
Current Ratio				
Current Liabilities to Net Worth				
Current Liabilities to Inventory				
Total Liabilities to Net Worth				
Fixed Assets to Net Worth				
Collection Period				
Inventory Turnover				
Assets to Sales				
Sales to Working Capital				
Accounts Payable to Sales				
Return on Sales				
Return on Assets				
Return on Investment				
Interest Coverage				
Income Statement				
Net Sales				
Gross Profit				
Operating Income				
Net Profit After Tax				
Balance Sheet				
Cash				
Accounts Receivable				
Inventory				
Total Current Assets				
Total Fixed Assets				
Other Non-Current Assets				
Total Assets				
Accounts Payable				
Total Current Liabilities				
Total Long Term Liabilities				
Net Worth				

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