ON YOUR OWN BUSINESS PLAN (Template)

Note: This template is to be used as a guide to developing your business plan. Each business and business plan is unique. Students are expected to expand on what is presented below and personalize their business plans.

Executive Summary:

A one to two page summary of what your business is about. The Executive summary is the tool that “grabs” an investor’s interest. The Executive summary should be that last thing that you prepare when developing and writing the business plan.

Vision & Mission Statement:

The vision statement is an encapsulating statement of what you want your business to be. The vision statement should be brief and to the point. The vision should be reflected in the business’ name, logo, trademarks etc. The vision is what drives direction and motivates the founders, as well as employees.

The mission statement defines the business that you are in and defines why the business will exist. Like the vision statement, the mission statement should be short, so that people can remember it and even repeat it. The mission statement should also define the values of the company which should mirror the values of the company founders.

Overall Business Strategy:

How do you plan to run the company and successfully compete in a marketplace? How do you plan to utilize your finite resources and capabilities in the process of defining your mission and vision? What opportunities do you envision and how will you manage potential threats in the marketplace? Will you have sufficient resources and capabilities and how do you plan to deploy them in lieu of possible weakness that your business has? List and define your Critical Success Factors (CSF) or Key Result Areas (KRA) so that everyone can focus on them.

Description of Products or Services:

Describe the product and service that your company will provide. Focus on who the customer is and what added value your product or service will provide. What “post sale” service will you offer customers? Where is your company positioned within the industry that you operate within?
Competitor Analysis:

Who are your direct competitors? Why have they been successful or not successful? Analyze the competition in terms of sales (size), product/service, customer service and other metrics and KRA’s. Be honest in your assessment and do not assume that the competition is either all powerful or all negative. How will you compete? Will you differentiate your business, focus on specific customers or some combination?

Marketing Strategies:

Define and refine how you will compete and how you will identify, reach and maintain customers. How do you plan to “know” your customers and stay in touch with them? Customers change. They grow up, move on, get married, divorced, grow old, get rich, become poor, etc. Your business will need to change with your customers. Staying in constant contact is the best way to spot emerging trends. What will your advertising and promotional strategies be? What will your marketing budget consist of, especially during the startup phase of your business?

Background & Description of the Management Team:

Describe your backgrounds and experiences. State your passions regarding your business, customers and the product or service. Explain how your full life experiences, education and passions might make up for any lack of experience in a particular industry.

Plan of Operation & Ownership Structure:

Define the type of business ownership and why you chose that particular format. Explain how you plan to run the business on a day to day basis. Define who will be in charge of each function of the business. Define those functions and develop a plan to grow the organization.

Loan or Investment Proposal:

Define how you plan to fund the business. Define how much equity you plan to invest and how much debt you may have to incur. Determine if you need to borrow money from a traditional bank, non traditional lenders, angel investors etc. Develop this section in terms of three types or groupings of capital requirements:

- Startup capital (usually owner’s contribution and/or bootstrapping)
- Working capital (equity or debt financing to operate while cash strapped)
- Growth capital (external investors capitalizing the business to grow the business)
Financial:

Provide an entry narrative about the premises and assumptions that your financial projections are based on. Also provide a break-even analysis plus other key financial ratios. Those may also be operational ratios such as sales per square feet, inventory turnover ratios. Asset turnover and asset utilization ratios are also appropriate. Specific financial statements to include are:

- **Statement of Net Worth**: shows the initial equity position of the owners at the launch point of the business
- **Pro-forma Balance Sheet**: reflects assets, liabilities and equity at the end of each year
- **Pro-forma Income Statement**: shows revenues, cost of goods, gross margins, overhead expenses, operating profits, interest and depreciation and net profit/loss).
- **Pro-forma Cash Flow Statement**: shows all cash transactions to include startup, launch, operational, equity infusions, debt financing and other forms of net cash inflows and outflows.

Financial statements should be pro-forma statements which project current and future financial requirements and activities. For both the income statement and cash flows, The first year or the current year needs to be presented on a spreadsheet with a column for each month plus a column that summarizes the activities on an annualized basis. The next two years, both the income statement and cash flows need to be presented quarterly with an annualized summary. The remaining years can be annualized statements.

The final business plans must also include a title page, a reference page and most likely an appendices section. Appendices might include such things as ring studies, demographic analysis, complete ratio analysis, competitor analysis matrix, etc. Be sparing with appendices and do not include lots of pages for the sake of filling up space. Your appendices should target and support specific issues presented in your business plan.