



HOW TO WRITE A BUSINESS PLAN

PRESENTED BY THE SBDC AND THE CITY OF WESTMINSTER



TODAY'S PRESENTER:
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AGENDA



■ Why is a business plan important

- How does it guide my business
- How does it help me get funding



■ What components go into a business plan

- Executive Summary
- Company Description
- Service or Product Line
- Market Analysis
- Organization & Management
- Marketing & Sales
- Funding Request
- Financial Projections
- Appendix



■ Where to find more resources

- SBA Website
- Examples
- SBDC Free Consultation



WHY IS A BUSINESS PLAN IMPORTANT

- Use your business plan as a roadmap for how to structure, run, and grow your new business
- Investors want to feel confident they'll see a return on their investment
- Everything comes back to your business plan





“WHAT NOT TO
DO”, *ENTREPRENEUR*,
FEBRUARY 2004

Common mistakes made by Startup Businesses

- Failing to spend enough time researching the business idea to see if its viable
- Miscalculating market size, timing, ease of entry, and potential market share
- Underestimating financial requirements and timing
- Over-projecting sales volume and timing
- Making cost projections that are too low
- Lacking a contingency plan for a shortfall in expectation
- Focusing too much on sales volume and company size rather than profit
- Lacking simplicity in your vision
- Lacking focus and identity



WHAT COMPONENTS GO INTO A BUSINESS PLAN

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EXECUTIVE SUMMARY

- Briefly tell your reader what your company is about and why it will be successful
 - Product/Service
 - Basic info about leadership team, employees, location
 - Financial info/high-level growth plans
 - Amount of funding required and terms



COMPANY DESCRIPTION

- This is the place to provide detailed info about your company
 - Mission Statement
 - Problems your business solves
 - Who your customers are
 - What is your credibility
 - Etc.



SERVICE OR PRODUCT LINE

- Describe what you sell or what service you offer
 - How does it benefit your customer
 - What is your competitive advantage
 - Intellectual property



MARKET ANALYSIS

- You'll need a good understanding of your industry outlook and target market

Customer Research	Competitor Research
<ul style="list-style-type: none">• Benefits of your product	<ul style="list-style-type: none">• Who are your competitors
<ul style="list-style-type: none">• Who are your customers	<ul style="list-style-type: none">• What do you know about them
<ul style="list-style-type: none">• Where are your customers	<ul style="list-style-type: none">• Why are they successful
<ul style="list-style-type: none">• How do you reach your customers	<ul style="list-style-type: none">• Can you do it better/differently
<ul style="list-style-type: none">• Targeting consumers vs. businesses	<ul style="list-style-type: none">• Look for trends and themes



ORGANIZATION & MANAGEMENT

- How will your company be structured
 - Describe the legal structure
- Your operating plan
 - Organization chart
 - Creation and delivery of products/services
 - Location and hours of operation
 - Suppliers and outside help



MARKETING & SALES

- Describe how you will attract and retain customers
- Segmenting and targeting

Advertising/Promotional Plan

- | | |
|--------------------|--------------------|
| • Website | • Direct Marketing |
| • Media | • Public Relations |
| • Printed Material | • Tradeshows |



FUNDING REQUEST

- Clearly explain how much funding you'll need over the next five years and what you'll use it for
 - Do you want debt or equity
 - What terms do you want applied
 - What length of time will your request cover
 - Do you need the funds to buy equipment, pay salaries, or cover specific bills until revenue increases
 - Include your future strategic financial plans like paying off debt or selling your business



FINANCIAL PROJECTIONS

- Supplement your funding request with financial projections
 - Create start-up expense schedule
 - For the 1st year be very specific (If you are just starting)
 - Use quarterly or even monthly projections
 - For the last 3-5 years (If you have been in business)
 - Income Statements
 - Balance Sheets
 - Cash Flow Statements
 - For the next 3-5 years
 - Forecasted Income Statements
 - Forecasted Balance Sheets
 - Forecasted Cash Flow Statements
 - Forecasted Capital Expenditure Budgets



APPENDIX

- Provide supporting documents or other materials
 - Testimonials, published articles, resumes, product pictures, letters of reference, licenses, permits, patents, legal documents, and other contracts, etc.



WHERE TO FIND MORE RESOURCES

- [SBA Website](#)
 - [Video Tutorials](#)
- **Examples**
 - [Rebecca's Plan](#)
 - [Andrew's Plan](#)
- [Meet with a business consultant](#)
- [Meet with a business librarian](#)



QUESTIONS?

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