



Business Plan Outline

This document is designed to:

1. Describe what a business plan is
2. Include thought-provoking questions that will help you design a plan that for your business to layout a “blueprint” for your plan.

Definition: a business plan of your business is a document that describes your business and addresses:

- Your product
- The market
 - Customers
 - Competition
- Marketing and marketing techniques
- Your supply chain
- Your staff and management
- The operations
- A financial plan

Why do many businesses not have business plans and waste their great ideas? Mainly, entrepreneurs have the great ideas but haven’t thought through how they will use their idea to create a viable business.

Either businesspeople:

- Do not have the time or inclination to prepare the plan
- Do not have the answers to the questions presented on the upcoming pages, or
- The business owner feels it is a waste of time to prepare the document

However, this document is used to get investors and/or bank loans. Nobody will give you money without being sold that you understand all components of the business and how to make money. Remember, “Cash is King”, and investors and banks invest in *people*.

There are several components that need to be included in your plan. They are listed below:

- Cover Page - includes all your contact information and a table of contents
- Executive Summary - This needs to be concise and include all the most important pieces of the plan.



- If the reader doesn't like the summary, they will rarely read the rest of the plan. They are looking for "hot buttons".
 - Company Overview
 - Industry Analysis
 - Customer Analysis
 - Competitive Analysis
 - Marketing Plan
 - Operations Plan
 - Management Team - include resumes
 - Financial Plan

The plan must clearly explain the following:

- What the business does and how it conducts business
- Risks and risk mitigation(s)
- Clear benchmarks
- Why management is uniquely qualified to achieve success
- Financial assumptions and the financial model

The sections below should include the following information:

- I. Company Organization, Form and Industry
 1. Company Organization and Form
 - Date and State of Organization
 - Type of entity (corporation, LLC, etc.)
 - Principles and their roles in the entity
 - Business purpose
 - Products or services
 - When business was started, if started and highlight progress to date
 2. Industry
 - Describe the industry or industries the company serves and/or sells into
 - Describe the market and trends in the marketplace
 - Describe how big the market it and how you expect to penetrate it and how big a share your company can expect to have
 - Describe how the market may be impacted by major economic, social, political, technological or regulatory events



II. Product(s) or Service(s)

The objective in this section is to describe your product and/or service concisely but completely so a reader totally understands what the product or service is, how its produced and how the operations will run. It is also very important to explain and disclose proprietary features that make your product unique.

- Describe the product or service you sell in detail. In some cases, you may want to include diagrams, schematics, and sales materials.
- Describe any proprietary features and disclose whether there are any patents, copyrights, or licensing agreements.
- Describe research and development activities and any future development activities.

III. Market

The objective in this section is to describe the market so the reader is able to discern that you understand enough about the market that the company can achieve its sales goals.

In this section, you should include:

- A definition of the target market by:
 - Describing the target customers and the geographic area as well as any seasonality of the product
 - Describing changing trends in the market and your plan to adapt to the changes
 - Describing the size of the market, your expected market share - the % of of the total market you expect to sell to and how you plan to expand
 - Addressing competition, both major and minor
 - What makes your product more appealing or unique. Disclose other competitive advantages.
 - Discussing customer needs



IV. Marketing Plan

This section will describe the product and brand or strategic positioning.

- You should also detail your marketing techniques, such as:
 - Advertising and Promotion Plan
 - Online and offline advertising
 - Social media
 - Direct mail/e-mail marketing
 - Target customers and who they are
 - Networking and membership

Describe the market in more detail than above - Your estimated total sales and what your anticipated market share would be. Disclose statistics from industry studies and, without naming names, talk about major customers you would anticipate

Pricing

- You should discuss your pricing strategy and compare your strategy to the rest of the industry. Describe why your strategy will be more appealing than your competitors to customers. Justify your pricing strategy.
- Describe your supply chain without naming names. The supply chain is a system of organizations, people, activities, information and resources involved in moving a product or service from vendor to customer. It is important to be clear how you get your product and how it is distributed to customers.
- Describe the company's warranty policy to customers.

V. Competitive Analysis

This section should include the names of competitors, their competitive advantages and disadvantages and how your company plans to address the differences and why customers will use you versus your competition.

Questions you should answer are:

- How does your product compare to your competition in:
 - Pricing - is pricing the same or do you have an advantage?
 - Do you have better serial (check) or warranty?
 - Advantages you have over your competition?
 - Do we have any unique characteristics compared to our competitors?



VI. Customer Analysis

This section should identify the target customers and their needs. You should be as specific as you can to help the reader clearly understand why a customer will buy from your company rather than from your competition.

You should outline:

- Your strategic positions
- Who your target market is and why
- What makes your product more desirable than your competitors
- How you plan to build loyalty in your customer base
- A timeline to ramp up sales

VII. Management Team

This section should introduce each member of the management team and include:

- Duties and responsibilities of each
- Resumes for each member (in appendix)
- A description of their backgrounds and functions within the company

VIII. Operations Plan

This section will include detail of the key operational progresses, how the product will be produced and its supply chain and how the company plans to go to market and be successful on a daily basis.

This section should include the following:

- Location of the plant
- Business dynamics of this location, such as:
 - Wages rates
 - Shipping rates and availability
 - Labor market and availability
 - State regulatory laws
 - Availability to customers

Plant and equipment needed to produce the product

- Will the equipment and facility be leased or purchased? Determine how much capital is needed.
- Will more equipment be needed and/or facility expanded? Establish benchmarks for required expansion.

Manufacturing Process(es):

- Describe the manufacturing process(es) relative to:



- Supply chain
- Labor
- Cost (breakdown of fixed and variable costs)
- Justify control
- Shipping

IX. Financial Plan

The financial plan is critical to the overall plan. This puts the entire business plan into perspective to tell readers whether or not the idea and/or product can make money. As mentioned earlier on, “Cash is King”, and the financial plan should be the culmination of the assumptions to see if the product will make money.

The financial plan will include:

- A narrative describing all the financial assumptions
- In summary form, include a financial forecast of a source and application of funds; a balance sheet; an income statement for at least three years
- A funding request
- Various benchmarks
- Future funding prospects

If the business has already been started, then you should include any current financial statements.

X. Executive Summary

The most important section is the Executive summary. This section should be written once all sections are complete. This is most important - because it is in the front of the plan - if investors or leaders don't like the summary they don't go any further, so you need to catch their interest.

You must concisely describe your business and the various aspects of the plan. You should include no more than two pages containing:

- The company and industry
- The product and its uniqueness to the market
- The market, your approach to it, and why you anticipate success
- The supply chain
- Management
- Finances
 - How much funding is required?
 - Summary of financial plan



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XI. Appendix (not intended to be complete list)

Include in this section:

- Details to back up assumptions
- Full financial projections
- Charts or tables needed to explain assumptions
- Breakeven analysis
- Market analysis detail
- Key financial indicators and benchmarks as well as milestones