

BUSINESS PLAN GUIDELINES

The following guidelines are designed to assist you in writing your business plan. Not every bullet point will apply to your business as these guidelines are generic, but they will help you formulate your own plan.

Executive Summary

This is, essentially, a summary of all other sections. It would probably be easier to write it last.

1. Briefly describe your business – *e.g.*, describe what product or service you sell and the market you will be serving.
2. Describe the legal structure of the business: sole proprietor, partnership, LLC, or corporation. (Attach a copy of your organizing documents.)
3. Describe the history of your business; if it is a new business, describe how you developed the idea to start it.
4. Describe your experience in the business/industry and how it will help you succeed.
5. Describe your reason for believing the business will succeed.
6. Discuss funding – *e.g.*, anticipated sales, how much money you have already put into the business (if any), discuss your funding/loan needs, include a description of what how you will use the loan funds.

Business Description (Detail)

1. Describe your products and/or services in detail. For example:
 - If you are selling retail products, list and include a brief description of the items for sale.
 - What are the features and benefits of your products or services?
 - How will your product be made or how will your services be provided?
 - Who will supply the materials?
 - What specific need or want is being fulfilled by your product(s)/service(s)?
 - Do you have plans for future expansion of products or growth of services? What is your anticipated timeline for expansion?
2. Distribution
 - How will your products or services be distributed? For example, will they be distributed in a store, through mail order, on consignment, private parties, or on the Internet?

Marketing Plan

1. Industry/Trend Analysis

- What is happening in your industry? Is it growing, stable, or declining? Is it a new industry or has it been around for a while? What do you believe the future holds for this industry?
- Describe the industry in terms of overall sales in the US or worldwide. If possible, use quotes from trade journals or websites in the industry to show why this is a good industry in which to get involved and start a business.

2. Customers/Target Market Analysis

- Who are your customers? How would you describe your ideal customer? (*E.g.*, where does the person live? If relevant, what is the person's age, gender, occupation, income level, education level, family composition, ethnicity and nationality?)
- What are the buying patterns of your ideal customers? Are your products or services generally purchased once? Or will your customers be repeat customers? How often will they need your products and services? How large is each sales transaction? Do they buy on impulse or after careful consideration? Do they buy full-price items or seek discounts or sales?
- When making buying decisions, what does your ideal customer value most? Cost? Quality? Features? Convenience? Reliability? Your reputation? Your unique expertise? Your after-sale support? Your product guarantee?
- How many customers will your business have? How large is the market & what percentage do you expect to serve?
- What area will you be serving? Is there a demand for your product(s) in that area? How do you know that?
- What information do you have that supports your determinations about your customers?
- What is the growth potential for this business? What is your plan to handle growth? What information do you have that supports your decisions about growth?
- You may want to provide some statistical data to support your target market analysis such as population growth, median household income for counties, etc.

3. Competition

- List 3 or more competitors and their locations (address) and proximity to your business.
- What products and services do they provide and what are they charging?
- Describe their strengths and weaknesses.

- Have any new competitors recently entered the market or have any competitors in your market area gone out of business recently? How difficult is it for new competitors to enter your market area?
- What is your competitive advantage- why will customers buy from you instead of the competition?

4. Pricing Policy for Products/Services

- What is your pricing philosophy? Does your business want to be the high-end price choice? Middle-of-the-pack? Low end? How did you determine your pricing strategy?
- How do your current (or planned prices) compare with those of your competition? If your prices are higher, do you offer extra value? If your prices are lower, what affects your lower price and can your pricing sustain profitability?
- Do you plan to offer special pricing to gain trial and acceptance? If so, what is your plan for increasing prices later?
- Selling Terms: cash only, checks (personal, business, or both) credit/debit cards, house accounts?
- When are payments due, before or after completion? Do you require a deposit on special order jobs or large quantity orders?
- Determine your profit margin. How does it compare to the competition and the industry in general?

5. Cost

- Describe your fixed expenses vs. variable expenses. How much are your fixed expenses on a monthly basis? Fixed expenses are expenses that must be paid month to month that do not change. (Ex. rent, insurance, payroll, bookkeeping, etc.) Variable Expenses may vary month to month. (Ex. advertising, inventory, travel expenses, etc.)
- What is your breakeven point? How many units or services will you have to perform each month to cover your fixed expenses?

6. Business Image and Customer Service

- Are you personally going to take all calls?
- How will complaints or service problems be handled?
- Will there be a return policy? If there is a return policy or unsatisfied service agreement, what are the guidelines?
- Will there be uniforms if you have an office or store? Will there be a certain look for your business and/or employees?

7. Marketing and Sales Strategy

- How will your target market know where your business is located? How will you reach out to potential customers? For example, will you use a website or EBay account? Will you run ads in the local newspaper or other publications? Will you have a booth at community events? List some low-cost but effective ways of reaching your target market.
- Will you be joining the Chamber of Commerce or other organizations for networking purposes?
- Will you have a logo? Business cards?
- Will you offer discounts or gift certificates as incentives? List some low-cost but effective ways of reaching your target market. Go into detail with prices regarding your promotions. Discounts or gift certificates as incentives

8. Marketing Goals

- Where do you see the business going in the next 2 to 5 years?
- What are your goals and objectives? Why do you think they are realistic? How will they be measured, and when will they be achieved? (For example: What is your target profit margin? How much do you anticipate your sales increasing over the next 2 to 5 years? Will you be expanding your products or services offered?)

Operational Plan

1. Location

- Where will you be operating your business? (Out of your home, in a storefront, over the internet?)
- Why did you choose this location? Why is it desirable? If it is a storefront, are there enough people that frequent or work in the area for the business to be recognized?

2. Operations

- Will you be using any type of computer system, cash register, printer, copier, fax and/or credit card processing device?
- Will you need supplies for the office/store? (fixtures, signs, desk, etc.)
- Who will manage recordkeeping, finances, and inventory?
- What types of insurance will you need? *E.g.*, General Liability Insurance, Auto Insurance, Workman's Compensation, etc.? Attach copies of bids or policies.
- What licenses, permits or regulations will affect your business? Attach copies of required licenses, permits, or regulatory forms.

- Who will be your accountant, lawyer, insurance agent, or other advisory team members? Provide names and addresses.
- Will you have to collect and pay sales tax, and if so, how much and for which entity (state or city)?

3. Employees

- Will you hire employees or use subcontractors?
- If you are hiring employees, how many will you hire and what will their duties be?
- Who will handle what functions in the business? What are the qualifications or required skills you are looking for?
- Who will hire, train, and supervise them? What will it cost the company the first two years?
- What will be your employee salaries or hourly rates for the first two years?

4. Contingency Plans

- What contingency plans have you made if you become sick or injured, or in the event a personal or family emergency takes you away from the business? Who will take care of the business? How much will it cost?
- What will you do if sales are not as good as expected? What will you do to increase them?
- What will you do if costs are higher than you expected? What will you do to decrease them?

Financial Plan

1. Describe the following:

- How much of your own money will you be using to start the business and how much in additional funds do you need to borrow?
- Do you have any other means of income or will you be relying solely on the start-up business and its funds? Can you manage the business part time and have another job on the side especially for the first few months while the business is getting started?
- What do you foresee the business making and expenses that it will incur in the 1st year? In the second year? Attach a Cash Flow Statement for two years and include detail regarding the basis for your assumptions of income generated and expenses. (See Cash Flow Worksheet.)
- Provide an itemized detail of the loan request. If you are purchasing furniture, fixtures, equipment, supplies and/or inventory, include the name of the supplier of the item or a copy of any written quote or price sheet.

2. Discuss your credit.

- Have you ever declared bankruptcy? Do you have any judgments or liens filed against you? Do you owe back taxes? Do you have any late payments, child support due, unpaid medical bills? If any of these situations apply to you, explain in detail. (*E.g.*, the reason for the occurrence, any payment plans you have entered into, whether or not your payment plans current, etc. If bankruptcy has been discharged, provide documentation.)
- Have you pulled your credit in the last year? Do you know your credit score?

Supporting Documents

- Copies of licenses, organization and other documents
- Insurance declarations
- Copies of any proposed lease or purchase agreement for building space
- Floor plans, design layouts, etc.
- Sample brochures, business cards, or advertising materials
- Letters of intent from suppliers or potential customers (if relevant)
- Letters of reference



HELPING ENTREPRENEURS SUCCEED

SMALL BUSINESS RESOURCES

The following resources may provide counseling, help writing business plans, libraries and research resources, as well as financial assistance in the forms of advice, loans or grants. Some of these resources are provided by local governments and are only available to businesses located in those municipalities. This is not a complete list of all small business resources, but it's a good starting point.

Maryland Capital Enterprises (MCE)
Offices in Baltimore and Salisbury
In Baltimore, contact Bonnie Crockett
bcrockett@marylandcapital.org
443-717-3627
www.marylandcapital.org

Maryland Small Business & Technology Development Center
620 W. Lexington Street, 4th Floor
Baltimore, MD 21201
410-706-5466
Website: <http://www.centralmdsbdc.org/>

Small Business Administration (SBA) Maryland Office
City Crescent Building, 6th Floor
10 South Howard Street
Baltimore, Maryland 21201
(410) 962-6195
<http://archive.sba.gov/localresources/district/md/index.html>

Business Center
Enoch Pratt Free Library
400 Cathedral Street
Baltimore, MD 21201
410-396-5317
<http://www.prattlibrary.org/locations/businesscenter/>

Baltimore County Department of Economic Development
400 Washington Ave., Suite 100
Towson, Maryland 21204
410-887-8033
www.baltimorecountymd.gov

Anne Arundel Economic Development Corporation
2660 Riva Road, Suite 200
Annapolis, MD 21401
410-222-7410
info@aaedc.org
<http://www.aaedc.org/partnerships-businesses/new-expanding-relocating-businesses>

Neighborhood BusinessWorks Loan Program
Maryland Department of Housing and Community Development
100 Community Place
Crownsville, MD 21032
410-514-7237
<http://www.neighborhoodrevitalization.org/Programs/NBW/NBW.aspx>

Department of Business and Economic Development
World Trade Center
401 East Pratt Street, 17th floor
Baltimore, MD 21202
410-767-6300
<http://www.choosemaryland.org/Pages/default.aspx>

Baltimore Development Corporation (BDC)
36 S. Charles Street
Suite 1600
Baltimore, MD 21201-3015
410-837-9305
<http://www.baltimoredevelopment.com/for-business/>

Greater Baltimore SCORE
410-962-2233
baltimorescore@verizon.net
<http://greaterbaltimore.score.org/>

www.bplans.com –contains the largest single online collection of free sample business plans. In addition, it has helpful interactive tools, calculators and know-how for managing your business.

Greater Baltimore Cultural Alliance
The Rubys: Artist Project Grants
Sonja Cendak, Grants Program Manager, at scendak@baltimoreculture.org
<http://baltimoreculture.org/programs/artist-grant-program/>

Creative Capital - National program of grant funding and professional support awards
65 Bleecker St. 7th Fl.
New York, NY 10012
212-598-9900
<http://baltimoreculture.org/programs/artist-grant-program/>

The Pollock-Krasner Foundation, Inc.
863 Park Avenue
New York, NY 10075
212-517-5400
grantapplication@pkf.org
<http://www.pkf.org/grant.html>