

Business Plan Template

Business Plan Template

Here's your sample Title Page.

It's a great idea to put a color picture of your product right on the front. But leave room for the following information.

[Your Company Name]

Month, 20xx
[month and year issued]

Business Plan Copy Number [x]
This document is confidential. It is not for re-distribution.

[Name of point man in financing]
[Title]
[Address]
[City, State ZIP]
[Phone]
[e-mail]
[company home page URL]

This is a business plan. It does not imply an offering of Securities.

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Here's a sample Table of Contents. Be sure to modify the page numbers when you've finished your Business Plan.

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Executive Summary

If the executive summary doesn't succeed, your business plan will never sell investors. We recommend that you write the summary last. Since one of its primary functions is to capture the investor's attention, the summary should be no longer than two pages. The shorter the better.

Mission

Our company's mission is to [describe your ultimate goal, or insert your mission statement].

Company

[The Company] was founded in [date] and [describe what your business does, such as baby products manufacturer, distributor of pencils, provider of medical services]. It is a [legal form of your company, such as LLC, S-Corporation, C-Corporation, Partnership, Sole Proprietorship]. Our principal offices are located at [x].

Business

We make [describe product, or service that you make or provide].

Our company is at the [seed, start-up, growth] stage of business, having just [developed our first product, hired our first salesman, booked our first national order].

In the most recent [period], our company achieved sales of [x], and showed a [profit, loss, break-even]. With the financing contemplated herein, our company expected to achieve [x] in sales and [x] in pretax profits in 20[xx] and achieve [x] in sales and [x] in pretax profits in 20[xx+1]. We can achieve this because the funds will allow us to [describe what you will do with the funds, such as a) marketing for your new product, b) build or expand facilities to meet increased demand, c) add retail locations or other means of distribution, d) increase research and development for new products or to improve existing ones.

Product or Service

Tell us about your product or service in terms we can understand.

[The company] produces the following products; [list products here briefly, in order of highest sales or significance in product line].

Alternatively, [the company] delivers the following services; [list services here briefly, in order of highest sales or significance in product line].

Presently, our [product or service] is in the [introductory, growth, maturity] stage. We plan to follow this [product or service] with extensions to our line which include [x, y, and z].

Critical factors in the [production of our product, or delivery of our service] are [x, and y]. Our [product or service] is unique because [x, y, or z] and/or we have an advantage in the marketplace because of our [patent, speed to market, brand name].

The Market

We define our market as [manufacture and sale of writing and drawing instruments, low fat cheese, oral care products]. This market was approximately [\$x] at [wholesale or retail] last [period available], according to [site resource], and is expected to grow to [\$x] by the year [x], according to [site resource].

Who are your customers? Where are they, and how do you reach them? Are they buying your product / service from someone else?
How will you educate customers to buy from you? Why will they care?

Competition

We compete directly with [name competition]. or We have no direct competition, but there are alternatives to our [product or service] in the marketplace. Our [product or service] is unique because of [x] and/or we have a competitive advantage because of our [speed to market, established brand name, low cost producer status].

Risk/Opportunity

The greatest risks we have in our business today are [market risk, pricing risk, product risk, management risk]. We feel we can overcome these risks because of [x].

The opportunities before us are significant; we have the opportunity to [dominate a niche in the marketplace, become a major force in the industry] if we can [x].

Management Team

Our team has the following members to achieve our plan. [x] men and women who have a combined [x] years of experience; [y] years in marketing, [y] years in product development, and [y] years in [other disciplines].

Capital Requirements

We seek [\$] of additional [equity, sub-debt, or senior financing] which will enable us to [describe why you need the funds, and why the opportunity is exciting]. We can provide and exit for this [loan, investment] within [x] years

by [a dividend of excess profits, recapitalizations, sale of company, or public offering].

Financial Plan

At this point the investor must have a clear idea of where your business stands today. If you bore him or make the information he needs hard to find, you get canned. You must provide a snapshot, however sparse, of your financial position.

Sales Summary

At this point the investor must have a clear idea of where your business stands today. If you bore him or make the information he needs hard to find, you get canned. You must provide a snapshot, however sparse, of your financial position.

	Last Year	This Year	Next Year	Year Two
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Sales:

Gross profit:

Pre-tax:

Balance Sheet Summary

Assets:

Liabilities:

Book Value:

In [x] years we will provide an exit, which we expect to be in the form of [sale to a competitor, initial public offering, distribution of profits] or perhaps [z]. We expect to be able to achieve this in [b months / years].

Mission

Mission Statement

Our goal is to become [describe your ultimate goal, or insert your mission statement; example; the leading manufacturer and marketer of branded in-line skate replacement wheels or the first name in low fat cheese].

We aspire to carry a reputation in the marketplace for developing and delivering [time saving, better-way products sold at a fair price for uses in the {x} market]. We can achieve this by [cutting edge product development, close understanding of market trends and needs, innovative and profitable merchandising and packaging].

To accomplish our goal, [your company name] needs [capital, management talent, larger, more efficient facilities].

In pursuit of our goal, we resolve to treat stakeholders, customers, and the community with [description of the reputation your company seeks]. These groups see our company as providing [describe benefits to each group of being associated with your company].

The Company

[The Company] was founded in [date] and [describe what your business does, such as baby products manufacturer, distributor of pencils, provider of medical services]. The legal name of the business is [x]. Include dba in the legal name.

It is a [legal form of your company, such as LLC, S-Corporation, C-Corporation, Partnership, Sole Proprietorship]. Our principal offices are located at [list primary address as well as any other facilities]. We have approximately [x] square feet of office space and [x] square feet of [factory or warehouse]. Our current capacity is [x] units per month. If we exceed [x] units per month, we will need additional space. We expect this facility to be adequate for the company's needs for [two years, a year, a week] after funding.

Regulations and permits- cut now if inappropriate.

[Your Company Name] operates in the [toxic waste, weapons and armaments, genetic engineering, explosives] industry, or [uses controlled substances in the manufacturing process or delivery of service], and falls under the jurisdiction of the [name government agency].

[Your Company Name] has all necessary permits to operate, and has an up-to-date record of inspections. These permits include; [list briefly here]. These agencies regulate our business in the following manner; [we must document and account for uses and disposal of all toxic materials or we must document and background check all employees with access to the launch codes for our missiles].

Strategic Alliances

The leverage from relationships can be appealing to investors. Explain how you work with others to improve your performance.

[Your Company Name] has developed important and profitable strategic alliances with the following larger, more established business; [describe each company, it's position in the marketplace, the details of the alliance, and what risks are involved in the alliance]. For example, we have developed marketing agreements with [x], the [market leader in gummed erasers] which will enable us to sell, along side them, our [extra messy children's pencils].

The side by side positioning at retail, as well as the ability to share wholesale sales leads with their established customer base can help us penetrate the market more quickly.

The risk in the relationship is that they may [decide to sell pencils themselves] and cut us out of the process.

Another type of strategic relationship that benefits the company is our development joint venture with [x]. We would never be able to fund the research of the new [low fat Swiss cheese that melts smoothly], but with access to their prior research in [smooth melting cheddar] we cut our development time in half. By using some of their [equipment, or people] who were not being utilized fully, we were able to avoid the expense of [major capital expenditures, additions to the payroll]. We have agreed to pay a royalty of [x] to this development partner for their role in this products ultimate success.

We have a strategic relationship with a number of suppliers. In exchange for a blanket commitment to purchase [more than 80% of our supply of a specific raw material from them], they have agreed to [not make it available to the market at large for six months, or to give us a preferential price].

[Your Company Name] also has strategic Original Equipment Manufacturer relationships with a number of customers. This allows us to sell a large and steady volume of [in-line skate wheels] to [boot manufacturers, who use them to sell complete skate sets]. This gets many units of our product out in to the marketplace; however, it provides little or no brand awareness for us.

The Business

[Your Company Name] is a [manufacturer, distributor, marketer, service provider] of [describe your product or service].

Our company is at the [seed, start-up, growth] stage of business, having just [developed our first product, hired our first salesman, booked our first national order].

Product or Service

Explain how your product works or how the service is used. What burning marketplace needs are addressed by your product? What value do you add to the product?

[The company] produces the following products; [list products here, in order of highest sales or significance in product line]. Be sure to refer readers to product pictures, diagrams, patents, and other descriptive material.

Or, Alternatively

[The company] delivers the following services; [list services here briefly, in order of highest sales or significance in product line].

Be sure to refer readers to brochures and material describing your service.

Presently, our [product or service] is in the [introductory, growth, maturity] stage. We first developed our [product or service] in 20[xx] and have made [x] improvements and redesigns since then. Provide a history of product

developments, introductions, and improvements leading up to the present day. Table form may be appropriate.

Unique features or proprietary aspects of Product

This is a crucial paragraph. Investors must see something unique, proprietary, or protected about your product or service.

Our products are unique because of [of secret ingredient, our patented process, our proprietary manufacturing process].

Others in the market are able to provide somewhat similar [products or services], but we are able to differentiate ourselves in the market because of [x].

We have [applied, been granted, licensed] a patent for [x], an abstract of which can be found in appendix [x]. We have integrated this into our process which others will not be able to duplicate. Our lead product, [x] addresses the following customer needs [x] and delivers [x] benefits to customers.

Tell us about the unique value-added characteristics your product line or process provides to customers and how these characteristics translate into a competitive advantage for your company.

Research and Development

Our research and development is headed by [name of person or contractor] whose major objective is to use market input to [develop products that solve problems or provide superior benefits to customers]. Last [period], our R&D yielded the following products and innovations; [list products or innovations]. [Your Company name] has spent [% of revenues, or absolute \$] in the past year in R&D, and plans to spend [% or \$] in the next [period].

Our R&D occasionally yields innovation without input from customers or the marketplace. Our product selection criteria in this case is as follows; [relatively low investment requirements, positive return on investment, fit with present strategy, feasibility of development and production, relatively low risk, time to see intended results, buyer in common]. Our R&D will require additional resources in the future. These will include [people, capital expenditures] to [speed up development process, test results more efficiently].

New and Follow-on Products

Responding to market needs, we plan to follow [product or service] with extensions to our line which include [x,y,and z].

Our target introduction dates for these products are [x,y,and z], which corresponds with [a major trade show, industry event]. In addition, we plan to introduce the following new products in the upcoming season; [x,y,and z].

Production

Our [product, service] is [manufactured in house, assembled in house from components from various vendors, (service) provided by our staff, or subcontracted to field consultants]. [Raw materials, sub-assemblies, components] used in our products are readily available from a variety of manufacturers who can meet our quality standards.

Critical factors in the [production of our product, or delivery of our service] are [x, and y].

Enumerate and explain capital equipment, material, and labor requirements. Are the above items readily available? Do you have multiple supply sources? List inventory requirements, quality and technical specifications, hazardous materials

Uniqueness

Our [product or service] is unique because [x,y,or z] and/or we have an advantage in the marketplace because of our [patent, speed to market, brand name].

The Market

Sad fact: this is the most crucial but worst-prepared section of most business plans.

Market Definition

What markets are you competing in? If you make glove-compartment hinges, don't gush about the \$80 billion automobile market. You make hinges -- not cars -- for that market, so tell us how many hinges were sold last year. Are there other markets where you sell your products?

We [expect to compete, are competing] in the [define niche] of the [define industry]. This market was approximately [\$x] at [wholesale or retail] last [period available], according to [site resource]. We believe, the major future trend in the industry will be toward [environmentally oriented, miniaturized, high quality, value oriented] product offerings.

Market research [cite source] suggests this market will [grow/shrink] to [\$x] by the year [20xx]. We expect the niche in which we compete to [grow, shrink, remain stagnant] during this time. The major forces affecting this change will be [falling cost of computers, explosion of home based businesses, tendency for baby boomers to have less kid- and pamper their pets]. The area of greatest growth within the industry will be [x].

Identify where you got this information, and how up to date it is.

Market Segment

We define our market segment as [the writing and drawing instrument segment of the school/home/office products industry, the low fat dairy

products segment of the food industry]. This segment has been [volatile, steady] in the last few years. Industry experts [name them] forecast [x] for the industry in the next few years.

The major market segments [segment a, segment b, segment c]. List, in general, the types of customers you are likely to reach (retailers, electrical contractors, catalog buyers, etc.)] The [a] segment of the market is based on [product type] that retail in the [x to y] price range. Most of the sales in the segment are delivered through the [catalogs, retailers, manufacturer's reps, OEM's].

A typical customer for our product is a person who currently may use [alternative product or service] for [what purpose]. They are motivated to buy our product because of [its value, its quality, its usefulness]. We know this from [customer responses, trade show input, ad inquiries] and feel our customers perceive our products as [good value, superior performance, great taste].

Our product, does, however, have the following weaknesses; [higher price point than most other cheeses, weak brand identity in a commodity market]. We are working to position our product as [x] in order to reduce this vulnerability.

Marketing

Our marketing plan is based on the following fundamentals; We expect to penetrate the [x] segment of the market[s] and achieve this by using the [retail, mail order, multi-level marketing, internet] as our primary distribution channel[s]. In time, we plan to capture [%] share of the market.

Position

We will position our product as [good value for price, top quality, cheap and fun], which is a position not presently being addressed by the competition. One demographic group in particular, the [elderly, Hispanic, generationX, techies] has a particular need for this product, and we tailor our positioning accordingly.

Pricing

Our pricing strategy is [describe policy or, at least philosophy]. Is this pricing based on cost? Gross margin objectives? Market?

We arrive at our pricing based on [cost, gross margin objectives, market prices, perceived value].

We review this pricing [monthly, quarterly, annually] to ensure that potential profits are not squandered. Customers seem willing to pay as much as [x] because of [explain reasoning].

Distribution channels

The distribution channels we use for our product are [wholesalers, cataloguers, mass merchant retailers, consolidators]. These make sense for delivering our product to the end user because [customer profile, geography, seasonal swings]. The competition uses the [[wholesalers, cataloguers, mass merchant retailers, consolidators] channel. Our channel will prove more advantageous because [x].

Our major current customers include; [list top five, with one or two sentence descriptions]. The attached chart [see appendix z] demonstrates how our product reaches the customer.

Advertising, promotion, trade shows

Your purpose is to introduce, promote, and support your products in the marketplace. Although considered a cost, a properly designed and executed campaign is an investment.

[Your Company Name] has developed a comprehensive advertising and promotion strategy, which will be implemented by the best possible firm when funded, is completed. We expect to have a presence in several national magazines as well as the trade press. We will produce our own ads and be a part of ad campaigns of our JV partners or OEMs. Our publicity plan is to remain in constant contact with editors and writers of the [trade journals that serve our industry] and seek stories and coverage that will [enhance our reputation, introduce us to buyers].

We plan to promote our product through a variety of [on site product sampling, demonstrations at high profile events, give-aways at fund raisers] and other high leverage events. The objective of all our promotions is to [expand the audience, position our product as a premium brand, strengthen our ties to the community].

[Your company name] participates in the following trade shows; [list trade shows, briefly describe organization that sponsors it and who attends, and describe presence there]. We have a regular [20 foot display booth of knock down construction which allows us to display our existing products and introduce new ones, or we prefer to attend trade shows as visitors and walk the show while displaying our wares only to pre-qualified buyers who will come to our nearby hospitality suite]. The following factors are taken into account when considering a trade show; will this event help deliver our message to our target audience? Does the location of the show have significance? Is the time frame convenient? Is it a "must-go show"?

Competition

Tell us about key competitors in regard to product, price, location, promotion, management, and financial position. False or incomplete information here translates as dishonesty and negligence to investors, bankers, etc. Do not delude yourself (or your investors) about your competition.

Look in your telephone book's yellow pages. Look in the industrial directories at your local library. Search on-line databases that provide competitive profiles of other companies. Read industry magazines and look for advertisers.

We have no direct competition, but there are alternatives to our [product or service] in the marketplace.

or

We compete directly with [name competitor a, b, and c].

Provide a sample of each... [Example...Acme Inc. is a \$3 million sales manufacturer and marketer of pencils in the Northeast region. Acme Inc. is a division of Acme Corp, a public company with \$800 million sales. The division sells pencils, pens, and other writing and drawing instruments. The recent trend for the division has been static, as the parent has not provided working capital to modernize machinery. Acme Inc. is managed by one Vice President who has been there for six months. The previous manager worked there for 11 months.]

The competition [does, doesn't] [use the same means of distribution as the company; advertise in the same trade journals]. If the advertising is regular-it probably works!

Our [product or service] is unique because of [x] and/or we have a competitive advantage because of our [speed to market, established brand name, low cost producer status].

Risk/Opportunity

Business Risks

This is also a critically important part of the plan. Knowing your risks and having a strategy is a must for attracting an investor. There are several kinds of risk, especially among entrepreneurial, growing businesses. Be sure to address the following, and provide your strategy for dealing with them;

Some of the major risks facing our development include [limited operating history; limited resources; market uncertainties; production uncertainties; limited management experience, dependence on key management].

Opportunities

This is also a critically important part of the plan. Use it to provide excitement and promise.

Although our business today has its share of risk, we feel we can overcome these risks because of [x]. We will address [market risk] by [doing a comprehensive study, partnering with a larger company who knows the market]. We feel we can address [pricing risk, product risk, management risk] by focusing on [x].

If we are able to overcome these risks, our company has the opportunity to [dominate a niche in the marketplace, become a major force in the industry]. We feel our brand could become know as the [place entrepreneurs look for financing help, the place people look for good tasting, low fat cheese]. We think we can achieve this goal in the next [x] years.

Specifically, our lead product [x], has the chance to [change the industry, affect many lives, improve performance in the [x] field]. This would also enable us to tap markets we have not yet begun to approach, such as [international sales, ethnic market, genX].

Management Team

It is cliché but true: investing is a people business. Tell us not only about your managers, but how they work together as a team.

Our team has the following members to achieve our plan. [x] men and women who have a combined [x] years of experience; [y] years in marketing, [y] years in product development, and [y] years in [other disciplines].

Frankly, if you have more than a few people filling these positions, you're lucky. Tell us who you have, how much they have aged, and how much of the company they own.

Officers and Key Employees	Age	Stock
-----------------------------------	------------	--------------

[A], President

[B], Vice President of Marketing

[C], Vice President of Sales

[D], Vice President of Finance

[E], Vice President of R & D

[F], Vice President of Operations

[G], Controller

[H], Corporate Attorney

Ownership

The company has authorized [x] shares of common stock, of which [100] are issued and outstanding. The following persons or organizations are significant owners of the company;

Name	# Shares Held	% Ownership
[A. B. Founder]	52	[52%]
[C. R. Inventor]	22	[22%]
Management Team	10	[10%]
[Seed Ventures]	10	[10%]

Professional Support

We have strung together a team of professionals, including;

[Corporate Attorney]

[Accounting Firm]

[Other Consultants]

Board of [Advisors, Directors]

We have also secured the assistance and support of the following business and industry experts to help in the decision making, strategizing, and opportunity pouncing process;

Highlight your board members, detailing where and why they add strategic importance, what experience they have and what contacts they can contribute.

Capital Requirements

Needless to say, this is important -- state what your capital requirements are.

We seek [\$] of additional [equity, sub-debt, or senior financing] to fund our growth for the next [two years, year, month]. At that time, we will need an additional [\$x] to reach a positive cash flow position.

The initial stage of funding will be used to [complete development, purchase equipment, introduce and market our new/next product line, fund working capital, acquire a competitor]. Here is a breakdown of how the funds will be spent;

Complete development	[\$x]
Purchase equipment	[\$x]
Market our new/next product line	[\$x]
Fund working capital	[\$x]

We can provide an exit for this [loan, investment] within [x] years by [a dividend of excess profits, recapitalizations, sale of company, or public offering].

Define how much time you will require to pay back the loan or provide a return to investors. And tell us how the repayment will be accomplished, and what strategy will be used to achieve that exit.

Conclusion

Be bold. This is the finale of the entire document.

Based on our projections, we feel an [investment in, loan to] our Company is a sound business investment. In order to proceed, we are requesting an [investment, loan] of \$[x] by [date].

Financial Plan

Needless to say, this is important -- state what your capital requirements are.

Assumptions

The attached projections assume the following;

Income statements

We recommend that financial statements be monthly for the first year or two, then quarterly thereafter. Incorporate year to date figures if they exist.

Sales will increase with the introduction of the [new line, improved line]. We plan to introduce these products roughly on the following schedule: [detail here]. And we expect to be able to sell at the rate of [x] units per month within [x] months of introduction.

Cost of good sold will [decrease as a percentage] as we are able to buy more efficiently in the marketplace and use our new equipment to produce more units at lower cost.

Gross profit will remain static as [new introductions will be at higher margins, while we expect margins of older lines to erode].

Selling and administration expense will increase in absolute dollars, but decrease as a percentage because while expense is increasing, [name largest items here, or items that will change most significantly] our sales will be growing faster.

Research and Development, which will appear as a high percentage of sales early, will be reduced as a percentage over time.

Our head count will increase after funding to [x], which will include a [VP-Sales, paid on commission; VP R&D, \$[x], VP Finance, \$[x]; VP Operations, \$[x].

Keep in mind that projections do not stand on their own. The rationale of how you prepared the numbers is important to investors. Expect to tie in the discussions you made about market size, time to market, market acceptance, and competitive pressures to tie into these numbers.

Discuss any large number or numbers that change significantly from period to period. Include discussion of sales growth rationale, expense growth, etc.

Balance Sheet Summary

Comment on any large or unusual items, such as other current assets, other accounts payable, or accrued liabilities.

Cash Flow and Break Even Analysis

These are critical statements, even more so than the Balance Sheets and Income Statements. *Cash, and how much you have at the end of the day, is everything to investors.*

We have assumed that our suppliers will be willing to grant us terms of [x] until we reach monthly purchases of [x]. At that time, we have assumed that our terms will be stretched to [x] days.

We have also assumed that we can collect our billings within [x] days because of [special programs with large customers, factoring arrangement, credit card and COD sales].

We have assumed that the first part of our [loan, investment] will be made in [month], and the balance in [month].

We can reach break even by the [x] month. Sales are expected to be at the [\$x] level by that date.

Exhibits

A common rookie error is mucking up the body of a plan with too much detail. That's what the exhibits are for.

Exhibits give an investor a better feel for the company behind the numbers. Be sure to include illustrative material such as:

- o Product literature and brochures
- o Sales sheets
- o Media coverage
- o Clips from industry publications
- o Relevant patents
- o Market research data
- o Past advertising campaigns
- o Useful photographs of facilities, warehouses etc.