



**OUT OF YOUR MIND...  
AND INTO THE MARKETPLACE™**



## **Write a Winning Business Plan**

based on

*Anatomy of a Business Plan & Automate Your Business Plan*

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### **B**usiness Planning: **What are the Benefits to You?**

Every wholesale, retail, and/or service business can benefit from the preparation of a carefully written business plan. There are two main purposes for writing that plan. There is an additional benefit if you do business internationally.

1. **Your business plan will serve as your guide during the lifetime of your operation.** It is the blueprint of your business and will provide you with the tools to analyze your operation and implement changes that will increase your sales and, ultimately, your profitability.
2. **A business plan is a requirement if you are planning to seek financing.** It will provide potential lenders or investors with detailed information on all aspects of your company's past and current operations and provide future projections.
3. **If you do business internationally,** a business plan provides a standard means of evaluating your products' business potential in a foreign marketplace.

### **Business Plan Outline**

*The following pages provide a suggested outline of the material to be included in your business plan. Your final plan may vary according to your specific needs or individual requirements of your lender or investor.*

#### **I. Cover Sheet** (Serves as the title page of your business plan)

- Name, address, and phone number of the company.
- Name, title, address, phone number of owners/corporate officers.
- Month and year your plan was prepared.
- Name of preparer.
- Copy number of the plan.

#### **II. Table of Contents** (Quick reference to major topics covered in your plan)

#### **III. Executive Summary**

The executive summary is the abstract of your business plan. It summarizes the content and purpose of your finished plan, covering all of the key points. This is a key section if you are seeking funding.

- **Your Company** (introductory overview – who, what, where it is and why it is unique)
- **Market Opportunity** (opportunities your company is positioned to take advantage of)

- **Capital Requirements, Breakdown of Uses of Funds, Repayment of Loan or Benefits to Investors.** (include only if you are seeking funding)
- **Mission Statement**
- **Management** (who they are and strengths each one brings to the company)
- **Competitors** (direct and indirect); list their strengths and weaknesses.
- **Your Company's Competitive Advantages**
- **Financial Projections** (summary of Income Statement Projections for next 3 years)

**Note:** Write the executive summary after you have completed your business plan. It is a summary.

## IV. Part I: The Organizational Plan

**What is included?** This section should include a "summary description of your business" statement followed by information on the "administrative" end of your company.

### A. Summary Description of the Business

In a paragraph or two give a broad overview of the nature of your business, telling when and why the company was formed. Then complete the summary by briefly addressing:

- **mission** (projecting short- and long-term goals)
- **business model** (describe your company's model and why it is unique to your industry)
- **strategy** (give an overview of the strategy, focusing on short- and long-term objectives)
- **strategic relationships** (tell about any existing strategic relationships)
- **SWOT Analysis** (strengths, weaknesses, opportunities, and threats that your company will face, both internal and external)

### B. Products or Services

- **If you are the manufacturer and/or wholesale distributor of a product:** Describe your products. Tell briefly about your manufacturing process. Include information on suppliers and availability of materials.
- **If you are a retailer and/or an e-tailer:** Describe the products you sell. Include information about your sources and handling of inventory and fulfillment.
- **If you provide a service:** Describe your services List future products or services you plan to provide.

### C. Administrative Plan

#### 1. Intellectual Property

- Address Copyrights, Trademarks, and Patents
- Back up in Supporting Documents with registrations, photos, diagrams, etc.

#### 2. Location

- Describe your projected or current location.
- Project costs associated with the location.
- Include legal agreements, utilities forecasts, etc. in Supporting Documents.

**Note:** If location is important to marketing, cover in Part II - The Marketing Plan.

#### 3. Legal Structure

- Describe your legal structure and why it is advantageous for your company.
- List owners and/or corporate officers describing strengths (include resumes)

#### 4. Management

- List the people who are (or will be) running the business.
- Describe their responsibilities and abilities;
- Project their salaries.
- (Include resumes in Supporting Documents)

#### 5. Personnel

- How many employees will you have in what positions?
- What are the necessary qualifications?
- How many hours will they work and at what wage?
- Project future needs for adding employees.

#### 6. Accounting & Legal

- **Accounting:** What system will you set up for daily accounting? Who will you use for a tax accountant? Who will be responsible for periodic financial statement analysis?
- **Legal:** Who will you retain for an attorney? (Keep *'Murphy's Law'* in mind.)

#### 7. Insurance

- What kinds of insurance will you carry? (Property & Liability, Life & Health)
- What will it cost and who will you use for a carrier?

#### 8. Security

- ◆ Address security in terms of inventory control and theft of information (online and off).
- ◆ Project related costs.

## V. Part II: The Marketing Plan

**What is a marketing plan?** The Marketing Plan defines all of the components of your marketing strategy. You will address the details of your market analysis, sales, advertising, and public relations campaigns. The Plan should also integrate traditional (offline) programs with new media (online) strategies.

### A. Overview and Goals of Your Marketing Strategy

### B. Market Analysis

- Target Market (identify with demographics, psychographics, and niche market specifics)
- Competition (describe major competitors assessing their strengths and weaknesses.
- Market Trends (identify industry trends and customer trends)
- Market Research (describe methods of research, database analysis, and results summary)

### C. Marketing Strategy

- General Description (budget % allocations on- and off-line with expected ROIs)
- Method of Sales and Distribution (stores, offices, kiosks, catalogs, d/mail, website)
- Packaging (quality considerations and packaging)
- Pricing (price strategy and competitive position)
- Branding
- Database Marketing (Personalization)
- Sales Strategies (direct sales, direct mail, email, affiliate, reciprocal, and viral marketing)
- Sales Incentives/Promotions (samples, coupons, online promo, add-ons, rebates, etc.)
- Advertising Strategies (traditional, web/new media, long-term sponsorships)
- Public Relations (online presence, events, press releases, interviews)
- Networking (memberships and leadership positions)

#### D. Customer Service

- Description of Customer Service Activities
- Expected Outcomes of Achieving Excellence

#### E. Implementation of Marketing Strategy

- In-House Responsibilities
- Out-Sourced Functions (advertising, public relations, marketing firms, ad networks, etc.)

#### F. Assessment of Marketing Effectiveness\*

*\* To be used by existing companies after making periodic evaluations*

## VI. Part III: Financial Documents

**The quantitative part of your business plan.** This section of the business plan is the quantitative interpretation of everything you stated in the organizational and marketing plans. Do not do this part of your plan until you have finished those two sections.

Financial documents are the records used to show past, current, and projected finances. The following are the major documents you will want to include in your Business Plan. The work is much easier if they are done in the order presented because they build on each other, utilizing information from the ones previously developed.

#### A. Summary of Financial Needs (needed only if you are seeking financing)

This is an outline giving the following information:

- (1) **Why** you are applying for financing
- (2) **How Much** capital you need

#### B. Loan Fund Dispersal Statement (needed only if you are seeking financing)

You should:     (1) **Tell How** you intend to disperse the loan funds.  
                      (2) **Back Up** your statement with supporting data.

#### C. Pro Forma Cash Flow Statement (Budget)

This document **projects** what your Business Plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. It is of prime interest to the lender and shows how you intend to repay your loan. Cash flow statements show both **how much** and **when** cash must flow in and out of your business.

#### D. Three-Year Income Projection

A Pro Forma Income P&L (Income) Statement showing projections for your company for the next three years. Use the revenue and expense totals from the Pro Forma Cash Flow Statement for the 1st year's figures and project for the next two years according to expected economic and industry trends.

#### E. Projected Balance Sheet

Projection of Assets, Liabilities, and Net Worth of your company at end of next fiscal year.

#### F. Break-Even Analysis

The break-even point is the point at which a company's expenses exactly match the sales or service volume. It can be expressed in: (1) Total dollars or revenue exactly offset by total expenses -or- (2) Total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically. Revenue and expense figures are drawn from the three-year income projection.

**Note:** *The following (G-J) are Actual Performance (Historical) Statements. They reflect the activity of your business in the past.*

- **If your business is new and has not yet begun operations:** the financial section will end here and you will add a Personal Financial History.
- **If yours is an established business:** you will include the following actual performance statements:

#### **G. Profit & Loss Statement (Income Statement)**

Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.

#### **H. Balance Sheet**

Shows the condition of the business as of a fixed date. It is a picture of your firm's financial condition at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period. Contains: (1) Assets, (2) Liabilities and (3) Net Worth.

#### **I. Financial Statement Analysis**

In this section you will use your income statements and balance sheets to develop a study of relationships and comparisons of: (1) Items in a single year's financial statement, (2) comparative financial statements for a period of time, or (3) your statements with those of other businesses. Measures are expressed as ratios or percentages that can be used to compare your business with industry standards.

If you are seeking a lender or investor, ratio analysis as compared to industry standards will be especially critical in determining whether or not the loan or venture funds are justified.

- Liquidity Analysis (net working capital, current ratio, quick ratio)
- Profitability Analysis (gross profit margin, operating profit margin, net profit margin)
- Debt Ratios (debt to assets, debt to equity)
- Measures of Investment (return on investment)
- Vertical financial statement analysis (shows relationship of components in a single financial statement)
- Horizontal financial statement analysis (percentage analysis of the increases and decreases in the items on comparative financial statement)

#### **J. Business Financial History**

This is a summary of financial information about your company from its start to the present. The Business Financial History and Loan Application are frequently one and the same. If you have completed the rest of the financial section, you should have all of the information you need to transfer to this document.

## **VII. Part IV: Supporting Documents**

This section of your plan will contain all of the records that back up the statements and decisions made in the three main parts of your business plan. The most common supporting documents are:

#### **A. Personal Resumes**

Include resumes for owners and management. A resume should be a one-page document. Include: work history, educational background, professional affiliations and honors, and a focus on special skills relating to the company position.

**B. Owners' Financial Statements**

A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.

**C. Credit Reports**

Business and personal from suppliers or wholesalers, credit bureaus, and banks.

**D. Copies of Leases, Mortgages, Purchase Agreements, Etc.**

All agreements currently in force between your company and a leasing agency, mortgage company or other agency.

**E. Letters of Reference**

Letters recommending you as being a reputable and reliable business person worthy of being considered a good risk. (both business and personal references)

**F. Contracts**

Include all business contracts, both completed and currently in force.

**G. Other Legal Documents**

All legal papers pertaining to your legal structure, proprietary rights, insurance, etc. Limited partnership agreements, shipping contracts, etc.

**H. Miscellaneous Documents**

All other documents which have been referred to, but not included in the main body of the plan. (for example, location plans, demographics, competition analysis, advertising rate sheets, cost analysis, etc.)

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## Putting Your Plan Together

**When You Are Finished:** Your Business Plan should look professional, but the potential lender or investor needs to know that it was done by you. A business plan will be the best indicator that can be used to judge your potential for success. It should be no more than 30 to 40 pages in length, excluding supporting documents.

**If you are seeking a lender or investor:** Include only the supporting documents that will be of immediate interest to the person examining your plan. Keep the others with your own copy where they will be available on short notice. Have your plan neatly bound at your local print shop or in blue, black or brown covers purchased from the stationery store. Make copies for each lender or investor you wish to approach. Do not give out too many copies at once, and keep track of each copy. If you are turned down for financing, be sure to retrieve your business plan.

## Keep Your Business Plan Up-to-Date!!!

Your business plan will be beneficial only if you update it frequently to reflect what is happening within your business. Measure your projections against what actually happens in your company. Use the results to analyze the effectiveness of your operation. You can then implement changes that will give you a competitive edge and make your business more profitable.

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*Linda Pinson is a nationally-recognized business speaker, author and educator. She is the owner of Out of Your Mind...and Into the Marketplace™, publisher of educational "how-to" books and software for new and established businesses. Linda has authored nine books, one of which is Anatomy of a Business Plan, winner of the Ben Franklin Best Business Book of the Year Award and basis of the U.S. Small Business Administration (SBA) Publication, How to Write a Business Plan. She is also the developer of Automate Your Business Plan 2011 for Windows® XP, Vista, and Windows® 7. Her books are in libraries and bookstores throughout the U.S. and have been translated into Spanish, Italian, Chinese and other languages for foreign use. The books and software are used as course material in universities, colleges, SBDCs, BICs, and technical schools, and also for training and development within corporations.*

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