

CHATHAM UNIVERSITY

# CENTER FOR WOMEN'S ENTREPRENEURSHIP

## Women's Business Center

### **Business Plan Template for a Startup Business**

#### **What is a Business Plan?**

A business plan is a living document that describes in detail all critical aspects of the activities of a business. It consists of different sections highlighting details of the critical areas of business activity. It contains a table of contents, an executive summary, several different sections critical to the description and definition of a business, and various appendices containing supplemental information. Worksheets and projections are included in the financial section.

#### **Why write a Business Plan?**

The real value of creating a business plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your business in a systematic way. The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

It typically takes several weeks to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions. But then, that's the value of the process. So make time to do the job properly. Those who do never regret the effort.

#### **Information sources**

And finally, be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data. Cite all sources of information in the various sections of the plan.

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### **STARTUP BUSINESS PLAN TEMPLATE**

**TITLE PAGE:** Include the business name; time period covered and date of preparation.

**TABLE OF CONTENTS:** The table of contents identifies the different sections and their placement in the plan.

**EXECUTIVE SUMMARY:** Describe the company and its purpose in the marketplace. Generally describe the product/service and the factors affecting its success in the marketplace. Describe the current position and outlook for the business. Give a brief description of the goals for the business and the strategies to accomplish them.

The executive summary is often considered the most important section of a business plan. This section briefly tells your reader where your company is, where you want to take it, and why your business idea will be successful. If you are seeking financing, the executive summary is also your first opportunity to grab a potential investor's interest.

The executive summary should highlight the strengths of your overall plan and therefore be the last section you write. However, it usually appears first in your business plan document.

Include the following information in the executive summary:

- The Mission Statement – This explains what your business is all about. It should be between several sentences and a paragraph.
- Company Information – Include a short statement that covers when your business was formed, the names of the founders and their roles, your number of employees, and your business location(s).
- Your Products/Services -- Briefly describe the products or services you will provide and why there is a need in the marketplace. Identify your customers. Highlight competition.
- Financial Information – Project selling price and total sales for the product/service. Provide supportive information if requesting financial support.
- Summarize future plans – Explain where you would like to take your business.

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Since you are just starting a business, you won't have as much information as an established company. Focus on your experience and background as well as the decisions that led you to start this particular enterprise.

Demonstrate that you have done thorough market analysis. Include information about a need or gap in your target market, and how your particular solutions can fill it. Convince the reader that you can succeed in your target market, then address your future plans.

### **1. PRODUCT/ SERVICE PLAN**

In this section you will describe in detail the product/service. The features and benefits are discussed and compared to competitive products/services. Discuss how the product is positioned with the market and customer; the current state of development, and any expansion or co-product opportunities.

Develop your MyBusiness idea statement to describe:

- Who will MyBusiness serve?
- What will MyBusiness offer and how is it different?
- When will MyBusiness be ready to market?
- Where will MyBusiness locate?
- How will MyBusiness reach the market?
- Why will MyBusiness be needed?

Include information about the specific benefits of your product or service – from your customers' perspective. You should also talk about your product or service's ability to meet consumer needs, any advantages or unique differentiators that your product has over that of the competition, and the current development stage your product is in (e.g., idea, prototype).

### **2. MARKETING PLAN**

This section of the business plan should include information relating to the size and potential of the industry you will be entering, identify any regulatory restrictions, a market analysis for your product/ service, an analysis of the competition, and an overall marketing and sales strategy description. A significant amount of information developed for this section will be generated through market research. You should be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the sales projection. In all sections, it will be important to cite all sources of information.

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**a. Industry Profile: Research the following:**

- **What is the current size of the industry for this product / service?**
  - National, regional, state, local levels
  - How much money is spent annually and/or units sold in this industry?
- **What is the growth potential of the industry?**
  - Is it growing, stabilizing or declining?
- **Industry trends and opportunities that exist**
  - PEST Analysis -what effects do political, economic, social or technology changes / trends have on the industry
- **Additional Industry Factors to Consider:**
  - Any geographical or seasonality aspects to the industry
  - Average profit margins for the industry
  - Existing distribution channels
  - Any barriers to entry such as; high capital costs, production costs, Tariff barriers and quotas

**b. Competitive Analysis: Research the following:**

**Competition**

- Who are your direct competitors -sell similar products/ services to the same target market?
- Who are your indirect competitors -sell different products/ services that fill the same market need?
- Who are your future competitors that might enter this market

**Competitive Analysis**

- How is your product / service different from the competition?
- Create a competitive analysis, such as SWOT (Strengths, Weaknesses, Opportunities, Threats) to compare your product / service with your most important competitors. Consider competitive factors such as price, quality, service, reliability, product features and benefits, distribution channels, differentiating factors, etc., and evaluate the strengths and weaknesses in each area and compare to your business.

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**c. Market Analysis: Research the following:**

**Target Market**

- What is the target market for your product / service?
- What is the estimated size of the target market and what is your estimated market share?
- Are there different market segments within your target market?
- Which market should your business serve first on a priority basis?

**Customer Profile**

- Profile your targeted customers, their demographics (age, gender, profession, income), their characteristics (likes / dislikes, beliefs, values, attitudes), and their geographic locations.
- What are the critical needs of your potential customers? Are those needs being met?
- Do you plan to sell to other businesses (B2B) or directly to consumers (B2C) or both?

**Market Penetration**

- How will you reach your target market -location, distribution, sales force, Internet, bid on contracts?
- What are the best techniques to reach your market – advertising, low-cost promotions, social media, trade shows, and publicity? What is the best mix?
- What image do you want to portray and does your marketing reflect this image - like logo design, cards and letterhead, brochures, signage, and office / location design?

**Pricing Strategy**

- How will the unique features or characteristics of your product/ service translate into premium prices?
- Can you compete on price, quality and/or service?
- Are your selling prices determined by a cost-based or value-based methodology?
- How important is price to your competitive positioning?
- How does your pricing strategy differ from competitors?
- Explain how you establish selling prices.
- Define your pricing strategy (sole source, penetration, discount, loss-leader, etc.).
- What will be your customer service and credit policies?

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### **d. Sales Strategy**

This covers how you plan to actually sell your product.

- Are you going to have a sales force and what will it look like?
- Sales contacts - how will you identify highest opportunity customers and what techniques will you use to establish sales?
- What activities will you plan to retain customers?

### **3. ORGANIZATION/TEAM**

This section will describe the functions that will need to be filled; key management personnel and their duties. Outline the organizational structure. It will list all advisors such as legal, accounting, HR, and any others appropriate for your business. Describe the ownership of the business including outside investors. If there is a Board of Directors, will list the members and their affiliations. This section should include:

- Names and affiliations of the business owners
- Names and primary function for key members of the management team
- Management profiles for key people in the business
- Describe salary and benefits package
- Give a description of each division or department and its function
- Describe how all critical skills necessary for business success be provided.

If you have a board of directors and/or an advisory board, include the following:

- Names and profiles of board members
- Positions on the board
- Extent of involvement with company

### **4. OPERATIONAL PLAN**

If you are actually producing or manufacturing the product this section will be included. It will detail the actual production process including materials and labor necessary to manufacture the product. Facility requirements will be defined along with any capital expenditures. Key suppliers and distributors will be noted.

Items to include can include:

- The daily operation of the business, its location, equipment, people, processes, and surrounding environment.
- How and where your products or services are produced
- Production techniques and costs
- Quality control processes
- Customer service
- Inventory control
- Product development
- Licensing and bonding requirements
- Health, workplace, or environmental regulations

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### 5. FINANCIAL PLAN

The financial section should consider historical financial data and a three year projection period detailing the sales, revenues and costs for the business. Financial statements and breakeven analyses are completed as well as comparison with industry standards where applicable. Details for start-up costs and sources of funding are reviewed. (SEE FINANCIAL TEMPLATE IN APPENDIX) If you are seeking funding for your business venture, include the following information:

- Your current funding requirement
- Any future funding requirements over the next five years
- How you intend to use the funds you receive
- Any strategic financial situational plans for the future
- When you are outlining your funding requirements, include the amount you want now and the amount you want in the future. Also include the time period that each request will cover, the type of funding you would like to have (e.g., equity, debt), and the terms that you would like to have applied.

**Historical financial data includes** your company's income statements, balance sheets, and cash flow statements for each year you have been in business (usually for up to three to five years). Often, creditors are also interested in any collateral that you may have that could be used to ensure your loan, regardless of the stage of your business.

**Projected financial data** includes forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, you should supply monthly or quarterly projections. After that, you can stretch it to quarterly and/or yearly projections for years two through five.

If you have made assumptions in your projections, be sure to summarize what you have assumed. Finally, include a short analysis of your financial information. Include a ratio and trend analysis for all of your financial statements (both historical and projected). Since pictures speak louder than words, you may want to add graphs of your trend analysis (especially if they are positive).

### 6. APPENDICES

This section will include resumes of key team personnel; agreements with key suppliers, customers, distributors and partners. Any marketing materials, studies, and research are included. Any supplemental information supporting the business model not included in other sections will be included here. An example of this may be a product endorsement.