



Business Plan Guide

INTRODUCTION

A well thought-out Business Plan is essential for the success of any business. It will serve as a “road map” and a means to measure the progress of your venture. It is also an excellent source of information for your bank, when applying for credit.

The following is a basic format for constructing a Business Plan. The format of your plan will depend on your individual needs and should be tailored to suit those needs. You should include any information that will enable the bank to understand where the company was, where it is now, and where it is going. The more complete your financing plan is, the more quickly your bank can respond.

A strong business requires strong, professional support. It is as important to have quality accounting and legal advice as it is an appropriate financial structure with a banking relationship. Utilizing all these sources in the preparation of a Business Plan is recommended.

OUTLINE

The following outline is a recommended format for your plan although the type of and emphasis on information particular to your business will vary.

Organization

- Present Situation
- Management & Personnel
- Product Description
- Professional Associations
- References

Marketing

- Customers
- Suppliers
- Competition
- Risks
- Pricing
- Promotion

Financial

- Historical Financial Statements
- Projections & Assumptions
- Personal Tax Returns
- Personal Financial Statements
- Equipment List

ORGANIZATION

Present Situation

How long have you been in business? Is this a start-up business?

Under what form of organization has the business been established?

How is ownership divided?

Are there any subsidiaries, affiliates, or inter-company relations?

From where will you operate? Is the property owned or leased? If leased, what are the terms of your lease?

Management & Personnel

Who are the key people running the business? What is their experience in the industry? What roles will they play in the day-to-day operations of the company and what are their skills and backgrounds?

Include a personal profile or copy of your resume along with others who are vital to the continued success of your business.

Product Description

What are your company's products and services?

How do you market your products? What terms do you offer?

Professional Associations

Are there any other resources from which the business may draw? Will revenues be generated in part through past associations?

References

Provide a list of creditors, banks, customers and suppliers with contact names, addresses and phone numbers.

MARKETING

Define your target market. Who are your customers?

Do you have or anticipate any major customer or supplier relationships? What is the stability of your relationship with them? What terms are offered?

What is the size of your market? Are there any geographic concerns or restraints?

Who is your competition? Where are they located? What is their market share?

How do you set yourself apart from the competition (price, quality, service, delivery, etc.)?

What is your market share? What is the growth potential? How will you maintain or expand your market share?

What factors could competitively affect your market share?

How will you price and promote your products?

FINANCIAL

Your Business Plan should include at least three years' historical financial statements. If your company is a start-up business, you will need to provide the following:

1. Income statement projections, on a monthly basis for the first year of operation and on an annual basis for the following two years of operation;
2. A list of assumptions and schedules to support your projections;
3. Itemized list on all major pieces of equipment;
4. Two years' Personal Federal Tax Returns and Financial Statements on all applicants and guarantors.

Also, it may be appropriate to include a list of capital equipment you currently own and a list of capital expenditures you plan to make in the near future.

For closely held corporations, shareholders with more than a 20% ownership interest are required to provide a personal guaranty.