Massachusetts Small Business Development Center Network

Northeast Regional Office

978-542-6343

[www.salemstate.edu/sbdc](http://www.salemstate.edu/sbdc)

**Business Plan Outline**

**Every business needs a business plan**

* “If you fail to plan ... you are planning to fail”
* Allows the entrepreneur to fully examine market, competition and various operating alternatives
* Proves to the entrepreneur the business should be profitable
* Allows the entrepreneur to plan for “what ifs”
* Gives entrepreneur a “road map” to monitor success
* Required for any kind of start-up financing

**To start**

* Is there a real need for my product or service?
* Is there a market for my product and service?
* Is there room in the competitive environment for my company?

**Description of the business or executive summary**

* Name of business
* Names of principals
* Address and phone number of business and/or principals
* Business structure: sole proprietorship, partnership, LLC, LLP, corporation, (“S”)
* Status of business: start up, expansion, acquisition, other
* Type of business: What do you do? What product or service do you provide?
* If you have an existing business: brief history of the business including financial performance
* If a product based business: Where will you get your products from? Will you be manufacturing?
* Market: Who will your customers be?
* Location and hours

**Market**

* Is there a real need for your product or service? How do you know – what industry data do you have that supports your assessment?
* What are the important trends in your business and how will they impact you? (Sales growth, market segmentation, productivity, etc.)
* What is unique about your product or service?
* How will you price your product or service? Will it be competitive – why or why not?
* Who will your target customers be: geographic, demographic, psychographic, other?
* What is the potential size of your market? What market share can you attain?
* Will your company grow over the next 3 – 5 years? Will the customers be the same?

**Sales**

* How will you reach your potential customers?
* What sales and distribution channels will you use?
* What will your marketing and sales efforts cost?
* Will you need in-house sales support or outside reps.?
* How will you retain your customers?

**Economic Environment**

* What is happening in the local economy?
* Will you be affected by the national or global economy?
* What are the trends?
* Are there regulatory or environment issues that the company needs to deal with?
* How do you view future economic conditions?

**Competition**

* Who are your competitors?
* Where are they located?
* Is their business steady, increasing or decreasing? Why?
* Will they react to your entry in the market?
* What are their strengths?
* What are their weaknesses?
* How do you compare to the competition: price, quality, service, etc.?
* How will you differentiate yourself from the competition?
* Who do you think the competition will be over the next 3 -5 years?

**Suppliers**

* Who will your suppliers be?
* What payment terms will they give you?
* Will your suppliers be in business as your business grows?
* Are there alternative suppliers?

**Location, Facility, Equipment**

* How much space do you need? Is there enough space for expansion? What will it cost?
* What renovations are required? How much will it cost? (Include actual quotes.)
* How much parking do you need?
* Do you need to be visible from a main street?
* Is the zoning appropriate?
* What type of area do you need to be in?
* What type of equipment do you need?
* Will you lease or buy the space and/or equipment?
* If you will be manufacturing: describe the manufacturing process and physical requirements.
* Describe the distribution process.

**Production (Manufacturing)**

* How will you manufacturer your product?
* What are the technology requirements?
* Are there any environmental, zoning or other restrictions?
* Would outsourcing be a viable alternative?

**Management**

* Who will manage the business?
* What experience, training and education do the managers have? Experience may be in a different, but related, business. Attach resumes or personal histories.
* What outside resources are available to management? Accountant, lawyer, insurance agent, other.
* Is there any back for the manager(s) if the primary manager is incapacitated?

**Personnel**

* Who will you need to hire?
* What will you need to pay?
* Will you need to provide benefits? And, at what cost?
* Are the people you need to hire available in your local area?
* Will you provide training or education?

**Business Acquisition (if applicable)**

* Who are the current owners and operators?
* Will anyone remain with the business?
* Is training available or necessary?
* Why is the owner selling?
* What is the purchase price?
* What specific assets are being purchased and at what valuation? (If it’s a stock purchase it should be noted.)
* What has been the financial performance of the business over the last three years?
* Will the performance be the same under new management?
* If not, what changes will be made and what are the anticipated results?

**Financing Requirements (if applicable)**

* How much money does the company need?
* What will the money be used for? Be specific.
* How much money will the owner(s) invest?
* What type of financing does the company need: term loan, line of credit, or equity?
* If a loan or line of credit is requested are personal guarantees and personal collateral available to pledge in addition to the business collateral?

**REQUIRED FINANCIAL INFORMATION**

**If a start-up company**

* Schedule of financing need and purpose
* Schedule of sources and uses of start up funding (include quotes for service and/or purchases
* 3 years projected Profit & Loss (Income Statement or P & L)
* 1st year projected Profit & Loss Statement by month
* 1st year projected monthly cash flow
* Detailed assumptions used to create pro-formas
* Opening day balance sheet
* Owners’ personal financial statements
* Owners’ personal tax returns (3 Years)

**If an existing company**

* Schedule of financing need and purpose
* Schedule of sources and uses of funding (include quotes for service and/or purchases
* 3 years projected Profit & Loss (Income Statement or P & L)
* Next year projected Profit & Loss Statement by month
* Next year projected monthly cash flow
* Detailed assumptions used to create pro-formas
* Three years of company financial statements: P & L, Cash Flow, Balance Sheet
* Three years company tax returns
* A/R agings
* A/P agings
* Equipment lists
* Owners’ personal financial statements
* Owners’ personal tax returns (three years)