Sample Business Plan

***I. Executive Summary***

Write this section last. We suggest that you make it two pages or fewer. Include everything that you would cover in a five-minute interview. Explain the fundamentals of the proposed business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry? Make it enthusiastic, professional, complete, and concise.

***II. General Company Description***

What business will you be in? What will you do? Mission Statement: Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles.

To whom will you market your products? (State it briefly here—you will do a more thorough explanation in the Marketing Plan section).

***III. Products and Services***

Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in Appendices). What are the pricing, fee, or leasing structures of your products or services?

***IV. Marketing Plan***

There are two kinds of market research: primary and secondary

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Primary research means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.

***Product***

In the Products and Services section, you described your products and services as you see them. Now describe them from your customers’ point of view.

Describe the most important features. What is special about it?

Describe the benefits. That is, what will the product do for the customer?

***Customers***

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics. Construct a demographic profile: • Age • Gender • Location • Income level •Social class and occupation • Education

***Competition***

What products and companies will compete with you? List your major competitors: (Names and addresses) Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?

Use the attached Competitive Analysis table to compare your company with your two most important competitors. In the first column are key competitive factors. In the column labeled me, state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer.

1 = critical; 5 = not very important.

***Promotion***

How will you get the word out to customers? Advertising: What media, why, and how often? Why this mix and not some other? Have you identified low-cost methods to get the most out of your promotional budget? Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals? What image do you want to project? How do you want customers to see you? In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

***Promotional Budget***

How much will you spend on the items listed above? Before startup? (These numbers will go into your startup budget.) Ongoing? (These numbers will go into your operating plan budget.)

***Pricing***

Explain your method or methods of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service.

What will be your customer service and credit policies?