Business Plan Template for an Established Business

Business plans aren't just for startups. Developing a business plan for an established business serves several purposes: It can help convince investors or lenders to finance your business, persuade a business buyer to purchase your business, or entice partners or key employees to join your company. Most importantly, it serves as a roadmap guiding the growth and continued success of your business throughout its next stages.

Writing a business plan is an opportunity to carefully think through every step to achieving your goals for your company. This is your chance to discover any weaknesses that may threaten your business, identify opportunities you may not have considered, and plan how you will deal with challenges that are likely to arise. Be honest with yourself as you work through your business plan. Don't gloss over potential problems; instead, figure out solutions.

A good business plan is clear and concise. A person outside of your industry should be able to understand it. Avoid overusing industry jargon or terminology.

Most of the time involved in writing your plan should be spent researching and thinking. Make sure to document your research, including the sources of any information you include.

Avoid making unsubstantiated claims or sweeping statements. Investors, lenders, business buyers and others reading your plan will want to see accurate past data and realistic future projections. They will expect your assumptions to be supported with facts.

If your plan is primarily for internal use, it doesn't need to be as fine-tuned as a plan for outside readers. However, you should still think it through carefully, particularly the financial sections.

This template includes instructions for each section of the business plan, followed by corresponding fillable worksheet/s.

The last section in the instructions, "Refining Your Plan," explains ways you may need to modify your plan for specific purposes, such as getting a bank loan, or for specific industries, such as retail.

Proofread your completed plan (or have someone proofread it for you) to make sure it's free of spelling and grammatical errors and that all figures are accurate.

Business Plan

[Insert Date]

Company name
Street address 1
Street address 2
City, state, ZIP
Business phone
Website URL
Email address

Confidentiality Agreement

The undersigned reader acknowledges that any information provided by _____ in this business plan, other than information that is in the public domain, is confidential in nature, and that any disclosure or use of same by the reader may cause serious harm or damage to _____. Therefore, the undersigned agrees not to disclose it without express written permission from _____.

Upon request, the undersigned reader will immediately return this document to _____.

_____
Signature

_____
Name (typed or printed)

_____
Date

This is a business plan. It does not imply an offering of securities.

Table of Contents

Confidentiality Agreement **3**

I. Instructions: Executive Summary **5**

Executive Summary *6*

II. Instructions: Company Description **7**

Company Description Worksheet *9*

III. Instructions: Products & Services **10**

Product & Service Description Worksheet *11*

IV. Instructions: Marketing Plan **12**

SWOT Analysis Worksheet *13*

Competitive Analysis Worksheet *15*

Marketing Expenses Strategy Chart *17*

Pricing Strategy Worksheet *19*

Distribution Channel Assessment Worksheet *21*

V. Instructions: Operational Plan **23**

VI. Instructions: Management & Organization **25**

Management Worksheet *26*

Organization Chart *27*

VII. Instructions: Personal Financial Statement **28**

VIII. Instructions: Financial History & Analysis **29**

IX. Instructions: Financial Plan **30**

X. Instructions: Appendices **32**

XI. Instructions: Refining the Plan **33**

Now That You're (Almost) Finished **35**

I. Instructions: Executive Summary

The Executive Summary is the most important part of your business plan. If you're using your plan to persuade prospective investors or lenders, know this is often the only part they read before deciding whether or not to read the rest of your plan. Your Executive Summary must convey your enthusiasm for your business and get readers excited about it, too.

Write your Executive Summary LAST, after you have completed the rest of the business plan. That way, you'll have thought through all the other elements of your plan and be prepared to summarize them.

The Executive Summary should briefly explain each of the below.

1. **An overview of your business** (one or two sentences).
2. **A description of your product and/or service.** What problems are you solving for your target customers?
3. **Your goals for the business.** Where do you expect the business to be in one year, three years, five years, etc.?
4. **Your target market.** Who are your ideal customers?
5. **Your competition and what differentiates your business.** Who are you up against, and what unique selling proposition has helped you succeed?
6. **Your management team.** What do they bring to the table that gives your business a competitive edge?
7. **Financial outlook for the business.** If you're using the business plan for financing purposes, explain exactly how much money you want, how you will use it, and how that will make your business more profitable, allow you to expand or achieve other goals.

Limit your Executive Summary to one or two pages in total.

After reading the Executive Summary, readers should have a basic understanding of your business, should be excited about its growth potential, and should be interested enough to read further.

After you've completed your business plan, come back to this section to write your executive summary on the next page.

Executive Summary

(Write after you've completed the rest of the business plan.)

II. Instructions: Company Description

This section explains the basic elements of your business. Include each of the below:

1. **Company mission statement**
   A mission statement is a brief explanation of your company's reason for being. It can be as short as a marketing tagline ("*GettingFit is an app that helps motivate users to exercise in a fun, convenient way*") or more involved: ("*Grand Place is a senior day-care center specializing in dementia patients. Our mission is to provide service, safety and a family atmosphere, easing stress for dementia patients and their caregivers alike.")* In general, it's best to keep your mission statement to one or two sentences.

2. **Company philosophy and vision**
   a. What values does your business live by? *Honesty, integrity, caring*, *innovation* and *community* are values that might be important to your business philosophy.
   b. *Vision* refers to the long-term outlook for your business. What do you ultimately want it to become? For instance, perhaps your goal for your senior day-care center is to build a national chain or add more senior-care services to your offerings.

3. **Target market**
   You will cover this in-depth in the Marketing Plan section. Here, briefly explain who your target customers are.

4. **Industry**
   Describe your industry and what makes your business competitive: Is the industry growing, mature or stable? What is the industry outlook long-term and short-term? How is your business taking advantage of projected industry changes and trends? What might happen to your competitors, and how will your business successfully compete?

5. **Legal structure**
   a. Is your business a sole proprietorship, LLC, partnership or corporation? Why did you choose this particular form of business?
   b. If there is more than one owner, explain how ownership is divided. If you have investors, explain the percentage of shares they own. This information is important to investors and lenders.

6. **Company history**
   Tell the story of your business, including how long you've been in business, any previous owners of the business, an overview of your sales and profit history, how many employees you have and your business's reputation in the community. Highlight past successes, but also mention your failures and what you learned from them. Explain the most important challenges you faced and how you overcame them.

7. **Key strengths and core competencies**
   What is your business's core competency? What are its competitive strengths? What strengths do you personally bring to the business?

8. **Significant challenges the company faces**
   Explain the biggest challenges your company faces, both now and in the near future. If your plan is intended to help you get financing, explain how the money will help you meet these challenges.

9. **Company goals**
   What are your plans for the future? These might include growth, diversifying your products or services, increasing production or selling the business. Specify both short- and long-term goals, as well as the benchmarks or milestones you plan to use to measure your progress. For example, if one of your goals is to open a second location, milestones might include reaching a specific sales volume or

signing contracts with a certain number of clients in the new market.

After reading the Company Description, the reader should have a basic understanding of your business's mission and vision, goals, target market, competitive landscape and legal structure.

Use the Company Description Worksheet on the next page to help you complete this section.

Company Description Worksheet

Business Name	
Company Mission Statement	
Company Philosophy/ Vision	
Target Market	
Industry/ Competitors	1. 2. 3.
Legal Structure	
Company History	
Strengths/Core Competencies	
Challenges	
Company Goals/Plans	

III. Instructions: Products & Services

This section expands on the basic information about your products and services included in the Executive Summary and Company Description. Explain in detail each of the below:

1. **Your company's products and/or services:** What do you sell, and how is it manufactured or provided? Include details of relationships with suppliers, manufacturers and/or partners that are essential to delivering the product or service to customers.
2. **The problem the product or service solves**: Every business needs to solve a problem that its customers face. Explain what the problem is and how your product or service solves it. What are its benefits, features and unique selling proposition? Yours isn't the only solution (every business has competitors), but you need to explain why your solution is better than the others, targets a customer base your competitors are ignoring, or has some other characteristic that gives it a competitive edge.
3. **Any proprietary features that give you a competitive advantage**: Is your product patented, or do you have a patent pending? Do you have exclusive agreements with suppliers or vendors to sell a product or service that none of your competitors sell? Do you have the license for a product, technology or service that's in high demand and/or short supply?
4. **How you price your product or service**: Describe the pricing, fee, subscription or leasing structure of your product or service. How does your product or service fit into the competitive landscape in terms of pricing—are you on the low end, mid-range or high end? How does that pricing strategy help you attract customers? What is your profit margin?

Include any product or service details, such as technical specifications, drawings, photos, patent documents and other support information, in the Appendices.

After reading the Products & Services section, the reader should have a clear understanding of what your business does, what problem it solves for customers, and the unique selling proposition that makes it competitive.

Use the Product and Service Description Worksheet on the next page to help you complete this section.

Product & Service Description Worksheet

Business Name	
Product/ Service Idea	
Special Benefits	
Unique Features	
Limits and Liabilities	
Production and Delivery	
Suppliers	
Intellectual Property Special Permits	
Product/ Service Description	

IV. Instructions: Marketing Plan

This section provides details on your industry, the competitive landscape, your target market and how you will market your business to those customers. Even if you're confident you know all there is to know about your market, doing market research will confirm your beliefs and give you supporting evidence to include in your plan.

1. Market research

There are two kinds of research: *primary* and *secondary*. *Primary* market research is information you gather yourself. This could include going online or driving around town to identify competitors; interviewing or surveying people who fit the profile of your target customers; or doing traffic counts at a retail location you're considering.

Secondary market research is information from sources such as trade organizations and journals, magazines and newspapers, Census data and demographic profiles. You can find this information online, at libraries, from chambers of commerce, from vendors who sell to your industry or from government agencies.

This section of your plan should explain:

- The total size of your industry
- Trends in the industry – is it growing or shrinking?
- The total size of your target market and the share you currently have
- Trends in the target market – is it growing or shrinking? How are customer needs or preferences changing?
- The growth potential of your business. What market share is realistic for you to obtain in the future?

2. Barriers to entry

What barriers to entry do new competitors in your industry face? Are these sufficient to protect your business from new competitors entering the market? Barriers to entry might include:

- High startup costs
- High production costs
- High marketing costs
- Brand recognition challenges
- Need for qualified employees
- Need for specialized technology or patents
- Tariffs and quotas
- Unionization in the industry

3. Threats and opportunities

What threats does your business face, and what opportunities could arise from the following:

- Changes in government regulations
- Changes in technology
- Changes in the economy
- Changes in your industry

Use the SWOT Analysis Worksheet on the next page to identify your company's weaknesses and potential threats, as well as its strengths and the potential opportunities you plan to exploit.

SWOT Analysis Worksheet

	Strengths	Weaknesses	Opportunities	Threats
Product/ Service Offering				
Brand/ Marketing				
Staff/HR				
Finance				
Operations/ Management				
Market				

Can any of your strengths help with improving your weaknesses or combating your threats? If so, please describe how below.
Based on the information above, what are your immediate goals/next steps?
Based on the information above, what are your long-term goals/next steps?

4. Product/service features and benefits

Describe all of your products or services, being sure to focus on the customer's point of view. For each product or service:

- Describe the most important features. What is special about it?
- Describe the most important benefits. What does it do for the customer?

In this section, explain any after-sale services you provide, such as:

- Product delivery
- Warranty/guarantee
- Service contracts
- Ongoing support
- Training
- Refund policy

5. Target customer

Describe your target customer. You may have more than one target customer group. For instance, if you sell a product to consumers through distributors, such as retailers, you have at least two kinds of target customers: the distributors (businesses) and the end users (consumers).

Explain your target customer groups, and create a demographic profile for each group that includes:

For consumers:

- Age
- Gender
- Location
- Income
- Occupation
- Education level

For businesses:

- Industry
- Location
- Size
- Stage in business (startup, growing, mature)
- Annual sales

6. Key competitors

Be realistic about your competition, and use your business plan to show that you know how to effectively differentiate your business. This section should:

List companies that compete with yours (including names and locations), products that compete with yours and/or services that compete with yours. Do they compete across the board, or just for specific products, for certain customers or in certain geographic areas?

Also include indirect competitors. For instance, if you own a restaurant that relies on consumers' discretionary spending, then bars and nightclubs are indirect competitors.

Then, assess how your business compares to the competition based on key competitive factors such as price, quality, service and selection. If you find it hard to be impartial, conducting customer surveys or focus groups can help you see how your business stacks up.

Use the Competitive Analysis Worksheet on the next page to compare your business to your competitors. You can customize the competitive factors to your industry.

Competitive Analysis Worksheet

For each factor listed in the first column, assess whether you think it's a strength or a weakness (S or W) for your business and for your competitors. Then rank how important each factor is to your target customer on a scale of 1 to 5 (1 = very important; 5 = not very important). Use this information to explain your competitive advantages and disadvantages.

FACTOR	Me	Competitor A	Competitor B	Competitor C	Importance to Customer
Products					
Price					
Quality					
Selection					
Service					
Reliability					
Stability					
Expertise					
Company Reputation					
Location					
Appearance					
Sales Method					
Credit Policies					
Advertising					
Image					

7. Positioning/Niche

After analyzing your industry, product/service, customers and competition, you should be able to clearly state your business's niche (your unique segment of the market) as well as your positioning (how you present your company to customers). Explain these in a short paragraph.

8. How you market your product/service

In this section, explain the marketing and advertising tactics your business uses. Advertising may include:

- Online
- Print
- Radio
- Cable television
- Out-of-home

Which media do you advertise in, why and how often? How effective has your advertising been? How do you measure its success?

Marketing may include:

- Business website
- Social media marketing
- Email marketing
- Mobile marketing
- Search engine optimization
- Content marketing
- Print marketing materials (brochures, flyers, business cards)
- Public relations
- Trade shows
- Networking
- Word-of-mouth
- Referrals

Which marketing methods do you use and why? How effective has your marketing been? How do you measure its success?

What steps do you take to retain existing customers and sell more to them? How effective are your customer retention efforts? What percentage of customers become repeat customers?

What image do you project for your business brand?

9. Promotional budget

How much do you currently spend on the marketing and advertising outreach above? How much do you plan to spend going forward? Include these numbers in your operating plan budget.

Use the Marketing Expenses Strategy Chart on the next page to calculate the cost of reaching different target markets.

Marketing Expenses Strategy Chart

	Target Market 1	Target Market 2	Target Market 3
One-Time Expenses			
Monthly or Annual Expenses			
Labor Costs			

Download the Annual Marketing Budget Template. Using the information you've gathered, create your annual marketing budget.

10. Pricing

You explained pricing briefly in the "Products & Services" section; now it's time to go into more detail. How do you determine your prices? Keep in mind that few small businesses can compete on price without hurting their profit margins. Instead of offering the lowest price, it's better to go with an average price and compete on quality and service.

- Does your pricing strategy reflect your positioning?
- How do your prices compare with your competitors' prices? Are they higher, lower or the same? Why?
- How important is price to your customers? It may not be a deciding factor.
- What are your payment acceptance and credit policies?

Use the Pricing Strategy Worksheet on the next page to help with your pricing.

Pricing Strategy Worksheet

Business Name	

Which of the following pricing strategies do you employ? Circle one.

Cost Plus	**Value Based**	**Other:**
The costs of making/obtaining your product or providing your service, plus enough to make a profit	*Based on your competitive advantage and brand (perceived value)*	

Provide an explanation of your pricing model selection.
Include strategy info on your major product lines/service offerings. List industry/market practices and any considerations to be discussed with your mentor.

11. Location

Do customers visit your physical location? If so, explain how your location affects your customers. (You'll discuss the physical building itself in the Operations section). Location factors that may benefit your business include:

- Convenient location for customers
- Adequate parking for customers
- Proximity to public transportation or major roads
- Complementary businesses or businesses that draw customers are nearby
- Consistency with your business image

12. Distribution channels

What methods of distribution do you use to sell your products and/or services? These may include:

- Retail
- Direct sales
- Ecommerce
- Wholesale
- Inside sales force
- Outside sales representatives
- OEMs

If you have any strategic partnerships or key distributor relationships that are a factor in your success, explain them here.

How effective is your current distribution strategy? Do you need to make any changes?

If you are planning to add new distribution channels, use the Distribution Channel Assessment Worksheet on the next page to assess the pros and cons of each new channel you are considering.

Distribution Channel Assessment Worksheet

	Distribution Channel 1	Distribution Channel 2	Distribution Channel 3
Ease of Entry			
Geographic Proximity			
Costs			
Competitors' Positions			
Management Experience			
Staffing Capabilities			
Marketing Needs			

13. 12-month sales forecast

Download the Sales Forecast spreadsheet and use it to create a month-by-month sales projection.

Base this on your past sales history, your market research, your marketing strategies and your industry data.

Create two forecasts: a "best guess" scenario (what you really expect) and a "worst case" scenario (one you're confident you can reach no matter what).

Keep notes on the research and assumptions that go into developing these sales forecasts. Financing sources will want to know what you based the numbers on. If the forecast is significantly different from your past sales history, your plan should explain why.

After reading the Marketing Plan section, the reader should understand who your target customers are, how you market to them, what sales and distribution channels you use, how you position your product/service relative to the competition and how effective these tactics are for your business.

A SCORE mentor can help you complete your Marketing Plan tailored for your business. ***Find a SCORE mentor****.*

V. Instructions: Operational Plan

This section explains the daily operation of your business, including its location, equipment, personnel and processes.

1. Production

How do you produce your product or deliver your service? Describe your production methods, the equipment you use and how much it costs to produce what you sell.

2. Quality control

How do you maintain consistency? Describe the quality control procedures you use.

3. Location

Where is your business located? You briefly touched on this in the Company Overview. In this section, expand on that information with details such as:

a. The size of your location
b. The type of building (retail, industrial, commercial, etc.)
c. Zoning restrictions
d. Accessibility for customers, employees, suppliers and transportation if necessary
e. Costs including rent, maintenance, utilities, insurance
f. Whether you own or lease

If you're trying to get financing for a new or bigger location, include a drawing or layout of the proposed facility.

4. Legal environment

What type of legal environment does your business operate in? How do you handle legal requirements? Include details such as:

g. Required licenses and/or permits
h. Trademarks, copyrights or patents (pending, existing or purchased)
i. The insurance coverage your business requires
j. Environmental, health or workplace regulations affecting your business
k. Special regulations affecting your industry
l. Bonding requirements, if applicable

5. Personnel

What type of personnel does your business employ? Explain details such as:

m. How many employees do you have?
n. What types of employees? Are there any licensing or educational requirements?
o. Do you hire freelancers or independent contractors?
p. Include job descriptions.
q. What is the pay structure (hourly, salaried, base plus commission, etc.)?
r. Do you plan to hire new employees, freelancers or independent contractors in the coming year?
s. How do you train employees?
t. What schedules and procedures are in place?

6. Inventory

If your business maintains inventory, explain:

- What kind of inventory do you keep on hand (raw materials, supplies, finished products)?
- What is the average value of inventory in stock (in other words, how much are you investing in inventory)?
- What is your rate of inventory turnover? How does this compare to industry averages?
- Do you need more inventory than normal during certain seasons? (For instance, a retailer might need additional inventory for the holiday shopping season.)
- What is your lead time for ordering inventory?

7. Suppliers

List your key suppliers, including:

- Names, addresses, websites
- Type and amount of inventory furnished
- Their credit and delivery policies
- History and reliability
- Do you expect any supply shortages or short-term delivery problems in the coming year? If so, how will you handle them?
- Do you have more than one supplier for critical items (as a backup)?
- Do you expect the cost of supplies to hold steady or fluctuate? If the latter, how will you deal with changing costs?
- What are your suppliers' payment terms?
- Are your current suppliers satisfactory or do you plan to look for new suppliers in the coming year?

8. Credit policies

If you sell to customers on credit, explain:

- Whether this is typical in your industry (do customers expect it)?
- How much credit do you extend? What are your criteria for extending credit?
- How do you check new customers' creditworthiness?
- What credit terms do you offer?
- Do you offer discounts for prompt payment or early payment?
- Detail how much it costs you to offer credit, including the cost of capital tied up in receivables and the cost of bad debt. Show that you've built these costs into your pricing structure.
- Do you age your accounts receivable every month to monitor late payments?
- How do you handle delinquent customers? Explain your policies, such as when and how you follow up on late payments, and when you get an attorney or collections agency involved.

Also explain how you manage your business's credit and accounts payable.

- How do you monitor your business's credit rating?
- Do you age your accounts payable every month to track and manage what you owe?
- Do your vendors offer prompt or early payment discounts? Do you take advantage of them?

After reading the Operational Plan section, the reader should understand how your business operates on a day-to-day basis.

VI. Instructions: Management & Organization

This section should give readers an understanding of the people behind your business, their roles and their responsibilities. If you're using your business plan to get financing, know that investors and lenders carefully assess the qualifications of your management team.

1. **Biographies**
   Include brief biographies of the owner/s and key employees. Include resumes in the Appendix. Here, summarize your experience and those of your key employees in a few paragraphs per person. Focus on the special experience and skills each person brings to the business.

2. **Organization Chart**
   If you have more than 10 employees, include an organization chart showing who is responsible for key functions. Describe the positions of key employees.

3. **Continuation Plan**
   How would you continue the business if owner/s or key employees left or were incapacitated?

4. **Advisors**
   List the members of your professional/advisory support team, including:
   a. Attorney
   b. Accountant
   c. Board of directors
   d. Advisory board
   e. Insurance agent
   f. Consultants
   g. Banker
   h. Mentors and other advisors

Explain any relevant experience or specializations your advisors have. For instance, does your mentor have experience running and expanding a similar business?

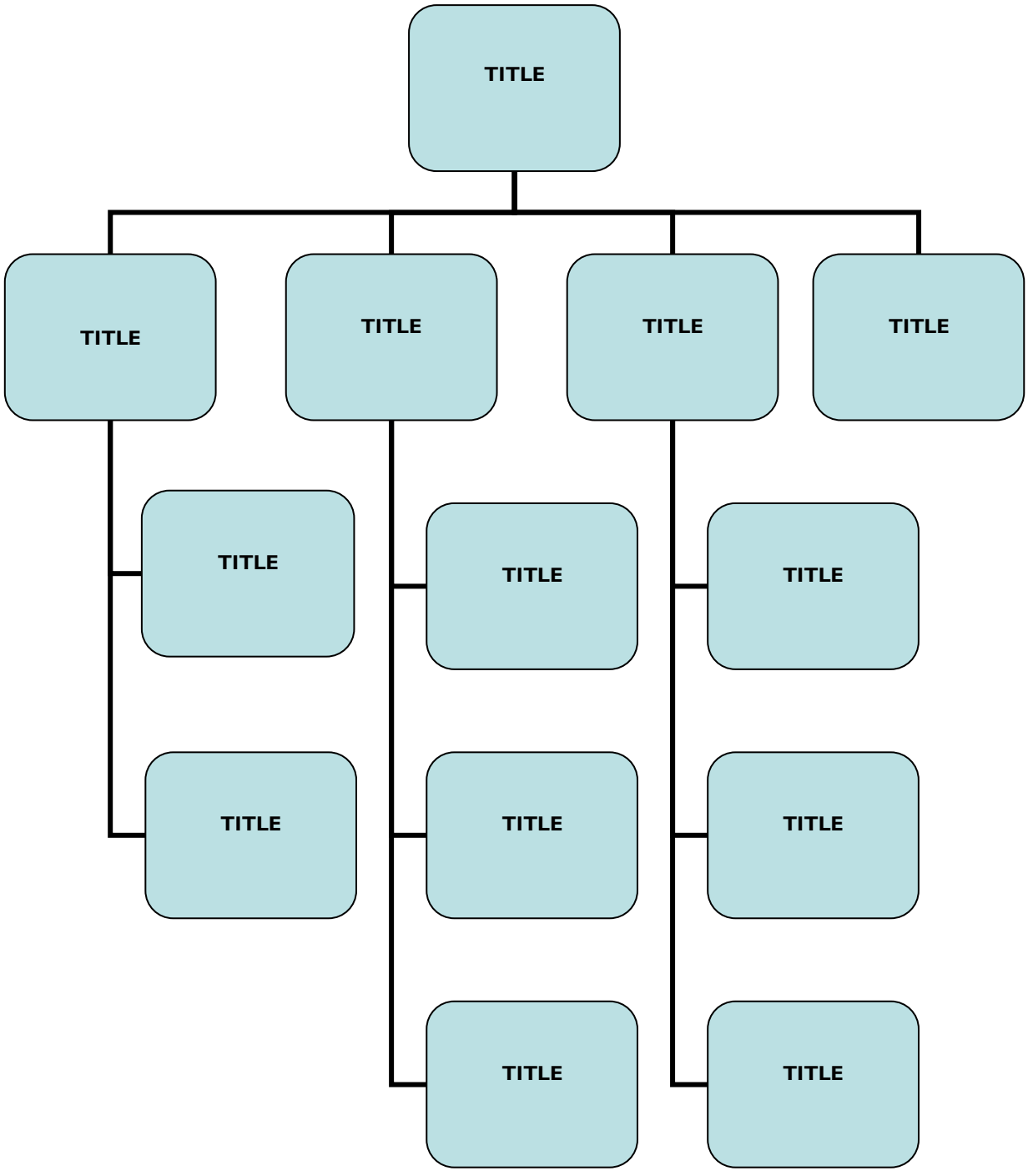
After reading the Management & Organization section, the reader should feel confident in the qualifications of your team.

Use the Management Worksheet and Organization Chart on the next two pages to highlight your management team.

Management Worksheet

Bio/s	
Continuation Plan	
Advisors	

Organization Chart



VII. Instructions: Personal Financial Statement

At some point, you may have to draw on your personal assets to finance your business. If you're using this business plan for internal purposes, including a personal financial statement will show you how much capital you have available. If you're presenting the plan to lenders or investors, they'll want to see your personal financial information because they may ask you to personally guarantee the loan.

Download the Personal Financial Statement template, and use it to create a personal financial statement for each owner and each major stockholder. Detail each person's assets and liabilities outside of the business and their personal net worth.

Use Page 2 of the spreadsheet to provide details of notes, securities, contracts, etc. Be sure to document your assumptions, and explain any special financial situations.

After reading the Personal Financial Statement section, the reader should know how much money the business owners and/or stockholders have available to finance the business.

VIII. Instructions: Financial History & Analysis

Reviewing your business's financial history will help you make more accurate financial projections. Financing sources will also consider your financial history to assess your prospects for future growth.

Download the Financial History & Ratios Spreadsheet, and use it to show information from your past three years' financial statements and your current year-to-date financial statements. Putting all of this financial information into one spreadsheet makes it easy to compare and analyze your financial history. You can also enter industry average ratios for comparison.

Include your year-end balance sheets, operating statements and business tax returns for the past three years in the Appendices, along with your most current balance sheet and operating statement.

Debt Schedule

The Debt Schedule table gives in-depth information not usually included in the financial statements themselves. Include a debt schedule in the format below for each note payable on your most recent balance sheet.

Debt Schedule Table

To whom payable	Original amount	Original date	Present balance	Rate of interest	Maturity date	Monthly payment	Security	Current/ past due

IX. Instructions: Financial Plan

Developing your financial plan gives you important insights into your company's financial situation and provides an estimate of its financial future. Your financial plan should include the following:

1. **12-month profit & loss projection**
   Download the 12-Month Profit and Loss Projection, and fill in your projected sales, cost of goods sold and gross profit. (Refer to the Sales Forecast you created in Section IV). Then list your expenses, net profit before taxes, estimated taxes and net operating income.

   Be sure to explain the assumptions behind the numbers in your P&L, especially if they differ widely from your business's past financial performance. Keep detailed notes about how you came up with these figures; you may need this information to answer questions from bankers or investors.

2. **Optional: 3-year profit & loss projection**
   Unless you're seeking venture capital, a three-year profit and loss projection is not essential to a business plan for an existing business. (Bankers usually pay more attention to the 12-month projections.) However, if you want to expand your forecasts beyond the next 12 months, download the 3-Year Profit and Loss Projection template, and use it to create your projection.

   As with the 12-month P&L, be sure to document the assumptions behind your figures.

3. **Cash flow projection**
   Think of the cash flow projection as a forecast for your business checking account. It details when you need to spend money on expenses such as inventory, rent and payroll, and when you expect to receive payments from customers and clients. For example, you may make a sale, have to buy inventory to fulfill the sale, and not collect payment from the customer for 30, 60 or 90 days. The cash flow projection takes these factors into account, helping you budget for upcoming expenses so you have enough working capital. If your cash flow projection predicts negative cash flow, you'll need to get working capital from lenders or investors.

   Download the 12-Month Cash Flow Statement, and use it to create your projections. Explain the assumptions behind the numbers, such as:

   - How long after you make a sale do you actually get paid?
   - Do you pay for inventory or materials in advance, on delivery or at a later date? How does this affect cash flow?
   - Can some of your expenses be paid in advance?
   - If you expect to have irregular expenses, purchase equipment or stock up on inventory in the next 12 months, do you need to budget for these costs?

4. **Projected balance sheet**
   The projected balance sheet estimates what your company's balance sheet will look like at the end of the 12 months covered in your projections. Lenders and investors may want to see this projection. Download the Balance Sheet (Projected), and create a projected balance sheet. If it is vastly different from your last historical balance sheet, explain the assumptions you used to arrive at the projection.

5. **Break-even calculation**
   The break-even analysis projects the sales volume you need in order to cover your costs. Download the Break-Even Analysis template, and, using your profit and loss projections, enter your expected fixed and variable costs. Adjust the categories to reflect your own business.

   You can create different break-even analyses for different scenarios, such as pricing a new product you plan to add higher or lower than your competitors' going rates. Reviewing various break-even analyses can help you determine the best option.

6. **Use of capital**
   If you're using this business plan to seek financing from lenders or investors, provide a breakdown of how you will the capital and what results you expect. For example, perhaps you will use the money to buy new equipment and expect that to double your production capacity.

After reading the Financial Plan section, the reader should understand the assumptions behind your financial projections, and be able to judge whether these projections are realistic.

A SCORE mentor can help you complete your Financial Plan tailored for your business. ***Find a SCORE mentor****.*

X. Instructions: Appendices

Don't slow your readers down by cluttering your business plan with supporting documents, such as contracts or licenses. Instead, put these documents in the Appendices, and refer to them in the body of the plan so readers can find them if needed.

Below are some elements many business owners include in their Appendices.

1. Agreements (Leases, contracts, purchase orders, letters of intent, etc.)
2. Intellectual property (trademarks, licenses, patents, etc.)
3. Resumes of owners/key employees
4. Advertising/marketing materials
5. Public relations/publicity
6. Blueprints/plans
7. Maps/photos of location
8. List of equipment
9. Market research studies
10. List of assets that can be used as collateral
11. Documents supporting your financial history

You can also include any other materials that will give readers a fuller picture of your business or support the projections and assumptions you make in your plan. For instance, you might want to include illustrations or photos of a product you are patenting or charts showing the projected growth of your market.

After reviewing the Appendices, the reader should feel satisfied that the assumptions throughout the plan are backed up by documentation and evidence.

XI. Instructions: Refining the Plan

Modify your business plan for your specific needs, audience and industry. Here are some guidelines to help:

For Raising Capital from Bankers

Bankers want to know that you'll be able to repay the loan. If the business plan is for bankers or other lenders, include:

- How much money you're seeking
- How you'll use the money
- How the money will make your business stronger
- Requested repayment terms (number of years to repay)
- Any collateral you have, and a list of all existing liens against your collateral

For Raising Capital from Investors

Investors are looking for dramatic growth, and they expect to share in the rewards. If the business plan is for investors, include:

- Investment amount you need short-term
- Investment amount you'll need in two to five years
- How you'll use the money and how that will help your business grow
- Estimated return on investment
- Exit strategy for investors (buyback, sale or IPO)
- Percentage of ownership you will give investors
- Milestones or conditions you will accept
- Financial reporting you will provide to investors
- How involved investors will be on the board or in management

For a Manufacturing Business

- Your current production levels
- Your direct production costs and indirect (overhead) costs
- Prices for each product line
- Gross profit margin, both overall and for each product line
- How could you increase production efficiency?
- Production/capacity limits of your existing physical plant
- Production/capacity limits of an expanded physical plant (if you plan to expand)
- Production/capacity limits of your existing equipment
- Production/capacity limits of new equipment (if you plan to buy new equipment)
- What is your supply chain?
- What quality control procedures do you use?
- Purchasing and inventory management procedures
- Explain any planned changes to or improvements on existing products.
- Explain any new products you're developing or plan to begin developing.

For a Service Business

- Explain your prices and the methods used to set them.
- What systems and processes do you use for ensuring consistent delivery of services?
- What quality control procedures do you use?
- How do you measure employee productivity?

- What percentage of total available hours do you bill to customers?
- What is your breakeven amount of billable hours?
- Do you subcontract any work to other businesses? If so, what percentage of work is subcontracted?
- Do you make a profit on subcontracting?
- Explain your credit, payment and collections policies and procedures.
- How do you maintain your client base and get long-term contracts?
- How do you attract new clients?
- Explain any new services you're developing or services you plan to add.

For a Retail Business

- List specific brands you carry that give you a competitive advantage.
- How do you manage inventory?
- What is your annual inventory turnover rate? How does it compare to the industry average (available in the RMA book)?
- Explain your markup policies. Your prices should be profitable, competitive and in line with your brand.
- What are your customer service policies? Are they consistent with industry expectations?
- Does your retail store also have an ecommerce site, or is one planned for the future?

For an Ecommerce Business

- Do you sell a physical product, a service, a digital product (such as eBooks) or some combination of these?
- If selling physical products, how do you brand and package them?
- Do you sell on your own website, online marketplaces (such as Amazon) or both?
- What technology providers and platforms do you use to run your ecommerce site?
    - Web hosting service
    - Web design service
    - Shopping cart provider
    - Payment processing service
    - Fulfillment & shipping services
    - Email marketing services
- Can the solutions you've chosen quickly scale up or down as needed?
- Where do you get your products? Do you manufacture them in-house, buy them from manufacturers or use drop shippers?
- What are your customer service policies? Are they consistent with industry expectations?
- Do you use any proprietary technology of your own? If so, what advantages does that give you?
- Does your business also have a brick-and-mortar store, or is one planned for the future?

For a Software or SaaS business

- What is the economic outlook for your industry?
- What is your pricing structure? Do you use a free trial, "freemium" or paid business model?
- If you offer free services or a free trial option, how do you upsell customers to a payment model? What percentage of free customers become paying customers?
- How do you encourage long-term contracts in order to create recurring revenues?
- How do you conduct R&D?
- What do you do to avoid technological obsolescence and stay competitive?
- How do you manage rapidly changing markets, technologies and costs?
- How do you protect your company's intellectual property?
- Do you use in-house developers or outsource this function?

- How do you provide customer support?
- How do you retain key personnel?
- Do you use any proprietary or exclusive software that gives you a competitive edge?
- How will you protect your intellectual property?
- What additional products or updates to current products are you planning after launch?

Now That You're (Almost) Finished . . .

Remember to go back and complete the Executive Summary.

After you've filled out all the worksheets and executive summary, print them out, and you have a business plan. Work with a SCORE mentor to review and refine your plan.

Read more SCORE content from OnDeck to help you run your small business.