



Kansas Small Business Development Center at ESU

BUSINESS PLAN GUIDELINE

Purpose of the Plan

Start your plan with a discussion of “why” you are writing it. Is it an operating plan? Is it a proposal to secure financing? What (briefly) do you plan to do with this information?

Ownership

How will you organize your business? Will you be a sole proprietor? Will you have partners? Will you be a Limited Liability Company or a Corporation? What are the requirements for registering that type of business? What factors influenced your decision?

Description of the Business

Explain what your business will be, what is its purpose? Is its primary function manufacturing, retail, or service? Is it a start-up, an expansion, or a buy-out? What are the trends in this business? Be sure to credit your sources.

Who will buy your product or service? (*Everyone* is NOT the answer) How will you serve your market better than your competition? What features or services will you offer that will justify your price?

Will you be doing contract work? Include sample contracts in the appendix of the plan.

Who will be your prospective suppliers? Have you talked with them? What kind of terms will they give you?

What seasonality factors relate to your business and how will you overcome them?

Buying An Existing Business

What is the history of the business? If it is going downhill, why? How can you turn it around? What changes do you plan to make in the business?

What is the purchase price formula? Give a breakdown of the building, improvements, equipment, inventory, and mailing lists, and other items, including goodwill.

Location of the Business

Where is the business located and why? What zoning laws will affect you? Will you own or lease the building? What renovations will be needed and at what cost?

Describe the neighborhood (i.e. stable, changing, improving, deteriorating). What other kinds of businesses are in the neighborhood?

How much room is there for growth? How far can you expand before you will have to add onto the building or even move locations?

Licenses and Permits

Are there licenses or permits required for your business? What is the time frame required by the application process? Check with the city, county and state.

Risk and Insurance Coverage

What are the potential risks in your business? What kind of insurance coverage will you purchase to protect yourself and your investment?

Management

What is your business and management experience? What kind of formal and informal education have you had that contributes to your managerial skills? Why are you going to be good at what you will do?

What other management resources will be available to you? (accountant, lawyer, banker, SBA, SCORE, SBDC) List resources by name if possible.

Employees

What are your anticipated personnel needs? List proposed salaries and wages. If you have multiple employees, what is your organizational structure? Who is in charge of what? Can you use part-time employees?

What skills must your employees have? Will you train the people or send them to training? Or will you hire only trained workers?

The Market

What is the present size and growth potential of the market? Document the sources of your estimates. What percent of that market do you expect to have?

Describe your target market characteristics (age, sex, occupation, lifestyle, income, geography, reading, and viewing habits).

How will you attract and keep your segment of this market?

- Product quality
- Price
- Place
- Promotion
- Persuasion – personal selling

Who are your competitors? What are their strengths and weaknesses?

How will you handle credit sales? Will you extend your own credit or accept credit cards?

Will you offer a warranty? What will your sales policy be?

Promotional Mix

What is your customer service policy? Will you train your employees in this area?

How much advertising do you plan to do, where and why?

- Radio
- Newspapers - Television
- Direct Mail
- Business Cards, Flyers
- Internet
- School newspapers/yearbooks
- Athletic/Fine Arts programs

FINANCIAL DATA

1. Sources & Uses of Funds Statement
2. Capital Equipment List (have, need, want)
3. Projected Income Statement (Profit & Loss)
Monthly detail – 3 years with notes of explanations and assumptions
4. Cash Flow Projections
Monthly detail – 3 years with notes of explanations and assumptions
5. Projected Balance Sheet
6. Historical Information (for existing businesses)
 - a. Balance Sheets
 - b. Income Statements
 - c. Cash Flow
 - d. Tax Returns

Usually will need three years historical information PLUS current statements
7. Narrative on the controls you will place on your business (i.e. running financials every month to track your costs)

SUPPORTING DOCUMENTS

Any documentation that will strengthen your plan should be placed here.

Personal resumes, personal financial statements, letters of reference.

Copies of any leases or contracts, descriptive literature or industry documentation.

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