

Nevada Small Business Development Center

The Business Assistance Network

How to Write a Business Plan

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The Nevada Small Business Development Center (NSBDC) is a statewide resource for business assistance, providing a unique array of services, expertise and training in all areas including starting, growing, and developing a business. The NSBDC also offers information and guidance in understanding and complying with environmental and safety regulations. In addition, the NSBDC provides useful information and analyses of the economy, environment and demographic data to help businesses, government and other organizations promote economic growth in their communities.

We are pleased to assist you in your efforts to develop and grow your business!

To learn more about the services we offer, contact the NSBDC at:
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HOW TO WRITE A BUSINESS PLAN

On the following pages, we offer an outline to help you with the concept of writing a business plan and provide a sample format and structure.

There is no formula to writing a business plan. Each plan will be as unique as the business and its owner(s). The plan should reflect the personality and management style of the company. Each plan should contain only those factors that affect its operations.

The business plan should be in writing and contain only those specific areas of operations that will directly affect its success. It should be only as long as is necessary and should contain only the general plan (except for the financial data); ideally ten pages or so should be sufficient. Keep the language simple and to the point. This is not the time for a writing style that has no meaning. The management person(s) should strive to write the plan – not rely on others who will not be involved in decision making. The more involved you become in writing the plan, the more likely you are to follow the plan.

Finally, the business plan is just that - a plan. It serves only to guide the businessperson, not dictate decisions. If used correctly, it can become the most valuable tool the small-businessperson has.

Remember: Be optimistic, but also be realistic.

SAMPLE BUSINESS PLAN OUTLINE:

Your business plan should cover ten different topics, along with supporting materials. The topics are:

Executive Summary

The Company (Present Situation)

Objectives

Management and Personnel

Market Analysis -- Customers

Competition

Marketing Strategy

Pricing and Profitability

Operations

Financial Statements

Section X is the most detailed. Section I may be written last.

I. Executive Summary

The Executive Summary of a business plan is one of the most important sections of the plan. **Writing it last is probably best**, after you have answered all the tough questions, and when you have all your thoughts and figures together. Often the Executive Summary determines if the rest of the plan is read, so it is important to put your best foot forward in this section.

The Summary should be brief, a maximum of two pages. It should leave a potential investor or banker thinking: "This is a good business in which to invest."

One suggested Format for the *Executive Summary* is:

Your product or concept.

A brief history about the type of business you want to start. Is it a new fad?

An analysis of your market (key customers etc.) and strategy.

Briefly- who are your competitors and how will you differ from them?

How will you capture your market-share?

A very brief discussion of your immediate and long-term financial goals.

Conclude with a summary of your cash requirements.

II. The Company

This section should address the **present situation** of your business:

Your name and legal form (partnership, proprietorship, and corporation).

Your company history and reasons for success and problems to date.

How you differ from the competition.

General market conditions for your business.

Who are your customers, and how are you locating them?

If you are an existing business, discuss your position and how you got there. It is very important to be up front in acknowledging past difficulties, to be honest about the reasons for them, and to present real plans (not just intentions) to overcome them this time. Of course, you want to put your best foot forward, but it is imperative that you address the "tough" financial questions.

If you are a start-up business you need to address other matters:

How will your customers know about you?

How your business is different or what niche do you fill?

What need is there for your product or services?

What are your “hard” contributions to the business—cash, equipment, etc.?

Risks

How will you survive economic downturns?

Is your business seasonal?

* Have you done any planning to offset (i.e., different products, etc.) for seasonality?

III. Objectives

This section describes where you want to be in the coming years. What are the goals for your business? Of Course you are optimistic. Now you must verify or substantiate your optimism. *I plan to achieve 20% annual growth rates by ...* “You also state what you need in the way of loans or investments and exactly how the money will be used. Issues to address include:

Short Term:

Specific goals for the next year -- sales volume etc.

Marketing strategy.

Anything innovative (new and exciting) that you plan.

Now is the time to do a little plain, old- fashioned bragging about your business and its potential for growth and profits! Show your enthusiasm in specifics.

Long Term:

Where do you expect to be in five to seven years?

Where would you like to be, and how do you expect to get there?

Anything specific you can cite that substantiates your growth projections, i.e., trade publications, journals, etc.?

If you have factual statistics, proposals and/or numbers that back up your goals, the more weight they will carry.

IV. Management and Personnel

This section discusses partners, management, and special employee qualifications unique to your business, and the general labor market for your needs in this area.

Specific questions include:

What positions will key personnel hold?

Where and how will you find these people?

If already employed, what is their experience?

Resumes for you and key personnel are appropriate if available, attach them as appendices.

Do you have established outside sources for information? An attorney, accountant, marketing consultant, etc.?

V. Market Analysis -- Customers

This section describes where your business fits within the industry. It identifies your customers, and how and where you will get them.

Questions to address would include:

What need or demand does your product/service fill?

From where (geographically) will you draw your customers?

If your concern is ongoing, what is your present position in this market?

If you are just starting up, discuss your choice of location and how it will affect your volume.

Have you conducted market surveys or polls that confirm a need for your product/service? If so, discuss them.

Are consumer factors such as age, income or status important to the success of your business? Discuss these factors and describe your typical customer (a customer profile).

Can you cite any recent articles by trade magazines discussing buying trends in your industry?

Can you obtain any letters of intent from suppliers or buyers?

Can you obtain factual numbers and statistics to back up your analysis?

VI. Competition

If you are an existing business, you know your competition. If you are a start-up, now is the time to look long and hard at the market and your competitors.

Here are some questions this section should answer:

Who is your primary competition? (i.e. McDonalds vs. Burger King)

What sets you apart from your competitors? Why?

Why would people choose you?

Who is your secondary competition? (i.e. McDonalds vs. all companies that sell cooked food)

Do you have any unique advantages or product differentiation?

If you have a new product or service, what have customers been doing until the present to satisfy their needs?

How has existing business fallen short in fulfilling these needs?

VII. Marketing Strategy

This section discusses your marketing strategy, which is how you intend to promote your services or product as fulfilling (and creating) your customers' needs. The section should show that you have an understanding of overall ways and means of marketing and a specific plan.

Are your pricing policies particularly advantages to your customers?

How is marketing traditionally done in your industry?

What will you do in the way of promoting your product/services (be specific)?

What drawbacks do your customers have in dealing with competitors, and how will you overcome these drawbacks?

Will you have a special introductory program? A grand opening?

Will you be involved in a trade or professional organization?

Have you done any polling or interviewing of potential customers that show acceptance of your plans? Once again – letters of intent from major customers if possible.

Will you be using Yellow Pages, direct mail, cold calling, flyers, direct sales, or other promotional ideas? Elaborate on methods and techniques that you feel will be effective. (Is this the same, or different from your industry? Why?)

Who will constitute your sales force? What experience do they possess? From where will you get them? Will you be providing any special benefit outside normal industry standards for your customers (after-sale support, follow-up, technical assistance, etc.)?

VIII. Pricing and Profitability

Pricing is an important part of becoming your own marketing expert. This is tough for many start-up businesses. It is an area where you will need all the advice and information you can get. The questions include:

How are prices set to accomplish the delicate balancing act between volume and profitability?

How do you set your prices? Standard mark-up or as a percent of cost of goods sold?

Can you charge a higher price because of better-perceived value, better location or better service?

What will your competition do if your strategy is to undersell them?

IX. Operations

Use this section to describe the specifics of how you will carry out the normal everyday business of your company.

Describe your facility.

How did you develop your knowledge for this business?

Explain the manufacturing/serving process in laymen's terms.

Do you have any special techniques, copyrights, trademarks or patents?

Are there any government mandates or regulations that you must meet?

What is the environmental impact of your business, and the regulations?

How will you stay abreast of changes in the regulatory area?

What are your production capabilities?

What skills do your workers need, and what is your planned mix of special training and experience?

Do you have any geographical advantage in your location over your competitors?

What is the current value of your equipment?

How long will it remain useful?

Are there industry standards that apply to your products?

How will you overcome risks that occur (i.e. breaks in the supply chain, vendor/supplier issues).

X. Financial Statements

If you are a **start-up** enterprise, the basic financial statements you will deal with include:

Sources and Uses of Funds

Projected Income Statement

Projected Cash Flows (attached to Projected Income Statement in the example)

Balance Sheet

If you are an **existing** business, you will also need:

Income statements for the past three years.

Balance sheets for the past three years.

Sources and Uses:

This section addresses how much money you need and exactly what you are going to do with it.

Sources include venture capital, loans, mortgages, and equity.

Uses include purchase of property, construction, equipment, inventory and operating capital.

Uses usually include:

Initial purchases of equipment and inventory

Advertising

Working capital

Deposits