

Business Plan Template

The following business plan template can be customized for your company. These forms also are located on the accompanying disc in case you need to modify them on your computer. You may want to work through this plan as you review the rest of the chapters. Some of the business plan sections are covered in more depth in future chapters.

Business Plan Outline

Section 1: Cover Sheet

- 1a. Name of Business
- 1b. Contact Information

Section 2: Executive Summary

- 2a. Plan Highlights
- 2b. Keys to Success

Section 3: Company Summary

- 3a. Vision
- 3b. Mission
- 3c. Legal Structure
- 3d. Management and Personnel Plan
- 3e. Proposed Location
- 3f. Facilities Requirements
- 3g. Operational Hours

Section 4: Products and/or Service

- 4a. Product and/or Service Description
- 4b. Vendors
- 4c. Technology
- 4d. Expansion Opportunities

Section 5: Market Analysis

- 5a. Target Market Definition
- 5b. Market Needs
- 5c. Market Trends
- 5d. Market Growth
- 5e. Competitive Comparison

Section 6: Marketing Strategy

- 6a. Value Proposition
- 6b. Competitive Edge
- 6c. Pricing Strategy
- 6d. Promotion Strategy
- 6e. Marketing Programs

Section 6: Financial Plan

- 6a. Sales Forecast and Assumptions
- 6b. Profit & Loss Proforma
- 6c. Source of Financing

Note: You may also refer to the Financial Management chapter regarding additional financial documentation such as a balance sheet, income statement and statement of cash flows. The profit and loss proforma is a good tool for newly established businesses to determine how much revenue is needed to breakeven.

Cover Sheet

The cover sheet should contain the name of the business, address, phone number, fax number, e-mail address and contact name. Some cover sheets also contain a confidentiality statement.

Executive Summary

A business plan normally starts with an executive summary, which should be concise and interesting. This summary includes the highlights of your plan and serves as an introduction to the rest of your plan. Topics in your executive summary should include, but are not limited to, the following:

- ✓ Business Name
- ✓ Business Location
- ✓ Product and/or Service Offered
- ✓ Purpose of the Plan
- ✓ Projected Sales
- ✓ Profitability
- ✓ Keys to Success

The executive summary should be only a page or two in length. Although the executive summary appears first in the printed document, most business plan developers do not write it until after the plan is complete.

Company Summary

1. Include a vision and mission statement for your company. The vision should be a short statement about the company's aspirations for the future. The mission goes more in-depth to describe the company's goals and strategies.
2. Define the legal structure of your company (i.e. sole proprietorship, partnership, corporation, LLC). Explain why you chose this structure and the benefits it will provide to you and your company. Legal structure is covered in Chapter 2.
3. Outline the key management personnel you will need to run your business. Can you run the business yourself or do you need to hire managers to help run the operations? What are the job responsibilities of these managers?
4. How many employees do you require? What are the job responsibilities of the employees?
5. Outline the location of your business. You do not need to provide a specific address if you do not have one but describe the area. (For example, downtown

- location, at home, in a rural area) Explain why this location will provide you with the best opportunity for success.
6. Define your facility requirements. Do you need office space, a production area, storage space or mobile storage? You may want to draw a diagram of the space.
 7. What are your hours of operation? How will you handle emergency situations that arise outside of normal working hours? Explain how these hours provide the maximum benefit to your customer.

Product and/or Service Description

1. Write a summary explaining the area you are specializing in. For example, are you a general contractor, plumbing contractor, etc.?
2. Who are going to be your primary subcontractors and suppliers? What process will you use to evaluate subs and suppliers?
3. Write a summary on how technology will impact your business. Are there efficiencies that can be gained through technology? For example, can you integrate scheduling or estimating into your business processes?
4. What expansion opportunities exist in the future after your company is established? Can you offer additional products and/or services, or expand your customer base to other locations?

Market Analysis

1. Define the target market for your product or service. Describe the key characteristics of your customers. For example, are your primary customers' families, retired adults, businesses, etc.?
2. Describe the need that your product or service will be filling for your customers.
3. Describe how your product or service aligns with the consumer trends of your customers. What are the construction trends for your trade and how do these impact your customer's needs?
4. Outline growth opportunities that exist within your target audience. For example, if your target audience is young families, you may want to concentrate on single family homes rather than commercial projects.
5. List your major competitors. Are they local, regional or national?

Marketing Strategy

1. Describe the value that your company will provide your customers. What benefits of using your company will you promote to your customers? For example, you may promote your level of quality or service.
2. Describe what makes your product or service unique and how you have differentiated yourself from your competitors.
3. What pricing strategy are you going to use? Some options include:
 - Cost-plus pricing where you determine a mark-up percentage and add it to the cost of the job.
 - Consistency with competition where your pricing reflects what the competition is charging.
 - Value pricing, where you try to undercut your competition with lower prices.
4. How are you going to familiarize your customers with your business? Are you going to promote your product in special venues (i.e. trade shows or special events)? Are there any businesses with which you can build a co-op relationship with so you can cross-promote each other? For example, you can partner with another trade or supplier to promote each other.
5. How are you going to advertise? Are you going to use mediums such as radio, TV, print, online, etc.? How often will you advertise?
6. Are you going to hire sales representatives to promote your company? If so, how many? How will the sales force be divided up? By area or region?

Financial Plan

The profit-and-loss statement is a tabulation of the gross sales income to the company from which all attributed costs must be deducted. A pro forma is a “best guess” at these sales numbers and the associated costs. From this pro forma, you can see your profit or loss based on the numbers you projected and adjust your budget accordingly.

If you use the spreadsheet located on the disc, it will automatically calculate gross profit and net income. These calculations were derived from the following formulas. You will learn more about financial calculations in the Financial Management chapter.

$$\text{Income} - \text{Cost of Goods Sold} = \text{Gross Profit}$$

$$\text{Gross Profit} - \text{Expenses} = \text{Net Income}$$

A blank profit-and-loss form is located at the end of this section, if you are unable to use the form on the disc.

Use the following points to help you make your sales and expense projections.

Sales/Income

You need to determine the average price of the jobs you perform and the number of customers you are projecting for the year. This is your “best guess” but if you have any historical sales data, you may want to use this information in your calculations.

How ever you determine your sales, you must list your assumptions so the person reviewing your business plan will understand where the numbers came from.

Assumptions in determining sales numbers:

	Sales (in dollars)
Year 1	
Year 2	
Year 3	

Transfer sales numbers into the profit-and-loss worksheet.

Cost of Goods Sold (COGS)

Cost of goods sold is traditionally the cost of materials and production of the goods a business sells. Input your inventory cost and the cost to produce the final product for the customer and add them together.

	Year 1	Year 2	Year 3
Inventory			
Production Payroll			
Total			

Transfer sales numbers into the profit-and-loss worksheet.

Management Salaries

Determine how many managers/supervisors you will need to operate your business. Research a salary survey to estimate what they make in your type of business. Determine if you will need to add managers/supervisors in years two and three based on in increase in business.

	Number of Managers	Manager Yearly Salary	Total Management Salaries
Year 1			
Year 2			
Year 3			

Enter the total Management Salaries in the respective boxes on your spreadsheet.

Payroll Taxes

Payroll taxes are calculated at approximately 13% of the salaries listed on your spreadsheet. A formula has been entered to calculate that amount automatically.

Payroll taxes are composed of the following items:

- ✓ Social Security, also known as FICA, (a set percent deducted from a employee's check and EMPLOYER MATCHED)
- ✓ Medicare, also known as FICA (a set percent deducted from a employee's check and EMPLOYER MATCHED)
- ✓ FUTA -Federal Unemployment Tax Act authorizes the IRS to use monies for job service/training (federal employment agency) EMPLOYER PAID ONLY
- ✓ SUTA - State Unemployment Tax Act authorizes the state for job service/training and retraining of displaced workers EMPLOYER-PAID ONLY
- ✓ FUI Federal Unemployment Insurance EMPLOYER-PAID ONLY
- ✓ SUI State Unemployment Insurance EMPLOYER-PAID ONLY

More details on payroll taxes are provided in the Tax Basics chapter.

Outside Services

These are people who provide services to your company not directly related to the sales or income of the company. They would not appear on your payroll. Estimate your annual expenses for the following outside services. Keep in mind that the cost may be higher in the first year due to start-up needs. The second year the cost may drop, then level off in the third year.

	Year 1	Year 2	Year 3
Lawyer			
Accountant			
Technology Consultant			
Total			

Enter the year totals into the spreadsheet.

Advertising & Promotion

Look at what type of marketing you will need. If you are creating a radio, newspaper or TV ad, get an estimate on what that would cost. Don't forget to calculate the frequency of advertising you are going to do. For example, let's say that a magazine ad is \$1,000 for a quarter-page ad and the magazine comes out monthly. Your advertising cost would be \$12,000 per year. You may want to advertise by printing flyers and mailing them out. Calculate the printing costs as well as the postage to send out the flyers.

	Year 1	Year 2	Year 3
Radio			
TV			
Newspaper			
Magazine			
Flyers			
Direct Mail			
Special Events			
Online Ads			
Other <i>Please Specify:</i>			
Total			

Enter the year totals into the spreadsheet.

Rent

If you rent a facility, determine the rental costs per year. Keep in mind the square footage requirements that you have set out.

	Annual Rent
Location #1	
Location #2	
Location #3	
Average of all 3 locations	

If you are going to stay in 1 location, your rent should remain fixed over 3 years. If you plan on expanding in years 2 and 3, you may want to increase rent accordingly.

Enter the average of all 3 locations in the rent column on your spreadsheet.

Office Supplies

Office supplies include items such as paper, pens, printer cartridges and tape as well as cleaning supplies. As your business increases, the consumption of these supplies may increase accordingly.

	Year 1	Year 2	Year 3
Office Supplies			
Cleaning Supplies			
Total			

Enter the year totals into the spreadsheet.

Dues, Subscriptions & Licenses

You may want to join a Chamber of Commerce, business organization or subscribe to trade publications. Your business may also require you to get a license to operate. For example, you may be required to get a contractor's license.

	Year 1	Year 2	Year 3
Chamber of Commerce Membership			
Business Organization Membership (i.e. National Homebuilders Association)			
Magazine/Newspaper Subscriptions			
Business License Fees			
Total			

Enter the year totals into the spreadsheet.

Travel

Does your business require you to travel to meet with customers? Will you travel locally, regionally or nationally? What are the air travel, rental car and hotel costs for this? There is a separate section for automobile expenses where you input costs such as gasoline.

	Year 1	Year 2	Year 3
Air Travel			
Rental Cars			
Hotel			
Other Please Specify:			
Total			

Enter the year totals into the spreadsheet.

Meals and Entertainment

Determine if you will be providing meals or taking your clients and/or vendors out for entertainment.

Keep in mind that the IRS only allows you to take a 50 percent deduction on meals and entertainment. It is not considered a 100 percent business expense. You will enter the

full amount on your profit and loss and your tax accountant would make the proper adjustments on your tax return at the end of the year.

	Year 1	Year 2	Year 3
Meals			
Entertainment			
Total			

Enter the year totals into the spreadsheet.

Automobile Expense

Determine if you will need an automobile(s) and/or delivery trucks to operate your business. The cost to purchase the automobile would appear under “Assets” on your balance sheet. Although, the cost to operate these vehicles would go under Automobile Expense on the profit-and-loss statement.

	Year 1	Year 2	Year 3
Gasoline			
Oil Changes			
Car Washes			
Other Please Specify:			
Total			

Enter the year totals into the spreadsheet.

Utilities/Telephone

Determine what your utilities and telephone costs will be for the first three years. You will also need to determine how many telephone lines you need. For example, you may need an office phone and a cell phone. You also should itemize internet service and place it under this line item.

	Year 1	Year 2	Year 3
Electric			
Water			
Garbage			
Telephone			
Internet Service			
Other Please Specify:			
Total			

Enter the year totals into the spreadsheet.

Auto Insurance

If you have business vehicles, you will want to carry insurance on them. If you increase the number of vehicles in years two and three, insurance expense will increase as well. Certain vehicles may also hold a higher insurance cost over others. For example, if you have delivery trucks, the insurance will probably be more expensive than a mid-size car.

	Year 1	Year 2	Year 3
Vehicle #1			
Vehicle #2			
Vehicle #3			
Total			

Enter the year totals into the spreadsheet.

Group Medical Insurance

You may want to carry medical, dental or life insurance for your employees as a benefit and to increase employee retention.

	Year 1	Year 2	Year 3
Medical			
Dental			
Life			
Total			

Enter the year totals into the spreadsheet.

Business Insurance

By law, businesses are required to carry Workers Compensation Insurance. Business liability insurance protects your business against accidents such as fire, flooding, burglary, etc. Business liability insurance is not required by law, but by contract. For example, most landlords require you to carry business liability insurance, as do banks and governmental agencies with which you have a contract. Insurance is covered in more detail in Chapter 4, Managing Risk.

	Year 1	Year 2	Year 3
Workers Compensation			
Business Liability			
Total			

Enter the year totals into the spreadsheet.

	Year 1	Year 2	Year 3
Income			
Sales			
Total Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Cost of Goods Sold			
Inventory Cost			
Production Payroll Cost			
Total COGS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	0.00	0.00	0.00
Expense			
Management Salaries			
Payroll Taxes	0.00	0.00	0.00
Outside Services			
Advertising & Promotion			
Rent			
Office Supplies			
Dues, Subscriptions & Licenses			
Travel			
Meals and Entertainment			
Automobile Expense			
Utilities/Telephone			
Insurance Auto			
Insurance Group Medical			
Business Insurance			
Total Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>