

Preparing a Business Plan

A business plan is simply a written document that describes the future path of a business. A good business plan explains the business concept, summarizes the objectives of the business, identifies the resources (both in terms of money and people) that will be needed by the business, describes how those resources will be obtained, and tells the reader why the business will succeed. Virtually all sources of financing will want to see your plan, and a substantial part of the lender/investor's decision on whether or not to finance the business is based on this plan.

There are many substantial benefits to writing a business plan. First and foremost research has shown that 60 percent of businesses that complete a business plan survive two or more years; whereas, 15 percent of businesses without business plans survive two or more years. Your success is largely dependent on how much you understand your business and business sector. Writing a business plan will force you to think about your business, research some options, recognize opportunities and risks, and test some of your assumptions. As such, it helps you organize your thoughts and your resources. It will help you identify the cash needs of your business. A business plan can be used to raise funding from banks and from investors. Your business plan can be used to tell employees, investors and others about your plans and strategies. A business plan provides a benchmark against which to compare the progress and performance of your business. Below is a general outline. More detailed outlines can be received from Economic Development Corporation of Manitowoc County. Call (920) 482-0540 for more information.

- I. Executive Summary (2 pages maximum)
 - This is an important section of the plan because it provides a concise overview of the complete plan. Often a lender or prospective investor may only read this section and the financial plan. This section should be written last.
- II. Business Description
 - A. Type, form, and history of business.
 - B. Mission and goal of business.
 - C. Why will this business be successful?
 - D. What is the growth potential?
 - E. What is your "competitive advantage"?
- III. Industry Analysis
 - A. Describe recent trends in the industry.
 - B. Characteristics of firms in the industry.
 - Average firm size
 - Cost structure
 - Typical profit margins, gross and net
 - Seasonal sales patterns
 - Other important characteristics
 - C. Industry outlook/forecast.
- IV. Competitive Analysis
 - A. Who are your competitors?
 - B. Describe/profile key competitors.
 - C. Strengths/weaknesses of key competitors.
 - D. What can you learn from competitors?
- V. Market Analysis
 - A. Define the market (who buys and why?).
 - B. How is the market segmented?
 - C. How large is the market?
 - D. Identify your target markets.
 - E. Describe your customer buying practices.
 - F. Describe market trends and growth potential.
- VI. Marketing Plan
 - A. What are your marketing objectives?
 - B. How will you position your business in the market?
 - C. How will you advertise and promote your products services?
 - D. What is your marketing budget?
- VII. Management Plan
 - A. Who will manage the business?
 - B. What qualifications do they have?
- C. Describe the strengths/weaknesses of the management team.
- D. What legal format will be used?
- E. Describe your accounting and record keeping system.
- F. What consultants or specialists will you need?
- G. How will you use them?
- VIII. Operations Plan
 - A. Describe your production and/or service delivery methods.
 - B. Describe your facilities, capital equipment and technology requirements.
 - C. How many employees will you need?
 - D. Who are your suppliers and contractor?
 - E. Identify fixed and variable costs of production/service delivery.
 - F. Describe your quality control methods.
- IX. Financial Plan
 - A. Provide a detailed list of start-up costs.
 - B. What is your break even volume?
 - C. Provide proforma (projected) financial statements for the first three years.
 1. Income statement (profit & loss).
 2. Cash flow statement.
 3. Balance sheet.
 - D. Explain all assumptions used in developing financial projections.
- X. Milestone Schedule
 - A. What is the timeline (key activities and target dates for start-up)?
 - B. Describe key objectives and the schedule for their accomplishment.
- XI. Critical Risks
 - A. What potential problems could arise?
 - B. How likely are they to occur?
 - C. How do you plan to manage or overcome these problems?
- XII. Appendix

This section should include all supporting documentation such as resumes, contracts, advertisements, price quotes, magazine articles, etc. They should be referenced in the text and placed here.

Only you can write your business plan. A business plan is an expression of your ideas and no one can possibly understand your ideas better than you. You could have someone else write your business plan, but then it would not be your business plan.

This does not mean that you cannot or should not get help in preparing your business plan. If you need help with the writing, the research, or the financial projections there are many sources of assistance available and you should take advantage of them. Sources of assistance and advice are identified throughout this resource guide.

Business Plan Assistance

- **Economic Development Corporation of Manitowoc County**
1515 S Memorial Dr, Manitowoc, WI 54221
(920) 482-0540
www.edcmc.org
Offers business development assistance, business planning, demographics and market research, statistics, financing, strategic planning, regulatory matters, site selection, permitting/licensing assistance, and business name registration assistance.
- **Manitowoc Branch of SCORE—Chapter 508**
1515 S Memorial Dr, Manitowoc, WI 54221
(920) 482-0540
SCORE provides mentoring, business plan assistance, marketing ideas, financial resources, and contacts for business advisors.
- **Lakeshore Technical College—Center for Entrepreneurship**
1290 North Avenue
Cleveland, WI 53015-1414
(920) 693-1000
Consult with, train, and assist Lakeshore area residents and LTC students seeking to start or further develop their own businesses. Offer courses, workshops, and seminars.
- **UW-Green Bay Small Business Development Center**
Manitowoc County Office Complex
4319 Expo Drive, Manitowoc, WI 54221
(920) 683-4169
The SBDC provides business plan assistance, financing plan development, and assistance in the areas of marketing, pricing, etc.

Business Plan Course: E-Seed

The E-Seed Entrepreneurs Course is a 12-session intensive training program designed to encourage business expansion in a community. The course focuses on teaching the art of better business practices while producing a comprehensive business plan to guide business decisions and activities. Start-up and existing businesses will learn the following as they prepare a written business plan:

- How and when to start business planning
- How to organize and better manage their business
- How to identify opportunities and market their business
- How to understand and get the business' financials in order
- How and where to get funding for their business
- How to write a detailed, comprehensive business plan
- Networking with other entrepreneurs
- How to develop a network with small business support services

For more information contact Director of Client Services and Marketing Diana Schultz at dschultz@edcmc.org or (920) 482-0540.