Business Plan Template for a Startup Business

A startup business plan serves several purposes. It can help convince investors or lenders to finance your business. It can persuade partners or key employees to join your company. Most importantly, it serves as a roadmap guiding the launch and growth of your new business.

Writing a business plan is an opportunity to carefully think through every step of starting your company so you can prepare for success. This is your chance to discover any weaknesses in your business idea, 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 and others reading your plan will want to see realistic projections and expect your assumptions to be supported with facts.

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.

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# I. Instructions: Executive Summary

The Executive Summary is the most important part of your business plan. Often, it’s the only part that a prospective investor or lender reads before deciding whether or not to read the rest of your plan. It should convey your enthusiasm for your business idea 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 elements of your startup and be prepared to summarize them.

The Executive Summary should briefly explain each of the below.

1. **An overview of your business** idea (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?
4. **Your proposed 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 will help you succeed?
6. **Your management team and their prior experience.** What do they bring to the table that will give 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.

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 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**

Astrozena is a company that helps customers with Eczema manage the appearance of their skins effectively.

Our mission is to provide safe, effective, and affordable soaps and moisturizers for our customers that effectively treat infections or patches on their skins.

1. **Company philosophy and vision**

*Philosophy*

Our company's core values include respect for persons, commitment to integrity, compassion, ethical practices, justice to our patients, and honesty. The company's philosophy is to embody our customers' dimensions through ethical, compassionate, and safe practices.

*Vision*

Our vision is to be the world's premier dermatologist company that makes Eczema patients proud of their skins.

1. **Company goals**

*Goals*

The company's long-term goal is to make Eczema soaps and moisturizers available to customers worldwide at an affordable price.

Astrozena Company has a goal of operating in different countries. The company also aims at reducing the cost of Eczema products by 1% in five months period.

*Milestones:*

The company should venture into new markets this year.

It should reach $1000 sales by the end of this year.

Reduce overheads by 3% in five months.

1. **Target market**

Astrozena Company targets children and adults with Eczema conditions and those with dried skins. The company also targets those people with other skin complication’s part from Eczema. The company targets both high-end and low-income customers with skin-related complications.

1. **Industry**

Astrozena Inc. Company falls under the pharmaceutical industry. The global atopic dermatitis drug market is projected to grow by 7.09% by 2023(Market watch, 2021). The growth of the industry is due to the increased use of pharmacological products and underdeveloped countries. Besides, the prevalence of food allergies has led to an increased rate of eczema treatment. Astrozena incorporated can utilize this growth to venture into new markets in developing and underdeveloped countries. The company is competitive as it offers effective herbal soaps and moisturizers at a cheaper cost compares to other top players in the industry. The company is also located in urban centers, which makes it competitive. Some of the competitors are Bayer AG, AbbVie Inc., Bausch Health Companies Inc., and Alliance Pharma Plc. the company will successfully compete through a cost reduction strategy that will lower the product prices for low-income customers. Astrozena Inc. Also integrates market mix to increase its competitiveness in the global industry.

1. **Legal structure**

The business starts as a corporation with four members. Using this legal structure encourages the stakeholders to invest in the business to generate the capital required for expansion and operation.

The stakeholder's holders own 20 % of the share of the business, while the ownership of the members is divided depending on their ratio of contribution.

## Company Description Worksheet

|  |  |
| --- | --- |
| **Business Name** | Astrozena Inc. company |
| **Company Mission Statement** | Our mission is to provide safe, effective, and affordable soaps and moisturizers for our customers that effectively treat infections or patches on their skins. |
| **Company Philosophy/**  **Values** | Humility, compassion, ethics, justice, integrity, and honest |
| **Company Vision** | To be the world's premier dermatologist company that makes Eczema patients proud of their skins. |
| **Goals & Milestones** | 1. Attaining $1000 sales by the end of this year  2. Reduce overheads by 3% in five months. |
| **Target Market** | Adults and children with eczema complications and other related diseases  High end and low-income customers |
| **Industry/**  **Competitors** | 1. Bausch Health Companies Inc.  2. Alliance Pharma Plc |
| **Legal Structure/**  **Ownership** | Corporation  Investors 20% share of the company  Owners divide ownership based on their contribution |

# III. Instructions: Products & Services

This section expands on the basic information about your products and services included in the Executive Summary and Company Description. Here are some items to consider:

**Your company’s products and/or services:** The company will sell eczema soaps and moisturizers. Astrozena Company will manufacture the products by mixing various herbal ingredients at a given ratio.

There is a strong relationship between the manufacturers and distributors to ensure that the product is available for customers in their time of need.

**The problem the product or service solves**: The eczema soaps and moisturizers will help the customers treat patches and infections on their skins. It also moisturizes dry skins hence building confidence in our customers (Mayo clinic, 2020). The soaps have vitamin E and A that strengthens the tissues of the skin. The company products also remove black eyes and sunburns.

The service provided by the company involves offering advisory to patients with skin issues. The soaps and moisturizers are effective than those of competitors as they are a product of herbs that heals the skin without adverse side effects. The product is also cheaper than those of the competitor are.

**Any proprietary features that give you a competitive advantage**: The company has appetent and copyrights to produce herb soaps and moisturizers. The company also has technological equipment and distribution stores (Castrollion, 2019). The technology can produce soaps and moisturizers in high quantity during excess demand in the market, while the store ensures timely delivery to customers.

**How you will price your product or service**: The price of moisturizer ranges from 4 $ to 20 $ depending on the quantity. The soap will cost $13 for the size of 10.5 Ounce. The price is low as competitors charge 5$ to 31$. besides, the customers save 50% on the initial purchase as they will buy one and get one free. The pricing will attract new customers, saving extra expenses related to competitor's product pricing. If the company reaches the target sales of 1000$, the project margin will be 3000$.

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** | Astrozena Inc. company |
| **Product/ Service Idea** | Eczema soaps and moisturizers |
| **Special Benefits** | It contains vitamin E and A for healthy skin |
| **Unique Features** | The products are made of herbs |
| **Limits and Liabilities** |  |
| **Production and Delivery** | There are stores in all states to facilitate distribution. The company will also use local distributors to ensure timely delivery |
| **Suppliers** | Local distributors |
| **Intellectual Property Special Permits** | Patent and copyrights to produce herbal soaps and moisturizers for patients with eczema conditions. |
| **Product/**  **Service Description** | A green polythene paper with the logo Astrozena will cover the soaps, while the moisturizer will be in a cream bottle with green nozzle sprays. They are products from herbs. |

# 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.

### Market research

The company market research was a huge success. We distributed the product randomly for 200 hundred persons and after the week the results were inspiring. 98 percent recommended the product and 78 percent said that they will use it in the future when they knew the price. Also, the market share has risen consistently in the last six months which indicates approval by the public.

The secondary market research was encouraging too. Although our brand is still relatively unknown, and our market share is less than 5% in the USA, the signs are encouraging. First, the drug market is projected to grow by 7.09% by 2023, and the rate of growth is increasingly monthly in the targeted area. Finally, our price is highly competitive, and our product and brand are widely accepted.

### Barriers to entry

Regarding barriers to entry, it is a mixed result. On the one hand, the company has passed the high startup and production costs successfully and currently trying to reduce the production cost. It has also patented its product and has no union or regulation problems. On the other hand, the company still faces recognition challenges, and distribution costs as well as high costs of expanding to new regions.

### Threats and opportunities

The next challenge is to expand locally and globally. There is a big market that is still undiscovered, but a lot of funds should be deployed in marketing and production to achieve this goal. Also, there are different cultures and rules, and regulations to consider that could cause major setbacks if not treated properly. Additionally, a watchful eye should be kept on the rules and regulations locally and globally to secure that no new rules require any changes, even if our product is completely natural. Finally, the research and development department should concentrate its efforts on changes in industry and technology to keep the competitive edge the company possesses.

*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** | Highly successful |  |  |  |
| **Brand/ Marketing** |  | Needs more work and marketing |  |  |
| **Staff/HR** | Excellent Staff |  |  |  |
| **Finance** |  | With new investors |  |  |
| **Operations/**  **Management** | Costs are low. Production on time. |  |  |  |
| **Market** |  |  | Big markets to exploit |  |
| **Can any of your strengths help with improving your weaknesses or combating your threats? If so, please describe how below.** | | | | | |
| All the strengths can help in reducing the weaknesses and even transform them into strengths. The product and staff with good management can attract new investors that well solve the financial issues which in turn will solve the marketing and distribution issues. | | | | | |
| **Based on the information above, what are your immediate goals/next steps?** | | | | | |
| The immediate goal is to find new investors by putting shares on the market. Also, to market the product through the media to bolster the image and brand of the product. | | | | | |
| **Based on the information above, what are your long-term goals/next steps?** | | | | | |
| The long-term goal should be the global distribution of the product. A small department should be established to participate in fairs and expositions to find international distributors. This is the best way to achieve the long-term goals with the budget and funds available. | | | | | |

### Product/service features and benefits

The company provides soaps and moisturizers. The product is completely made of herbs and contains many nutrients and vitamins like vitamin A and E that are healthy for the skins especially the dry ones.

Since it is made of herbs it does not contain any chemicals which makes it allergy-free and moistens the skin with no side effects. It is a medical soap for the price of a regular one. Besides, the company is providing consultancy services for our customers to help them know the right product to use in their skins. Currently, the company only supplies in specific areas, where our stores are located, but plans are made to spread the product in all states. Our product comes with a written guarantee that no chemicals have been introduced in its ingredients or production.

### Target customer

The main target is directed towards adults and children with eczema complications and other related diseases. Nevertheless, with its unique pricing, all people with dry skin or normal skin can buy this product if they want a natural organic product. Also, the high-end and low-income customers can buy this product which makes the whole buying consumers potential customers.

Therefore, the focus should be on buying women as they show more interest in the types of soaps than men and are the ones who usually shop for such items.

### Key competitors

One of the biggest mistakes you can make in a business plan is to claim you have “no competition.” Every business has competitors. Your plan must show that you’ve identified yours and understand how to differentiate your business. This section should:

List key companies that compete with you (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’re opening a restaurant that relies on consumers’ discretionary spending, then bars and nightclubs are indirect competitors.

*Use the Competitor Data Collection Plan on the next page to brainstorm ways you can collect information about competitors in each category.*

## Competitor Data Collection Plan

|  |  |  |
| --- | --- | --- |
| **Price** | ***Shanghai Keysun Bio-Tech*** | ***Much cheaper and organic*** |
| **Benefits/Features** | ***Baush Health companies (Canada)***  ***Bayer AG (Germany)***  ***Abbvie Inc (Illinois, US)*** | ***Bigger range and provide more variety.*** |
| **Size/profitability** | ***All mentioned above***  ***Bradford Soup Works, Inc. (Rhode Island USA)*** | ***Much bigger and have a higher turnover rate and profit.*** |
| **Market strategy** | ***Shanghai Keysun Bio-Tech***  ***All the rest*** | ***Local in China and Use Ali- baba and Amazon worldwide.***  ***International distribution.*** |

*Once you’ve identified your major competitors, use the Competitive Analysis Worksheet on the next page to compare your business to theirs.*

## Competitive Analysis Worksheet

| FACTOR | Me | Baush Health  Bayer AG  Abbvie Inc | Bradford Soup Works, Inc. | Keysun Bio-Tech | Importance to Customer |
| --- | --- | --- | --- | --- | --- |
| Products | S | S | S | W | 3 |
| Price | S | W | W | S | 4 |
| Quality | S | S | W | W | 5 |
| Selection | W | S | S | W | 3 |
| Service | S | S | S | W | 3 |
| Reliability | S | S | S | S | 4 |
| Stability | S | S | S | S | 2 |
| Expertise | S | S | S | S | 2 |
| Company Reputation | W | S | S | S | 4 |
| Location | S | S | S | W | 1 |
| Appearance | S | S | S | S | 4 |
| Sales Method | W | S | S | S | 2 |
| Credit Policies | S | S | S | S | 1 |
| Advertising | W | W | W | W | 3 |
| Image | S | S | S | W | 3 |

### Positioning/Niche

Our product has the best price competitive advantage. It is the only product that is medical with the price range of regular soap companies. We have a quality and reliable product that has a good image with a stable production force. The quality and the service provided after-sales makes a good image for the company. The weakness is the brand is still not well known and is in our marketing of the product.

Once the setup is complete to distribute locally and internationally, there is no reason to be head to head with other competitors in market shares and sales revenue.

### How you will market your product/service

In this day and age, the best market strategy is e-marketing. Since the marketing budget is rather small compared to competitors, the best option is to focus online that has a global reach with affordable prices. This strategy is very flexible and can be easily increased when the sales rise and the revenue increases, forming an unbreakable bond. Increase in sales that lead increase in marketing that lead increase in sales. Although the focus of marketing will be on mobile and online marketing, search engine optimization should be also included. Although this is not part of the marketing plan community service and Customer Relation Management (CRM) are important and can increase sales.

Imaging is of vital importance; the company should have a solid image of reliability and integrity since it is dealing with soap that could be used for medical reasons. It has to reflect the properties of technical advancements it possesses in its products. As a result, so the logo, signage, and all designs should reflect confidence and professionalism.

### Promotional budget

## Marketing Expenses Strategy Chart

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Skin disease** | **Women** | **All Consumers** |
| **One-Time**  **Expenses** | 20,000 US Dollars | 30,000 US Dollars | 30,000 US Dollars |
| **Monthly or Annual Expenses** | 2% of sales if we estimate a 3M then it is 60,000 US Dollars annually. | 4 % of sales if we estimate a 3M then it is 120,000 US Dollars annually. | 2% of sales if we estimate a 3M then it is 60,000 US Dollars annually. |
| **Labor Costs** | 10,000 Us Dollars. | 10,000 Us Dollars. | 10,000 Us Dollars. |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Annual Marketing Budget** | |  |  |  |  |  |  |  |  |
| **Year:** | **21** | |  |  |  |  |  |  |  |
|  |  | |  |  | **Q1** | **Q2** | **Q3** | **Q4** | **FY** |
| **MARKETING / COMMUNICATIONS** | | | | |  |  |  |  |  |
| **Brand Development** | | | |  |  |  |  |  |  |
|  |  | |  | Messaging / Brand Framework | $ 1,500 | $ 1,500 | $ 1,500 | $ 1,500 | $ 6,000 |
|  |  | |  | Business Identity Standards | $ - | $ - | $ - | $ - | $ - |
|  |  | |  | Templates (PPT, Word Doc, etc) | $ 5,000 | $ - | $ - | $ - | $ 5,000 |
|  |  | |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |  |
| **Advertising** | | |  |  |  |  |  |  |  |
|  |  | |  | Print advertising | $ 2,000 | $ 2,000 | $ 2,000 | $ 2,000 | $ 8,000 |
|  |  | |  | Radio advertising | $ - | $ - | $ - | $ - | $ - |
|  |  | |  | Google Ads (PPC) | $ 10,000 | $ 10,000 | $ 10,000 | $ 15,000 | $ 45,000 |
|  |  | |  | Social media advertising | $ 25,000 | $ 25,000 | $ 25,000 | $ 45,000 | $ 120,000 |
|  |  | |  |  |  |  |  |  |  |
| **Website / Interactive** | | | |  |  |  |  |  |  |
|  |  | |  | Website development (or redesign) | $ 5,000 | $ 1,000 | $ 1,000 | $ 1,000 | $ 8,000 |
|  |  | |  | SEO program | $ - | $ - | $ - | $ - | $ - |
|  |  | |  | Website traffic reporting tool | $ 1,000 | $ 1,000 | $ 1,000 | $ - | $ 3,000 |
|  |  | |  | Direct / Email Marketing | $ - | $ - | $ - | $ - | $ - |
|  |  | |  | Webinars | $ 25,000 | $ - | $ 15,000 | $ - | $ 40,000 |
|  |  | |  |  |  |  |  |  |  |
| **Marketing Travel** | | | |  |  |  |  |  |  |
|  |  | |  | Trip #1cvbn | $ - | $ - | $ - | $ 5,000 | $ 5,000 |
|  |  | |  | Trip #2 | $ - | $ - | $ - | $ - | $ - |
|  |  | |  | **YTD ACTUALS** | $ 74,500 | $ 40,500 | $ 55,500 | $ 69,500 | $ 240,000 |

### Pricing

## Pricing Strategy Worksheet

|  |  |  |  |
| --- | --- | --- | --- |
| **Business Name** | **Astrozena Inc. company** | | |
| **Which of the following pricing strategies will you employ? Circle one.** | | | |
| **Cost Plus**  *The costs of making/obtaining your product or providing your service, plus enough to make a profit* | | **Value-Based**  *Based on your competitive advantage and brand (perceived value)* | **Other:** |
| Include strategy info on your major product lines/service offerings. List industry/market practices and any considerations to be discussed with your mentor.  The pricing strategy will be cost plus. Since the goal of the product is to compete with the medical as well as the commercial alternatives in the market, and since the product is yet to be known everywhere. The best strategy is to rely on a cost-plus strategy to advance the product in all markets. In this method, the low-income customer can afford it as well as the middle-income customer and this will cover most of the buying customers'' market. Another reason for cost plus is to simplify all accounting, taxes, and profit analysis. The simpler model will ease the workload and help to establish clear profit margins and cost calculations. | | | |

### Location of the proposed location

Our factory is situated in the rural where costs are low. Nevertheless, the distance to the airport and the Ocean is not very large, so it is strategically situated in an affordable spot with accessibility to transport roots.

### Distribution channels

At the first stage, most sales are either retail or wholesale to local distributors, but soon the product will be sold to national international dealers for the states and other countries,

## Distribution Channel Assessment Worksheet

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Airport** | **Ship** | **Direct** |
| **Ease of Entry** |  |  |  |
| **Geographic Proximity** | Less than 1000 mile | Less than 1500 | By Trailers, depend on location. |
| **Costs** | 500$ | 750$ | Between200 and 1000$ |
| **Competitors’ Positions** | International much more expensive | International much more expensive | International much more expensive |
| **Management Experience** | Above average | Above average | Above average |
| **Staffing Capabilities** | Excellent | Excellent | Excellent |

### 12-month sales forecast





# V. Instructions: Operational Plan

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

### Production

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

### Quality control

How will you maintain consistency? Describe the quality control procedures you’ll use.

### 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:

* 1. The size of your location
  2. The type of building (retail, industrial, commercial, etc.)
  3. Zoning restrictions
  4. Accessibility for customers, employees, suppliers and transportation if necessary
  5. Costs including rent, maintenance, utilities, insurance and any buildout or remodeling costs
  6. Utilities

### Legal environment

What type of legal environment will your business operate in? How are you prepared to handle legal requirements? Include details such as:

* 1. Any licenses and/or permits that are needed and whether you’ve obtained them
  2. Any trademarks, copyrights or patents that you have or are in the process of applying for
  3. The insurance coverage your business requires and how much it costs
  4. Any environmental, health or workplace regulations affecting your business
  5. Any special regulations affecting your industry
  6. Bonding requirements, if applicable

### Personnel

What type of personnel will your business need? Explain details such as:

* 1. What types of employees? Are there any licensing or educational requirements?
  2. How many employees will you need?
  3. Will you ever hire freelancers or independent contractors?
  4. Include job descriptions.
  5. What is the pay structure (hourly, salaried, base plus commission, etc.)?
  6. How do you plan to find qualified employees and contractors?
  7. What type of training is needed and how will you train employees?

*Download the* [*Job Analysis Worksheet*](https://www.score.org/resource/job-analysis-worksheet) *and use it to help you answer the questions above.*

### Inventory

If your business requires inventory, explain:

* What kind of inventory will you keep on hand (raw materials, supplies, finished products)?
* What will be the average value of inventory (in other words, how much are you investing in inventory)?
* What rate of inventory turnover do you expect? How does this compare to industry averages?
* Will 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?

### 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? 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?

### Credit policies

If you plan to sell to customers on credit, explain:

* Whether this is typical in your industry (do customers expect it)?
* What your credit policies will be. How much credit will you extend? What are the criteria for extending credit?
* How will you check new customers’ creditworthiness?
* What credit terms will you offer?
* Detail how much it will cost you to offer credit, and show that you’ve built these costs into your pricing structure.
* How will you handle slow-paying customers? Explain your policies, such as when you will follow up on late payments, and when you will get an attorney or collections agency involved.

After reading the Operational Plan section, the reader should understand how your business will operate 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 responsibilities, and their prior experience. If you’re using your business plan to get financing, know that investors and lenders carefully assess whether you have a qualified 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 prior experience and skills that have prepared your team to succeed in this business. If anyone has previous experience starting and growing a business, explain this in detail.

1. **Gaps**

Explain how you plan to fill in any gaps in management and/or experience. For instance, if you lack financial know-how, will you hire a CFO or retain an accountant? If you don’t have sales skills, will you hire an in-house sales manager or use outside sales reps?

1. **Advisors**

List the members of your professional/advisory support team, including:

* 1. Attorney
  2. Accountant
  3. Board of directors
  4. Advisory board
  5. Insurance agent
  6. Consultants
  7. Banker
  8. Mentors and other advisors

If they have experience or specializations that will increase your chances of success, explain. For instance, does your mentor have experience launching and growing a similar business?

1. **Organization Chart**

Develop and include an organization chart. This should include both roles that you’ve already filled and roles you plan to fill in the future.

After reading the Management & Organization section, the reader should feel confident that you have a qualified team leading your business.

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

## Management Worksheet

|  |  |
| --- | --- |
| **Bio/s** |  |
| **Gaps in Management or Experience** |  |
| **Advisors** |  |

## Organization Chart

**TITLE**

**TITLE**

**TITLE**

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# VII. Instructions: Startup Expenses & Capitalization

In this section, detail the expenses involved in opening for business and how much capital you’ll need. (Do not include ongoing expenses after your business opens; those are listed in the Financial Plan.) Estimating startup expenses as accurately as possible helps you gather enough startup capital.

1. **Start-Up Expenses**

Download and complete the [Start-Up Expenses](https://www.score.org/resource/start-expenses) template. In working on this Business Plan, you should already have gathered most, if not all, of the information you need. In the body of this section, be sure to explain all of the assumptions behind the figures. How did you come up with these expenses? If you’ve secured or expect to secure loans, explain the source/s, amount/s and terms. If you’ve secured or expect to secure investors, explain how much each investor will contribute and what percentage of ownership each receives in return.

Be sure to include extra capital for unexpected expenses. Opening a new business almost always ends up costing more than expected, and you need to be prepared. List this figure in the Start-Up Expenses template under “Reserve for Contingencies.” How much should you set aside for contingencies? You can talk to other business owners in your industry to get a ballpark figure. If you can’t come up with a figure this way, a good rule of thumb is to set aside 20% to 25% of your total startup costs for contingencies.

1. **Opening Day Balance Sheet**

Download and complete the [Opening Day Balance Sheet](https://www.score.org/resource/opening-day-balance-sheet). Use it to detail the expected state of your business finances on opening day. As with the Start-Up Expenses sheet, be sure to explain the assumptions behind the figures.

1. **Personal Financial Statement**

If you are using the business plan to seek financing, include personal financial statementsfor each owner and each major stockholder. The personal financial statements should detail each person’s assets and liabilities outside of the business and their personal net worth. Investors and/or lenders typically expect business owners to use personal assets to finance a startup, and they’ll want to see how much capital you have available from your personal finances.

After reading the Startup Expenses & Capitalization section, the reader should know how much money is needed to start the business and how well capitalized you are.

# VIII. Instructions: Financial Plan

Your financial plan is perhaps the most important element of your business plan. Lenders and investors will review it in detail. Developing your financial plan helps you set financial goals for your startup and assess its financing needs. Include the following:

1. **12-month profit & loss projection**

Also known as an *income statement* or *P&L*, the 12-month profit and loss projection is the centerpiece of your business plan. Download the [12-Month Profit and Loss Projection](https://www.score.org/resource/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. Keep detailed notes about how you came up with these figures; you may need this information to answer questions from potential financing sources.

1. **Optional: 3-year profit & loss projection**

A three-year profit and loss projection is not essential to a business plan. However, you may want to create one if you expect your business’s financials to change substantially after the first year, or if investors or lenders require it. Download the [3-Year Profit and Loss Projection](https://www.score.org/resource/3-year-profit-and-loss-projection-0) template, and use it to create your projection.

1. **Cash flow projection**

The cash flow statement tracks how much cash your business has on hand at any given time. Once your business is up and running, you’ll want to keep close tabs on your cash flow statement. For now, however, you’re creating a 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 things 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 your business doesn’t run out of money.

Download the [12-Month Cash Flow Statement](https://www.score.org/resource/12-month-cash-flow-statement) and use it to create your projections.

1. **Optional: 3-year cash flow statement**

Depending on your needs and the purpose of your business plan, you may also want to include a 3-year cash flow statement. If so, download the [3-Year Cash Flow Statement](https://www.score.org/resource/3-year-cash-flow-statement)and use it to create your projections. This is a much simpler document than the 12-month cash flow statement, but can still be useful in making plans.

1. **Projected balance sheet**

A balance sheet subtracts the company’s liabilities from its assets to arrive at the owner’s equity. You already created an opening day balance sheet in Section 1. Now, download the [Balance Sheet (Projected)](https://www.score.org/resource/balance-sheet-template), and create a projected balance sheet showing the estimated financial condition of your business at the end of its first year. The major difference between the two is that the projected balance sheet includes any owner’s equity resulting from the business’s first year in operation. Lenders and investors may want to see this projection.

1. **Break-even calculation**

The break-even analysis projects the sales volume you need in order to cover your costs. In other words, when will the business break even? Download the [Break-Even Analysis](https://www.score.org/resource/break-even-analysis-template) 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 even create a couple of different break-even analyses for different scenarios. For example, your payroll costs will vary depending on whether you hire full-time employees or use independent contractors. Creating different break-even analyses can help you determine the best option.

1. **Use of capital**

If you’re using the 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***](https://www.score.org/find-mentor)*.*

# IX. 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. List of equipment
8. Market research studies
9. List of assets that can be used as collateral

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 photos of your proposed location, 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.

# X. 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 that 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**

* **Explain the operations involved in manufacturing your product/s.**
* **What equipment is needed?** What are the production/capacity limits of the equipment?
* What are the production/capacity limits of the proposed physical plant?
* **Is specialized labor needed?**
* **What raw materials do you need for manufacturing? Are there any special requirements for storing these?**
* **What quality control procedures will you use?**
* **How will you manage inventory levels?**
* **What is your supply chain?**
* **Explain any new products you’re developing, or products you plan to begin developing after startup.**

**For a Service Business**

* Explain your prices and the methods used to set them.
* What systems and processes will you use for ensuring consistent delivery of services?
* What quality control procedures will you use?
* How will you measure employee productivity?
* Will you subcontract any work to other businesses? If so, what percentage of work will be subcontracted? Will you make a profit on subcontracting?
* Explain your credit, payment and collections policies and procedures.
* How will you maintain your client base and get long-term contracts?
* **Explain any new services you’re developing or services you plan to add after startup.**

**For a Retail Business**

* List specific brands you plan to carry that will give you a competitive advantage.
* How will you manage inventory? What inventory management software will you use?
* What forms of payment will you accept? What payment processing service will you use?
* What point-of-sale software and hardware will you use?
* Explain your markup policies. Your prices should be profitable, competitive and in line with your brand.
* Initial inventory level: Find the industry average annual inventory turnover rate (available in the [RMA](http://www.rmahq.org/publications-and-tools/) book). Multiply your initial inventory investment by the average turnover rate. The result should be at least equal to your projected first year's cost of goods sold. If not, you may need to budget more for startup inventory.
* What are your customer service policies?
* How will you handle returns and exchanges?
* Will your retail store also have an ecommerce site, or is one planned for the future?

**For an Ecommerce Business**

* Will you sell a physical product, a service, a digital product (such as eBooks) or some combination of these?
* If you’re selling physical products, how will you brand and package them?
* Will you sell on your own website, online marketplaces (such as Amazon) or both?
* What technology providers and platforms will 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 will you get your products? Will you manufacture them in-house, buy them from manufacturers or use drop shippers?
* How will you handle returns and exchanges?
* What are your customer service policies? How will you provide customer service?
* Will you use any proprietary technology of your own and if so, what advantages does that give you?

**For a Software or SaaS business**

* What is your pricing structure? Will you use a free trial, “freemium” or paid business model?
* If you offer free services or a free trial option, how will you upsell customers to a payment model? What percentage of customers are expected to become paying customers?
* Have you tested your software? Are any “early adopters” already using the product?
* How will you encourage long-term contracts in order to create recurring revenues?
* How will you manage rapidly changing markets, technologies and costs?
* How will you keep your company competitive?
* Will you use in-house developers or outsource this function?
* How will you provide customer support?
* How will you retain key personnel?
* Are you using any proprietary or exclusive software that will give 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](#_I._Instructions:_Executive).

*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*](http://www.score.org/find-mentor) *to review and refine your plan.*