

Sample Business Plan

Section One: Executive Summary

Executive Summary

The purpose of this section is to summarize the ideas you have developed in the body of the plan. This summary will help you make sure that:

1. The different parts of the analysis make sense.
2. They support each other logically and coherently.
3. They will leave the reader with a concise convincing statement that the project and plan are feasible.

Discuss the financing structure including the type of financing, collateral, term, rate and the repayment source.

Sample - Executive Summary

Jam Put is a seasoning company serving retail and wholesale markets in and around the market area. Mr Fowl and Mrs Fish are the owners and are seeking \$6,200,000 to purchase 57 Old Harbour Road property that they now occupy. This amount represent 60% of the purchase price. Jam Put has plans for renovating the building and has secured the services of an internal decorator and Quantity Surveyor.

Careful analysis of the potential market shows an unfilled demand for exotic blended seasoning. Mr. Fowl's local reputation will help secure a sizable portion of the wholesale market, while Mr. Fish's managerial experience assures that the entire operation will be carefully controlled. Mr. Fowl is a graduate of the Island University with masters in Economics and Mrs Fowl is writing her final thesis for a PhD. in food hazard analysis...

Section Two: The Business

A. Description of Business

1. Business for: proprietorship, partnership, or corporation?
2. Type of business: merchandising, manufacturing, or service?
3. What is the product and/or service?
4. Is it a new business? A takeover? An expansion?
5. Why will your business be profitable?
6. When is your business open?
7. Is it a seasonal business?
8. What have you learned about your kind of business from outside sources (trade suppliers, bankers, other business owners, publications)?

Sample - Description of Business Section

Jam Put is a seasoning manufacturer specializing in selling methodically prepared seasonings to local retail and wholesale customers. At present, about 60 percent of sales are retail. Jam Put plans to concentrate more heavily on the wholesale trade (restaurants and grocery chains) in the future. In the wholesale trade profits are higher due to lower personnel costs and faster inventory turnover.

Jam Put began business in September 1995. The factory is run five days a week from 8:00 a.m. to 4:30 p.m. for production. Retail demand is seasonal and fluctuates according to the time of year.

The wholesale demand is constant and increasing. We feel that the latter can be improved by more direct selling efforts.

The quality of our herbs and spices used in the seasoning is exceptional, and since Mr. Fowl is a former chemistry supervisor with the Grace Kennedy Food Chain and past president of the leading Kiwanis Club we believe that his contacts will stand him in good stead.

B. Product / Service

1. What are you selling?
2. What benefits are you selling?
3. Which products are raising stars? Which are steady cash cows? Which are in decline or investments in ego?
4. What is different about your goods and services?

Sample - Product Service Section

Jam Put provides premium quality seasonings to both wholesale and retail customers. Our goal is to provide the best quality product at a competitive price to our consumers.

C. The Market

1. Who buys from you? Define your target markets.
2. Is your market share growing, steady, or declining?
3. Have you segmented your markets? How?
4. Are your markets large enough for expansion?
5. How will you attract, hold and increase your market share?
6. Are you planning to enter or leave any markets?
7. How do you price your products?

Sample - Market Section

Jam Put will continue to provide premium quality seasonings to both wholesale and retail customers. We plan to switch the balance from 60 percent retail/40 percent wholesale to 40 percent retail/60 percent wholesale as we grow. Retail business should grow over the next few years, but the most rapid growth will be in wholesale accounts. Customers will be attracted by:

- Direct approach to restaurants, groceries and other wholesale prospects;

- A local radio and newspaper advertising campaign;
- Word-of mouth advertising from our current customer base; and

D. Competition

1. Who are your nearest direct competitors?
2. Who are your indirect competitors?

Sample - Competition Section

There are three seafood operations competing directly with Jam Put.

- *MPH Foods* - a scattered operation with one truck making the rounds and a small counter leased from a supermarket. We have cut into their sales by making promised deliveries on time and at the agreed price. As a result, their operation has become marginal.
- *Kingfoods* - a clean, three-man operation in Rye specializing in cheaper seasoning.
- *JB Foods* -- currently rebuilding because of a disastrous fire but will be our most serious competitor when their new store opens. JB has been in business for twenty-five years.

E. Location of Business

1. Where are you (or should you be) located?
2. Why is it a desirable area? A desirable building?
3. What kind of space do you need?
4. Are any demographic or other market shifts going on?

Sample - Location Section

Jam Put is currently leasing a one-story, wooden frame building with cement floor (12,000 square feet) at 57 Old Harbour Road for \$60,000/month with an option (in writing) to buy for \$8,000,000 The area is zoned for commercial use.

Jam Put has performed leasehold improvements, such as installing rough-sawed pine board walls and a walk-in freezer. The building is divided into (1) a sales/counter area (1,200 square

feet); (2) a cutting area (100 square feet); (3) a multi- purpose area, including toilet with separate entry, storage space, room for some expansion of the freezer and processing areas (700 square feet in all) and the main manufacturing area. See the diagram in the Appendix.

F. Management

1. How does your background/business experience help you in this business? For your own use, what weaknesses do you have and how will you compensate for them? What related work experience do you have?
2. Who is on the management team?
3. What are their strengths and weaknesses?
4. What are their duties?
5. Are these duties clearly defined? How?
6. What additional resources are available to your business?

Sample - Management Section

Discuss the resume of the managers

G. Personnel

1. What are your current personnel needs?
2. What skills will your employees need in the near future? In five years?
3. What are your plans for hiring and training personnel?

Sample - Personnel Section

Discuss the qualities of the personnel you seek here.

No further employees are planned for unless business grows more rapidly than we have forecast.

H. Application and Expected Effect of Loan (Investments)

1. How will the loan (investment) make your business more profitable?
2. Should you buy or lease (equipment, your place of business, and so on)?
3. Do you need this money? Establish a procedure for making borrowing decisions, and plan your borrowing.

Sample - Application and Expected Effect of Loan or Investment

The **\$6,200,000** will be used as follows:

Purchase of Property	\$ 4,800,000
Equipment:	
Used Ford pickup with insulated body	800,000
Dayton compressor (used, serial #45-cah-990)	500,000
Cash reserve	<u>500,000</u>
Total:	<u><u>6,200,000</u></u>

The truck will be used to deliver merchandise to our wholesale customers.

The compressor will replace the one now used for the freezer, and will lower electrical costs and provide a measure of insurance against loss of refrigeration. (We'll keep the old compressor as a spare.)

The bank will hold the reserve as a line of credit. It will be used to take advantage of special opportunities or to meet emergencies.

Section Three: Financial Data

The three major financial documents for any business are the balance sheet, income statement and the statement of cash flow or cash flow projection. Of these, the statement of cash flow is the most important for your business plan since it will be the one which is looked at the closest by a lender.

If you're not already familiar with the term, "cash flow" is the actual movement of cash into and out of your business.

A "cash flow projection" is a forecast of the cash (checks or money orders) a business anticipates receiving and disbursing over the course of a given period of time - frequently a month. It is an essential tool when trying to anticipate the cash requirements of your business at any given time in the future (i.e., end of the month).

For a new or growing business, a well-developed cash flow projection can make the difference between Success and failure. For an ongoing business, it can make the difference between growth and stagnation.

A Cash Flow Projection will:

1. Show you how much cash your business will need
2. Show you when it will be needed
3. Show you whether you should look for equity, debt, operating profits, or sale of fixed assets
4. Show you where the cash will come from

For more information on developing a statement of cash flow, balance sheet or income statement for your business plan, you will want to contact <http://www.carlue.com>

Section Four: Supporting Documents

You will want to include any documents which lend support to statements you have made in the body of the business plan. Items included here will vary according to the needs and stages of development of your particular business. The following listing suggests some things which might be included:

- 1. Resumes: very important**
- 2. Credit information**
- 3. Quotes or estimates**
- 4. Letters of Intent from prospective customers**
- 5. Letters of Support from credible people who know you.**
- 6. Leases or Buy/Sell Agreements**
- 7. Legal Documents relevant to the business.**
- 8. Census/Demographic data.**