

# BUSINESS PLANNING GUIDE

Amy Amoroso, Director  
Veteran Business Outreach Center NY/NJ  
Federal Region II  
The Arsenal Business & Technology Partnership  
44 Dalliba Ave  
Watervliet, NY 12189  
Work- 518-326-5522  
Cell – 518-960-7289  
[aamoroso@arsenalpartnership.com](mailto:aamoroso@arsenalpartnership.com)



This business planning guide is a tool to be utilized in the start up or growth of your business. This guide does not gain you exclusive access to funding or guarantee that the business will succeed. This is just a tool to utilize in your business planning process. Amy Amoroso will assist in this venture but does not guarantee these results.

---

## Rules to Follow When Writing a Business Plan

1. **All of the questions from the Business Plan Outline should be answered in complete sentences, in paragraph form.** Do not write the narrative in outline form.
2. Each section should be a minimum of one page in length (typed & double spaced), with the exception of the Statement of Purpose, where one-half to three-quarters of a page is acceptable.
3. **Avoid using personal pronouns such as "I" or "We." Instead, speak in the third person throughout the business plan narrative, i.e.:**
  - A. Mr./Ms. Jones is requesting a loan in the amount of...
  - B. McGee's Grooming Service is a sole proprietorship...
  - C. The principal(s) are requesting a loan in the amount of...
1. Submit your draft business plan narrative to your business advisor via e-mail, USB Thumb Drive, or hard copy using **Microsoft Word**. This will allow for quicker and more efficient processing and delivery of your final business plan by the SBDC. If you do not have access to a computer, please **type** the plan to avoid any confusion or errors.
2. Always keep a copy of your draft business plan narrative and any supporting documentation that you submit to the SBDC for your files.

(Sample Title Page)

**BUSINESS PLAN OF  
ABC COMPANY**

Name

Street Address

City, State & Zip Code

Area Code & Phone #

# Sample Table of Contents

EXECUTIVE SUMMARY	Page
STATEMENT OF PURPOSE	Page
DESCRIPTION OF THE BUSINESS	Page
COMPETITION	Page
MARKET STRATEGY	Page
LOCATION	Page
MANAGEMENT	Page
PERSONNEL	Page
USES AND SOURCES OF FUNDS	Page

## **APPENDICES:**

CASH FLOW PROJECTIONS & NOTES	A
BALANCE SHEETS (New Businesses)	B
PERSONAL FINANCIAL STATEMENTS	C
PERSONAL INCOME TAX STATEMENTS (Minimum of 3 years)	D
BUSINESS INCOME TAX STATEMENTS (Along with Profit & Loss Stmt)	E
RESUMES	F
ADVERTISING AND/OR MARKETING MATERIALS	G
EQUIPMENT AND/OR CONTRACTOR ESTIMATES	H
LEASE	I
PURCHASE AGREEMENT	J

## Executive Summary

This section of the Business Plan is a summary of the overall business model. It is important to 'make the case' to the lender that the business concept is sound, there is a sufficient market to support the business and that you have the necessary experience to operate the business successfully. Information from the previous sections of the Business Plan and Financial Projections will be incorporated into this section as well.

The Executive Summary should summarize all of the ideas that have been developed in the Business Plan. It should demonstrate that the individual sections of the Business Plan support each other logically and coherently.

Remember, when developing the Executive Summary to highlight the essential items developed within the body of the Business Plan. The easiest way to do this is to summarize the Business Plan in the order that it is written.

Finally, write the Executive Summary in a way that leaves the reader with a concise, convincing statement that both the project and the Business Plan are feasible.

## Statement of Purpose

This section of the Business Plan should be a summary of the plans objectives in this instance a combination of operating document and loan proposal. The Statement of Purpose should include the following information:

1. Who is requesting the loan?
  2. The type of business (i.e., Sole Proprietorship, Partnership, LLC, Corporation)
  3. How much money is required?
  4. How will the money be utilized to start/expand the business?
  5. How will the loan be repaid?
  6. How much of your personal funds are you investing in the business?
-

# Description of Business

The description of business should include:

- 1) General Business Information:
  - a. Type of business by industry classification (i.e.: manufacturing, retail, service oriented, construction, technology, consulting, wholesale trade, food service)
  - b. The status of the business (i.e.: start-up, expansion, acquisition, or existing business)
  - c. The business form (i.e.: sole proprietorship, partnership, limited liability company, s-corporation, or corporation)
  
- 2) General description of the business operations including:
  - a. Detailed description of products/services
  - b. How you will produce/source the product/service
  - c. What supplies are needed to operate the business?
  - d. Hours of operation
  
- 3) Pricing information for the products/services that you are providing including:
  - a. Products
    - i. Source of Products
    - ii. Your Purchase Price
    - iii. Projected Product Mark-Up
    - iv. Wholesale Customer Price
    - v. Retail Customer Price
    - vi. Minimum Purchase Quantity
    - vii. Time to Receive
    - viii. Shipping Costs
  - b. Services
    - i. Hourly Customer Billable Rate
    - ii. Hourly Labor Rate
    - iii. Production Costs
  
- 4) Payment information
  - a. What will be the accepted forms of payment?
  - b. What is the payment cycle for the business?
  
- 5) What external factors will have an impact on the business operations (i.e.: technology, weather, natural disasters, fuel costs, election cycles, or seasonality)?
  
- 6) Where will the business be in 5 years?

Details about the nature of the business, its size, scope and operations will add credibility to the proposal.

- **Existing Businesses** should also give a summary of the business' history. If the business will be seeking funding for the business, please provide why the funding is needed and how the funding will impact the business operations.

- **Start-Up Businesses** should also include what is unique about this business and when it will open.
- **Business Acquisitions** should also include a brief history of the business to be purchased:
  - When and by whom the business was founded.
  - Why the owner is selling the business.
  - How the purchase price was determined.
  - Description of the assets that are included in the sale of the business.
  - Details pertaining to the structure of the sale.
  - Current sales trends of the business.

# Competition

In order for your business to be competitive in the market place, you will need to have a firm grasp on who your competition is, how their business operates and the positive and negative aspects of their business. As part of your Business Plan you will be expected to include a competitive analysis for the direct competitors of the business. The competitive analysis should include the following information for at least three competitors:

- 1) Competitor Name
- 2) Competitor Location
- 3) Proximity to your Business
- 4) Products/Services sold by the competitor
- 5) Strengths of the competitor
- 6) Weaknesses of the competitor
- 7) How you will differentiate yourself from the competition
  - a. What is your niche?

# Location

Proper location is very important to a business. While clientele may eagerly seek out some types of businesses, no matter how obscure their location, many businesses require an easily accessible, highly traveled location to be profitable. This is especially true if the sales are based on impulse buying.

The costs of renting commercial property are different than residential. Be prepared as a commercial tenant to be responsible for additional expenses related to the property based on the square footage rented. These fees are typically referred to as triple net expenses and can include:

- Property Taxes
- Common Area Fees
- Maintenance Expenses
- Snow Removal/Landscaping Fees
- Security Fees
- Utilities
- Trash Removal

It will be important to understand the total costs associated with the location before entering into a rental agreement with the landlord. The landlord should be able to provide a record of historical triple net expenses associated with the space.

For **home based businesses**, you should provide the following information:

- 1) Description of the home based business operations.
- 2) Identify what equipment will be needed to operate the business in your home.
- 3) Identify where you will meet with clients.
- 4) Confirm zoning approval to operate the business from your home.
- 5) Confirm approval from your landlord to operate the business in your apartment (if applicable)

For **businesses with a dedicated location**, you should provide the following information:

- 1) Type of commercial space (i.e.: office, retail, warehouse, strip mall, mall, office building, stand-alone structure).
- 2) Identify the impact the location will have on the operations of the business.
- 3) Physical features of the location including:
  - a. Square Footage
  - b. Layout of the space
  - c. Road visibility
  - d. Signage

- 4) Identify the terms of the lease/letter of intent including:
  - a. Monthly rent
  - b. Triple net fees
  - c. Projected utilities
  - d. Length of lease
  - e. Available parking
  - f. Deposit requirements
- 5) Identify any renovations and renovation costs needed to the location.
- 6) Identify any furniture, fixtures and equipment (and costs) that need to be installed.

For **businesses that at acquiring property**, you should provide the following information:

- 1) Type of commercial space (i.e.: office, retail, warehouse, strip mall, mall, office building, stand-alone structure).
  - a. Lot Size
  - b. Physical Features of the Structures
    - i. Square Footage
    - ii. Type of Construction
    - iii. Road Visibility
    - iv. Available Parking
    - v. Signage
- 2) Purchase Agreement Details
  - a. Price
  - b. Deposits Paid/Due
  - c. Items Included in the Purchase
  - d. Terms Related to the Sale
- 3) Property Expenses
  - a. Property Taxes
  - b. Historical Utility Expenses
  - c. Landscaping/Snow Removal Costs
  - d. Maintenance Expenses
- 4) Identify the impact the location will have on the operations of the business.
- 5) Identify any renovations and renovation costs needed to the location.
- 6) Identify any furniture, fixtures and equipment (and costs) that need to be installed.

# Marketing Strategy

In order to be profitable, a business has to be able to sell its products/services to enough customers to cover its costs. The Market Strategy section of the Business Plan is where you will identify the need for your business in the market utilizing the following marketing concepts:

- 1) Define the Market
  - a. Who will need your products/services?
  
- 2) Analyze the Size of the Market
  - a. Do a little bit of research of the size and trends of your market.
  
- 3) Identify the Niche that your business will occupy in the Market
  - a. What is unique about your business? What is your unique selling proposition?
  - b. What are the special abilities/strengths of your business that will provide a competitive edge in the market?
  
- 4) Define the Pricing Strategy for the business
  - a. Where will your business fall on the Pricing/Volume/Quality/Service Matrix?
  
- 5) Identify the Marketing and Advertising Strategy that will reach your potential customers.
  - a. Identify the Marketing Strategy/Advertising Media
  - b. How the strategy will be utilized by the business?
  - c. How often will the strategy be utilized by the business?
  - d. What are the total costs of the activity?
  
- 6) How will you identify changes in the Market?
  - a. How is the business prepared to identify and respond to changes in the:
    - i. Economy
    - ii. Market Potential
    - iii. Market Share
    - iv. Technology

# Management

According to research studies on the failures of small businesses, approximately 98% fail because of some managerial weakness. They are as follows:

- Managerial Incompetence – 45%
- Unbalanced Expertise – 20%
- Inexperienced Management – 18%
- Inexperience in the Field – 9%
- Neglect, Fraud and Disaster – 6%

If management is inexperienced or unbalanced, you must gain the experience yourself before opening the business; acquire a partner with the necessary experience; and/or identify professional consultants that will assist the business with the operations to balance the management needs of the business.

This section will need to include the following information:

- 1) Personal history of the principals. Include anyone who will have an ownership stake in the business or have the capacity to make decisions that will affect the business.
  - a. Business Background
  - b. Management Experience
  - c. Education, both formal and informal
  - d. Personal Data: age, abilities, interests, etc.
- 2) Related Work Experience
  - a. Operational experience in this type of business
  - b. Managerial experience in this type of business
  - c. Managerial experience in other types of businesses/industries
- 3) Duties and Responsibilities (Chain of Command)
  - a. Who does what
  - b. Who reports to whom
  - c. Who makes the final decisions
- 4) Salaries
  - a. Reasonable, but not excessive
  - b. Detail out cost of living budgets

# Personnel

The employees hired by the business are often critical to the success of the business. The ability of various staff members may increase management's knowledge, or make up for some expertise needed in the business that management lacks.

You will need to prepare a staffing model for the Business Plan that will include:

- 1) Personnel needs of the business by position.
- 2) What skills and education will be required for the position?
- 3) How many people will be needed to staff the position?
- 4) The approximate hours that each person within the position will work on a weekly basis.
- 5) How the employee will be paid (i.e.: hourly, salary, commission)?
- 6) What benefits will be offered to the employee?
- 7) What training will you need to provide the employees?
- 8) What will the training cost?
- 9) What Independent Contractor needs will the business have?
- 10) How will you find qualified employees and independent contractors?

Research studies have shown that over 70% of all customers who stop patronizing a business do so because of the lack of prompt, courteous attention. Therefore, it is important to remember that good employees can make a marginal business successful, while poor employees can easily destroy a successful business.

Common Independent Contractors/Professional Services/Consultants can include:

- 1) Accountant
- 2) Attorney
- 3) Insurance
- 4) IT Consultants

## Uses and Sources of Funds

This section of the Business Plan is used if the company is planning to finance the project by obtaining a loan or through individual investors. This section should include responses to the following:

- 1) What are all of the costs associated with starting the business?
- 2) What are the actual items that will be purchased?
- 3) What will the actual cost be?
  - a. Include Model Numbers
  - b. Include Sales Tax, Freight, Installation Charges if applicable
- 4) Who will supply these items?

Be prepared to provide actual estimates for every item associated with the start-up of the business. This section of the Business Plan will also tie into the Statement of Purpose, but will provide greater detail into the costs associated with starting or expanding the business. For instance, if you are looking to borrow \$65,000 you should explain that it will be used as follows:

### **USES**

Inventory	\$34,000
Renovations (Contractor estimates, plans, etc.)	\$10,000
Equipment	\$6,000
Licenses	\$5,000
Initial Advertising	\$3,000
Vehicle (Make, Model #)	\$10,000
Professional Fees (Who)	\$2,000
Working Capital	\$15,000
<b>TOTAL</b>	<b>\$85,000.00</b>

### **SOURCES**

Bank Loan	\$65,000
Owner's Equity	\$20,000
<b>TOTAL</b>	<b>\$85,000.00</b>

# Cash Flow Projections

A Cash Flow Projection will need to accompany the Business Plan to demonstrate the financial feasibility of the business. The Cash Flow Projection will incorporate:

- Revenue Projections
- Revenue Payment Terms
- Cost of Goods Sold
- Gross Profit Margins
- Operating Expenses
- Projected Income/Loss
- Debt Repayment
- Owner's Compensation
- Working Capital Needs of the Business

In order to prepare a custom Cash Flow Projection for your business, be prepared to provide your advisor with the following information:

## **Existing Businesses:**

- 1) Profit and Loss Statements by month for the last 12 to 24 months (depending on business cycles)
- 2) Current Balance Sheet
- 3) Accounts Receivable Aging Report
- 4) Accounts Payable Aging Report

## **Start-Up Businesses:**

- 1) Sales Volume of the business
  - a. Products
    - i. Number of transactions per day.
    - ii. Average revenue per transaction.
  - b. Services
    - i. Available billable hours per operating day
    - ii. Billable rate
- 2) Cost of Goods Sold
  - a. Cost per unit or Labor Cost (include shipping and taxes if applicable)

3) Operating Expenses of the business can include but not limited to:

- a. General Administrative Expenses
  - i. Accounting Services
  - ii. Bank Charges
  - iii. Credit Card Processing Fees
  - iv. Business Insurance
  - v. Dues and Subscriptions
  - vi. Office Supplies
- b. Payroll Expenses
  - i. Payroll
  - ii. Payroll Burden
  - iii. Payroll Processing Fees
  - iv. Training Materials
  - v. Uniforms
- c. Operating Expenses
  - i. Postage
  - ii. Cleaning Supplies
  - iii. Contract Cleaning
  - iv. Paper Supplies
  - v. Security System
- d. Marketing and Advertising
  - i. Website Maintenance
  - ii. Marketing Implementation
  - iii. Promotions
  - iv. Advertising
  - v. Collateral Materials
  - vi. Printed Materials
  - vii. Travel and Entertainment
  - viii. Networking Fees
- e. General Maintenance
  - i. Utilities
  - ii. Trash Removal
  - iii. Maintenance
  - iv. Landscaping
  - v. Snow Removal
- f. Technology
  - i. Equipment Upgrades
  - ii. Software
- g. Communications
  - i. Internet Connection
  - ii. Cell Phone
  - iii. Fax Line
  - iv. Rent

4) Working Capital Needs of the business

# EXAMPLES OF ITEMS THAT MAY BE USED FOR COLLATERAL

## COLLATERAL ITEMS AND THEIR VALUE:

- 1) Real Estate \*
- 2) Stocks
- 3) Bonds
- 4) Accounts Receivable
- 5) Savings Account
- 6) Cash Value of Life Insurance Policies
- 7) Equipment (make, model #)
- 8) Contracts

---

\* NOTE: A description of the property should include:

- a) The type of property
- b) Location of property
- c) Age of property
- d) Physical condition of property
- e) Improvements that have been made to the property
- f) Approximate market value of property
- g) Equity you have in the property