



BUSINESS PLAN MODEL FORMAT

Although many investors and lenders have their own particular formats which they want in their applications, the information needed in the items below cover just about every data needed for an evaluation. A couple of guidelines when writing your plan:

- Don't hype or use 'puff' in describing your vision. Save that for the customer brochures. You will be talking to funding professionals who can see right through sales pitches. Just stick to the facts.
- Use short sentences. Think in terms of bullet points. If you have to take a breath while you read a sentence out loud, the sentence is too long. Shorten it.
- Use pictures and renderings if you have them. A picture tells a thousand words.
- Never submit a handwritten summary or business plan. It won't make it past the trash can, regardless of how good the project is.
- Consult with a writing specialist to tweak the words and make sure you say what you mean to say clearly.

This is your one and only chance to put your best foot forward. You are competing with dozens of other plans and will only get a cursory look unless the plan looks interesting enough to pick up and read.

I. COVER SHEET: Serves as the title page of your business plan.

- Name, address, and phone number of the company.
- Name, title, address, phone number of owners/corporate officers.
- Month and year your plan was prepared.
- Name of preparer.
- Copy number of the plan.

II. EXECUTIVE SUMMARY (or Statement of Purpose)

This is the thesis statement and states business plan objectives. Use the key word approach (who, what, where, when, why, how, how much) to summarize the following:

- Your Company (who, what, where, when).
- Who your management is and What their strengths are.
- What your objectives are and Why you will be successful.
- If you need financing, why do you need it (use of funds), how much you need (the total amount you are going to need for the entire project) and how you intend to repay the loan or benefit the investor.

Note: Do not write the executive summary (statement of purpose) until you have completed your business plan! It is a summary and reflects the contents of the finished plan.

Example of first line in Exec Summary: *The XYZ Company seeks (debt and/or equity) financing totaling XXXXXXXX dollars, (drawn in tranches based on milestones, schedule, etc) for the purpose of (eg. Building a high rise condominium, resort, hotel complex). The investment will be repaid through (eg. Sales of*

condominiums, leases, etc) and are projected to provide profits of XXX% to the principals and investors upon completion).

III. TABLE OF CONTENTS [done last when all the pages are in order]

IV. PART I: THE ORGANIZATIONAL PLAN

What is included? This section should include a "summary description of your business" statement followed by information on the "administrative" end of your company.

A. SUMMARY DESCRIPTION OF THE BUSINESS

In a paragraph or two give a broad overview of the nature of your business, telling when and why the company was formed. Then complete the summary by briefly addressing:

- mission (projecting short- and long-term goals)
- business model (describe your company's model and why it is unique to your industry)
- strategy (give an overview of the strategy, focusing on short- and long-term objectives)
- strategic relationships (tell about any existing strategic relationships)
- SWOT Analysis (strengths, weaknesses, opportunities, and threats that your company will face, both internal and external)

B. PRODUCTS OR SERVICES

- If you are the manufacturer and/or wholesale distributor of a product: Describe your products. Tell briefly about your manufacturing process. Include information on suppliers and availability of materials.
- If you are a retailer and/or an e-tailer: Describe the products you will sell. Include information about your sources and handling of inventory and fulfillment. If real estate, discuss sales projections.
- If you provide a service: Describe your services List future products or services you plan to provide.

C. INTELLECTUAL PROPERTY

Describe Copyrights, Trademarks, and Patents if applicable. The supporting documents are in the Appendix with registrations, photos, diagrams, etc.

D. LOCATION

- Describe your projected or current location.
- Project costs associated with the location.
- Include legal agreements, utilities forecasts, etc. in Supporting Documents.

Note: If location is important to marketing, cover in Part II - The Marketing Plan.

E. LEGAL STRUCTURE

- Describe your legal structure and why it is advantageous for your company.
- List owners and/or corporate officers describing strengths, experience, etc. (include resumes, which will be part of the Appendix).

F. MANAGEMENT

- List the people who are (or will be) running the business.
- Describe their responsibilities and abilities.
- Project their salaries.
- (Include resumes in Appendix Supporting Documents)

Note: If you are focusing on "total quality management" (TQM), you may wish to combine Sections F & G and address it at this point!

G. PERSONNEL

- How many employees will you have in what positions?
- What are the necessary qualifications?
- How many hours will they work and at what wage?
- Project future needs for adding employees.

H. ACCOUNTING & LEGAL

- Accounting: What system will you set up for daily accounting? Who will you use for a tax accountant? Who will be responsible for periodic financial statement analysis?
- Legal: Who will you retain for an attorney? (Keep 'Murphy's Law' in mind.)

I. INSURANCE

- What kinds of insurance will you carry? (Property & Liability, Life & Health)
- What will it cost and who will you use for a carrier?

J. SECURITY

- Address security in terms of inventory control and theft of information (online and off).
- Project related costs.

V. PART II: THE MARKETING PLAN

What is a marketing plan? The Marketing Plan defines all of the components of your marketing strategy. You will address the details of your market analysis, sales, advertising, and public relations campaigns. The Plan should also integrate traditional (offline) programs with new media (online) strategies.

A. OVERVIEW AND GOALS OF YOUR MARKETING STRATEGY

Two to three paragraphs on the marketing of your product.

B. MARKET ANALYSIS

- Target Market (identify with demographics, psychographics, and niche market specifics).
- Competition (describe major competitors assessing their strengths and weaknesses).
- Market Trends (identify industry trends and customer trends).
- Market Research (describe methods of research, database analysis, and results summary).

C. MARKETING STRATEGY

- General Description (budget % allocations on- and off-line with expected ROIs).
- Method of Sales and Distribution (stores, offices, kiosks, catalogs, d/mail, website).
- Packaging (quality considerations and packaging).
- Pricing (price strategy and competitive position).
- Branding.

- Database Marketing (Personalization).
- Sales Strategies (direct sales, direct mail, email, affiliate, reciprocal, and viral marketing).
- Sales Incentives/Promotions (samples, coupons, online promo, add-ons, rebates, etc.).
- Advertising Strategies (traditional, web/new media, long-term sponsorships).
- Public Relations (online presence, events, press releases, interviews).
- Networking (memberships and leadership positions).

D. CUSTOMER SERVICE

- Description of Customer Service Activities.
- Expected Outcomes of Achieving Excellence.

E. IMPLEMENTATION OF MARKETING STRATEGY

- In-House Responsibilities.
- Out-Sourced Functions (advertising, public relations, marketing firms, ad networks, etc.).

F. ASSESSMENT OF MARKETING EFFECTIVENESS*

* To be used by existing companies after making periodic evaluations

VI. PART III: FINANCIAL DOCUMENTS

The quantitative part of your plan. This section of the business plan is the quantitative interpretation of everything you stated in the organizational and marketing plans. Do not do this part of your plan until you have finished those two sections.

Financial documents are the records used to show past, current, and projected finances. The following are the major documents you will want to include in your Business Plan. The work is much easier if they are done in the order presented because they build on each other, utilizing information from the ones previously developed.

A. SUMMARY OF FINANCIAL NEEDS (needed only if you are seeking financing)

This is an outline giving the following information:

- (1) Why you are applying for financing.
- (2) How Much capital you need.

B. LOAN FUND DISPERSAL STATEMENT (needed only if you are seeking financing)

You should:

- (1) Tell How you intend to disperse the loan funds (your Use of Funds).
- (2) Back Up your statement with supporting data. (The draw schedule or tranches)

C. PRO FORMA CASH FLOW STATEMENT (BUDGET)

This document projects what your Business Plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. It is of prime interest to the lender and shows how you intend to repay your loan. Cash flow statements show both how much and when cash must flow in and out of your business.

D. THREE-YEAR INCOME PROJECTION

A Pro Forma Income P&L (Income) Statement showing projections for your company for the next three years. Use the revenue and expense totals from the Pro Forma Cash Flow Statement for the 1st year's figures and project for the next two years according to expected economic and industry trends.

E. PROJECTED BALANCE SHEET

Projection of Assets, Liabilities, and Net Worth of your company at end of next fiscal year.

F. BREAK-EVEN ANALYSIS

The break-even point is the point at which a company's expenses exactly match the sales or service volume. It can be expressed in: (1) Total dollars or revenue exactly offset by total expenses -or- (2) Total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically. Revenue and expense figures are drawn from the three-year income projection.

Note: The following (G-J) are Actual Performance (Historical) Statements. They reflect the activity of your business in the past:

- If your business is new and has not yet begun operations: the financial section will end here and you will add a Personal Financial History.
- If yours is an established business: you will include the following actual performance statements:

G. PROFIT AND LOSS STATEMENT (INCOME STATEMENT)

Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.

H. BALANCE SHEET

Shows the condition of the business as of a fixed date. It is a picture of your firm's financial condition at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period. Contains: (1) Assets, (2) Liabilities and (3) Net Worth.

I. FINANCIAL STATEMENT ANALYSIS

In this section you will use your income statements and balance sheets to develop a study of relationships and comparisons of: (1) Items in a single year's financial statement, (2) comparative financial statements for a period of time, or (3) your statements with those of other businesses. Measures are expressed as ratios or percentages that can be used to compare your business with industry standards.

If you are seeking a lender or investor, ratio analysis as compared to industry standards will be especially critical in determining whether or not the loan or venture funds are justified.

- Liquidity Analysis (net working capital, current ratio, quick ratio).
- Profitability Analysis (gross profit margin, operating profit margin, net profit margin).
- Debt Ratios (debt to assets, debt to equity).
- Measures of Investment (return on investment).
- Vertical financial statement analysis (shows relationship of components in a single financial

statement).

- Horizontal financial statement analysis (percentage analysis of the increases and decreases in the items on comparative financial statement).

J. BUSINESS FINANCIAL HISTORY

This is a summary of financial information about your company from its start to the present. The Business Financial History and Loan Application are frequently one and the same. If you have completed the rest of the financial section, you should have all of the information you need to transfer to this document.

VII. PART IV: SUPPORTING DOCUMENTS [Appendix]

This part of your plan will contain all of the records that back up the statements and decisions made in the three main parts of your business plan. The most common supporting documents are:

A. PERSONAL RESUMES

Include resumes for owners and management. A resume should be a one-page document. Include: work history, educational background, professional affiliations and honors, and a focus on special skills relating to the company position.

B. OWNERS' FINANCIAL STATEMENTS

A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.

C. CREDIT REPORTS

Business and personal from suppliers or wholesalers, credit bureaus, and banks.

D. COPIES OF LEASES, MORTGAGES, PURCHASE AGREEMENTS, ETC.

All agreements currently in force between your company and a leasing agency, mortgage company or other agency.

E. LETTERS OF REFERENCE

Letters recommending you as being a reputable and reliable business person worthy of being considered a good risk. (both business and personal references)

F. CONTRACTS

Include complete copies of all business contracts, both completed and currently in force.

G. OTHER LEGAL DOCUMENTS

All legal papers pertaining to your legal structure, proprietary rights, insurance, etc. Limited partnership agreements, shipping contracts, etc.

H. MISCELLANEOUS DOCUMENTS

All other documents which have been referred to, but not included in the main body of the plan. (for example, location plans, demographics, competition analysis, advertising rate sheets, cost analysis, etc.).

PUTTING YOUR PLAN TOGETHER

Your Business Plan should look professional, but the potential lender or investor needs to know that it was done by you. A business plan will be the best indicator that can be used to judge your potential for success.

- It should be no more than 30 to 40 pages in length, plus the Appendix of Supporting Documents.
- If you are seeking a lender or investor: Include only the supporting documents that will be of immediate interest to the person examining your plan. Keep the others with your own copy where they will be available on short notice.
- Have your plan neatly bound at your local print shop or in blue, black or brown covers purchased from the stationery store.*
- Make copies for each lender or investor you wish to approach.
- Do not give out too many copies at once, and keep track of each copy. If you are turned down for financing, be sure to retrieve your business plan.

*Today most investors prefer to receive a PDF (Acrobat) file that contains everything in the business plan. If you do not have the ability to create a document like this, or have a lot of paper documents that would need to be scanned, you will want to take them to a place such as Kinko's/FedEx to have them converted into PDF files.

KEEP YOUR BUSINESS PLAN UP-TO-DATE

Your plan will be beneficial only if you update it frequently to reflect what is happening within your business. Measure your projections against what actually happens in your company. Use the results to analyze the effectiveness of your operation. You can then implement changes that will give you a competitive edge and make your business more profitable.

NOTE:

THIS MODEL FORMAT FOR A BUSINESS PLAN IS PROVIDED AS A COURTESY OF PRECONSTRUCTION CATALYSTS, INC. TO HELP FUNDING SEEKERS ORGANIZE THEIR PROJECT INTO A GENERALLY ACCEPTED BUSINESS PLAN FORMAT THAT INVESTORS AND LENDERS NEED IN ORDER TO DECIDE TO FUND OR NOT. THIS IS NOT TO BE CONSTRUED AS LEGAL OR ACCOUNTING ADVICE; THIS IS ONLY MEANT AS AN AID IN HELPING PCC SPEED THE FUNDING PROCESS BY GETTING SUBMISSIONS TO OUR RESOURCES FASTER.

IN ALL PROJECTS SUBMITTED FOR FUNDING, NEATNESS, ACCURACY, SPELLING, GRAMMAR AND FORMAT COUNT WHEN YOUR BUSINESS PLAN HITS THE PILE OF OTHER PLANS. THE BEST LOOKING ONES THAT ARE ORGANIZED GET THE FIRST ATTENTION!!!

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