

Before starting a new business or expanding an existing business, you should develop a business plan. The business plan will serve many purposes. It will help you define the purpose of your business and organize it. It will help you determine the business's growth patterns, and it will help you anticipate problems before they arise, thus enabling you to more effectively deal with them. The business plan is an agreement on how your management team plans to carry out certain functions to achieve business plan results. It will serve as a means of measuring the company's performance. Lastly, the business plan is a document you will need when raising capital from banks, private investors, or other sources.

Begin your Business Plan with a title page including the date and contact information, i.e. your name, address, telephone number, etc. The business plan should be neatly typed in narrative form with correct spelling, punctuation and grammar. It should be approximately 3 to 5 pages plus appendices.

I. Business Description (1 or 2 paragraphs)

What type of business are you planning?

What products or services will you sell?

What type of opportunity is it (new, part-time, expansion, seasonal, year-round)?

Why does it promise to be successful?

What are the growth opportunities?

II. Marketing Plan

a. Situation Analysis

Define your product. Use only one or two sentences. (This could be a recap from overall business description.)

Competitive Analysis – describe the industry your product is part of.

Economic climate: What has been the growth/decline in the last five years? 10 years? 20 years?

What elements have effected these changes?

Determine your competitors

List your competitors (name, corp address, phone, web address).

How many companies are competition? (locally, statewide, in US, nationally)

How much product do they produce?

How do they distribute? To whom (and where)?

What are their prices?

What is their packaging?

What is their advertising/promotion? (if known)

Product Differentiation

What makes your product different/better than your competitors?

What are your strengths and weaknesses? Your competitors?

What are business threats and opportunities? Your competitors?

Identify your potential target audience(s)

The smaller and more specific you can define as an audience, the easier it will be to reach them.

List potential customers (by type).

Describe these customer types – use demographics/psychographics (i.e. how old are they, where do they live, \$ - write a sentence describing the typical).

How many people are in each customer type? (locally, statewide, in US, nationally)

What common characteristics does this group have? Does the customer type have any special needs?

Place/Distribution

Where could the consumer find your product? Can you mail it?

(Note: if distribution is not established, set up a meeting with a business consultant to talk about the manufacturing process.)

Price

Determine your selling price.

What is the market demand?

Is your price competitive to your competitors'?

b. Market Objectives

This defines what you want to accomplish. These should be results-orientated.

They should support your company's overall goals.

Objectives should be measurable, set within a noted timeframe, and realistic/achievable.

c. Marketing Strategy

This outlines how you are going to achieve your objectives (the methods).

Product concept

This states your product's unique elements that are of value to consumers.

Promotion/Communication Methods

List the types of methods that will reach your target audience(s). Select from the following:

1. Personal Selling (word-of-mouth), referrals)
2. Advertising (TV, radio, newspaper, magazines/newsletter, direct mail, internet, billboards)
3. Public Relations (newspaper/magazine feature articles)
4. Sales Promotion (contests, coupons, displays in stores, free samples)
5. Collateral Materials (logo/corporate identity, brochure/flyer, displays, packaging)

Measurement Tools

How you will track the effectiveness of your promotional elements?

d. Marketing Tactics

Marketing Budget

Timeline

Marketing Message/creative execution

III. Operations Plan

a. Geographic Location

Where will the business be located?

North Central Regional Small Business Development Center Central Lakes College ♦ 1-800-933-0346, Ext. 8140 ♦ (218) 855-8140 http://www.clcmn.edu/smallbusiness/

What factors will influence your choice of location?
How will your building contribute to your marketing strategy?

b. Facilities and improvements

What features will your location have?
What will your building layout feature?

c. Labor force

How many employees will you need?
What will they do?
What are your plans for employee hiring, salaries and wages, benefits, training, and supervision?

d. Hours of operation

e. Seasonality/yearly operating cycle

f. If manufacturing, describe manufacturing process including:

Vendor listing
Order lead time
Process time for finished project
Inventory management

IV. Organization and Management Plan

a. Business Structure

1. What legal form of ownership will you choose, i.e. sole proprietor, LLC, corporation, etc.? Why?
2. If applicable, Articles of Incorporation and date established.

b. Key management personnel

If incorporated, who will be your Board of Directors?
Who will manage the business?
What qualifications will you look for in a manager?
Who/How will you manage finances and recordkeeping?

c. Management compensation and ownership

d. Supporting professional services

What consultants or specialists will you need?
Why will you need them?

e. Laws and Regulations affecting your business

What licenses and permits will you need?
What regulations will affect your business?