

PREPARATION for a BUSINESS PLAN

Successful small business expansions and new small business creations lead the way in sustaining existing jobs, forming new jobs, creating new markets and innovations that fuel economic growth and prosperity. In recognition of small business as a catalyst to a strong economy, the following business plan outline is made available as a guide for your preparation; one that will help facilitate the appropriate research, analysis and feasibility study that it takes to appropriately support your business idea on this business plan.

A business plan should help you define the plans and goals of the business and should outline the methods for achieving and growing your vision. It is the “Business Plan” that is often used for the purpose of inviting opportunities for funding, purchasing, promotion and other needs to expand or start a business.

Following the business plan procedures, Guidelines and Policies for the Jo Daviess County Revolving Loan Fund, as well as an application for the Jo Daviess County Revolving Loan Fund have been made available in order that all funding opportunities are considered.

*Congratulations to you and the best of luck on your venture
from
Jo Daviess County Economic Development and Planning.*

Following is a generic format for your business plan preparation:

- A cover page of your business plan that names the business and owner.
- A table of contents that outlines the business plan format. When completing the business plan, add beginning page numbers to each

category making it easy for the reader (investor) to do a quick search on any portion of the business plan.

Example: 1. Business Description

A. Type of Business

Page 1

B. Purpose of Business Plan

Page 5

- A body of the business plan with the descriptions by category for the appropriate input.
- An Appendix that includes supporting documentation

BUSINESS NAME

Address

Phone Number

BUSINESS PLAN

Date

Name of owner

Address of owner

Phone number of owner

TABLE OF CONTENTS

- 1. Business Description**
 - A. Type of Business**
 - B. Purpose of Business**
 - C. Client Base**

- 11. Organization**
 - A. Owner**
 - B. Form of Ownership**
 - C. Personnel and Selection**
 - D. Business Advisors**

- 111. Financial Plan**
 - A. Business Loan Request**
 - 1. Loan Distribution**
 - 2. Expected Revenue and Breakeven Analysis**
 - 3. Cash Flow Projection (5 years)**
 - 4. Business Financial Statements**
 - 5. Working Capital**
 - B. Personal Financial Statements**

- IV. Market Plan**
 - A. Products and Services**
 - B. Market Area, Market Need and Market Position**
 - C. Competition**
 - D. Location**
 - E. Marketing, Promotion and Pricing**
 - F. Credit Policy**

- V. Appendix**
 - A. Two years of personal Income Tax Returns**
 - B. Lease or purchase agreements**
 - 1. Property**
 - 2. Equipment**
 - 3. Services**
 - 4. Other**

I. Business Description

A. Type of business: Introduce a summary of the business idea: describe what the business will do, what products or services will be provided, who will be your customers (what age, what locations, what economic level), the location of the business, the days and hours that will it function and the form of business; a proprietorship, a partnership, a type of corporation. Discuss any unique or special characteristics of the business.

B. Purpose of Business: Explain the purpose and need for the business. Discuss in what way the purpose and need was determined. Explain the method of research used. Discuss in what way the business will improve the economy of the community and your well-being. State how many employment opportunities will be sustained or created. Highlight the advantages of this business. If there are negative issues, explain them positively in a way that they will be overcome or managed.

D. Client Base: In greater detail explain your client base. Discuss the frequency of customer purchasing the service or product; annual or seasonal and if the purchases are volume based or item based. Detail the prices and costs of the product or service. Discuss the quality of the product or service

II Organization

A. Owner: Fully discuss education including prior and current working experience. Discuss your education and working experience in a way that benefits the project. Associate motivation and skill with the success of this project. Discuss the plan for handling the ups and downs of the business, particularly the growing period of a new or expanded business. Give an overview of salary.

B. Form of ownership: Discuss the form of ownership and why this form was chosen. State the benefits of this type of ownership. Depending on the ownership, name the partners and or associates. Describe their duties, responsibilities and titles. Describe in good detail their education and work

experience. Highlight what benefits they bring to the project. Give an overview of wages.

C. Personnel and selection: Discuss your employees in regard to their education, work experience, roles and duties. Describe their work schedules and wages.

D. Business advisors: Name and discuss the background of current and future business advisors. In what capacity are these advisors helping you with your business.

Always know where you are going and in what way you PLAN to get there. Planning will define that destination and provide the best direction to get there. Planning is the most important guide to starting, building and managing a successful business.

III. Financial Plan

A. Business Loan Request: Provide a summary of the amount needed, preferred terms and plan for repayment. Make sure that considered are the necessary funds that will provide at least six months to a year of start up money in addition to support funds for what may be unexpected expenses.

1. Loan distribution: Outline where this money will be used. There is an attached outline in the business plan for this purpose.
2. Expected revenue and breakeven analysis: Outline expected revenue for the next five years. Outline the breakeven analysis (the absolute amount of money needed to cover all costs). There is an attached outline in the business plan for this purpose.
3. Cash flow projections: Determine this on the outline enclosed. Discuss the method used to arrive at these projections. Explain the type of research supporting these figures. Example: (population of customers) x (purchases) x (prices) =sales revenue. Go out five

years. There is an attached outline in the business plan for this purpose.

4. Business balance sheet and income statement: There is an outline attached in the business plan for this purpose.
5. Working Capital: There is an outline attached in the business plan for this purpose.

B. Personal balance sheet and income statement: There is an outline attached in the business plan for this purpose.

Attachments for 1, 2, 3, and B follow.

A1. Loan Distribution

LOAN DISTRIBUTION	
This list is subject to change dependent on business type	
Start up plus six months cushion	amount
Advertising and promotion	_____
leases	_____
mortgage	_____
purchasing	_____
utilities	_____
phone	_____
supplies	_____
maintenance and repairs	_____
prepayments	_____
insurance	_____
down time	_____
Total	_____

A2. Expected Revenue and Breakeven Analysis

Total operating cost equals sales revenue is the breakeven point

A good process would be:

Divide the anticipated cost of operation by anticipated revenue less cost of sales=the quantity of units or service to be sold to cover all of your operational expenses.

Example:

\$ 3000.00 cost to operate for a month

\$ 1500.00 sales revenue

\$ 1000.00 cost of product sold

$\$3000.00 / \$1500.00 - \$1000.00 = 6$ units must be sold a month to cover all your operating costs

A3. Cash Flow Statement

CASH FLOW STATEMENT	2002	2003	2004	2005	2006	Total
Cash flow from operating activities						
Cash received from sale of goods						
Cash interest received						
Cash other received						
Cash provided by operating activities						
Total						
Cash paid to suppliers						
Cash paid for operating expenses						
Cash interest paid						
Cash paid for taxes						
Cash disbursed for operating activities						
Total						
Net cash flows						

A4. Business Financial Statements (Balance Sheet and Income Statement)
the personal financial statements can be used by replacing the personal
line items with those conducive to the business.

A5. Working Capital

WORKING CAPITAL			
Year to date			Working Capital Increase or Decrease
	2002	2003	
Current Assets			
Cash			
Checking account			
Investment account			
Accounts receivable			
Inventory			
Prepaid expenses			
Total			
Current Liabilities			
Accounts payable			
Notes payable			
Lease payable			
Accrued expenses			
Total			
Net working capital			
Increase in working capital			

B. Personal Financial Statements (Balance Sheet and Income Statement).

Balance Sheet

BALANCE SHEET	
Year to date	
Assets	
Cash	_____
Checking account	_____
Investment account	_____
Accounts receivable	_____
Furniture	_____
Vehicles	_____
Total	_____
Liabilities	
Accounts payable	_____
Loans payable	_____
Notes payable	_____
Lease payable	_____
Total	_____
Equity	_____
Total	=====

Income Statement

INCOME STATEMENT	
Year to Date	
INCOME	
Wages	_____
Investments	_____
Interest earned	_____
Other income earned	_____
Prepaid expenses	_____
Total	_____
EXPENSES	
Mortgage payment	_____
Insurance payment	_____
Utilities	_____
Phone	_____
Car payment	_____
Groceries	_____
Travel expenses	_____
Accrued expenses	_____
Total	_____
Equity	=====

IV. Market Plan

This is a very important part of the business plan and must support the numbers used to document expected revenues, breakeven analysis and cash flow projections. Verification that this business is needed and has potential for long term life as a business should be introduced. Express your methods for your continued effort to move the business forward and stay competitive.

Determine if there is a market (a need) for your product and or service, one must interview suppliers, customers and competitors. Knowing the market arena will serve as a map to guide in the decisions that will be made along the path to business success. On the path to the Market plan are the following concerns:

Market research (Feasibility study):

- A. Products and services:
 - 1. What is the product or service?
 - 2. Who are the suppliers?
 - 3. Is the service or product essential in a customer's day to day activity?
 - 4. Can the customer afford the service or product?

- B. Market Area, Market Need and Market Position
 - 1. Who are the customers?
 - 2. Where are they located?
 - 3. What are their needs and resources?
 - 4. What areas within the market position are declining or growing?
 - 5. What is the general economy of the service or product area?

- C. Competition
 - 1. Who are the competitors?
 - 2. Locate the competitors and describe them. Compare their customer base.
 - 3. Compare their pricing.
 - 4. Compare the quality of their product.
 - 5. Discuss their reputation, experience and years in business.

6. Discuss their effect on the project.
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- D. Location
 1. In addition to the address, city and state, discuss the business's infrastructure in a way that describes the convenience of traveling to the business, parking accommodations and safety features.

 - E. Marketing, Promotion and Pricing
 1. Describe the methods that will be used to market and promote the business.
 2. Explain the prices and by what method they were derived.
The primary goal of business is to make a profit. Before setting prices, you must understand your product's market, distribution costs, and competition.
 3. Discuss any incentive pricing strategies.

 - F. Credit Policy
 1. If credit is offered, discuss the terms and plan for collection.

V. Appendix

- A. Copies of past Personal and Business Income Tax Statements
- B. Copy of Leases
- C. Purchase agreements