



**Small Business Development Center
The University of Scranton**

Helping businesses start, grow, and prosper.

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**STEP BY STEP GUIDE
TO DEVELOPING
YOUR BUSINESS PLAN**



Beginning Steps:

- ❖ A business plan includes a standard set of components. Formats and outlines may vary, but generally a plan will include the components contained in this document.
- ❖ Open up a word processing software document and begin typing. Some prefer to start by handwriting information, but you should eventually type it up. If you don't have access to a computer, you may want to visit your public library. You do not have to have special software to write your business plan.
- ❖ Your main concern should be including all critical information. Formatting can be done later.
- ❖ Don't give up! Mark items you're unsure of. These become excellent questions to ask your SBDC consultant.

DESCRIPTION OF THE BUSINESS

I. OVERVIEW

1. What type of business are you in?
2. What is the status of your business?
3. Describe your proposed business.
4. What is/will be unique about your business?
5. With so many failures, why will your business succeed?

II. PRODUCT(S) OR SERVICE(S)

1. Describe the products/services you will sell.
2. What are the benefits of your products/services?
3. Will you require an initial inventory? If so, how much?
4. What is your market niche?

THE MARKETING PLAN

I. KNOW YOUR CUSTOMERS AND PROSPECTS

1. Who are your customers and how many are there?

2. Where are they?

3. What do they buy? (products/services vs. image)

4. Why do they buy?

5. When and how often do they buy?

6. How much do they buy?

7. When do they buy from you? From someone else?

8. Who were they buying from now?

II. MARKET SHARE

1. How large is the market for your business?
2. What percentage of the market you expect to attract?
3. Is the market growing, steady, or declining? Why?

III. COMPETITION

1. Please list and describe three to five of your most significant competitors.
2. How are their sales?(Steady, increasing, declining)
3. How are their operations similar/dissimilar to yours?
4. How do your products and services differ from competitive products and services currently on the market?
5. What will make your operation different from theirs?

IV. PROMOTION

1. How will you promote your products/services?

2. What dollar amount do you expect to spend on promotional activities?

3. Please show a planned promotion schedule over the next year showing each month's activities, dates, and costs.

4. How will you track your results?

V. SUPPLIERS

1. Who are your potential suppliers?

2. Are these businesses stable?

3. Have you made contact?

4. Will they provide trade credit? If so, what are the terms?

VI. LOCATION

1. Where will your business be located? (street address)

2. Describe the physical features of the facility.
For example, a one story brick building with 3000 square feet of space.

3. Define if you intend to own, rent, lease? (what is your rent?)

4. What extra rent will you have to pay? Part of utilities? Increases in operating costs or real estate taxes?

5. Are there any local regulations, such as zoning, that may affect the operation of your business?

6. Is there adequate parking?

7. If you are receiving in shipping goods, can trucks get into your facility's loading dock/area easily?

8. What are your hours of operation?

9. Can you put a sign on your building?

VII. EQUIPMENT (office, production, manufacturing, shipping)

1. Are you purchasing new or used equipment?

2. Are you buying or leasing?

3. List special equipment you will need for your business and its estimated cost.

VIII. PRICING

1. How did you arrive at the price of your product or service?

2. What is your pricing strategy?

3. How do your margins compare to the industry norms?

4. Can this pricing strategy be maintained over the long term?

5. What is the prevalent pricing strategy of your industry?

IX. DISTRIBUTION

1. Where/how will consumers acquire your products or services?

2. Why this method of distribution?

3. What customer service is involved with the sale of this product?

4. Are you able to supply the needed level of customer service?

MANAGEMENT

I. EXPERIENCE

1. Describe the business background and related experience of the Principles. (owners, main managers, and shareholders)
2. Why should you have direct experience in this kind of business?
3. What should it take to have you acquire what is relevant to this business?
4. What factors contribute to the potential success of this venture?

II. FINANCIAL RESOURCES

1. Who expects this product to require commercial financing?
2. How much cash do you and your partners have to invest in this business?
3. Is your credit rating good?
4. Do you own your own home?
5. How much equity value does your home have?
6. Do you have any other assets to use or pledge as collateral?
7. Have you completed a personal financial statement?

III. LEGAL ISSUES

1. What legal form of ownership will the business have?
(sole proprietorship, partnership, corporation)
2. Why this structure?
3. Who were the principles, and what are their titles and responsibilities?
4. Do you have a sales agreement?
5. Do you have a partnership agreement?
6. Have you filed any forms? If so which ones?

IV. HUMAN RESOURCES

1. How many employees will be needed?
2. Will these individuals be full time? Will they be employees or independent contractors?
3. What skills are required?
4. List the duties and responsibilities of key personnel with the business.

5. How much will they be paid?

6. What fringe benefits will you provide?

7. Have you considered wages, fringe benefits, and payroll taxes in your start up costs or financial projections?

V. PROFESSIONAL ASSISTANCE

1. Who is assisting you in starting or operating your own business?

2. List the name and address of your accountant, attorney, insurance agent, banker.

1. Are you aware of the many regulations that impact small business?

A. **LOCAL** - Zoning laws (districts, uses and variances)

Land development and subdivision (planning commission,
Council or supervisors)

Permits and licenses, building costs

B. **STATE** - Department of Environmental Protection (DEP) – sewage
<http://www.depweb.state.pa.us/dep/site/default.asp>

Pennsylvania Department of Transportation – highway
Occupancy permits
<http://www.dot.state.pa.us/>

Labor & Industry – fire and safety, Americans with
Disabilities Act
Licenses and certificates
<http://www.dli.state.pa.us/>

C. **FEDERAL** - Americans with Disabilities Act (through state for
buildings)

<http://www.usdoj.gov/crt/ada/adahom1.htm>

Occupations Safety & Health Administration (OSHA)
<http://www.osha.gov/index.html>

Department of Labor – wages
<http://www.dol.gov/>

Equal Employment Opportunity Commission (EEOC)
<http://www.eeoc.gov/>

Department of Justice personnel
<http://www.usdoj.gov/>

Specialized regulations

1. Environmental Protection Agency (EPA)
<http://www.epa.gov/>
2. Federal Communications Commission (FCC)
<http://www.fcc.gov/>
3. Federal Trade Commission (FTC)
<http://www.ftc.gov/>

THE FINANCIAL PLAN

START-UP COSTS

List your one time startup costs expected prior to "day one" of operation:

- | | | |
|----|--|----------|
| a. | Startup investment (Purchase of business, franchise, etc.) | \$ _____ |
| b. | Initial inventory | \$ _____ |
| c. | Building acquisition | \$ _____ |
| d. | Machinery and equipment | \$ _____ |
| e. | Furniture and fixtures | \$ _____ |
| f. | Remodeling and decorating | \$ _____ |
| g. | Licenses and permits | \$ _____ |
| h. | Prepaid insurance | \$ _____ |
| i. | Utility deposits | \$ _____ |
| j. | Pre-opening advertising/ Promotion | \$ _____ |
| k. | Professional (legal/accounting) | \$ _____ |
| l. | Other: _____ | \$ _____ |

**TOTAL STARTUP INVESTMENT NEEDED
PRIOR TO "DAY ONE" OF OPERATION**

\$ _____

OPERATING EXPENSES

Please list your estimated monthly operating expenses. These are incurred on a regular basis.

- | | | |
|-----|--|----------|
| 1. | Salaries and wages (employees) | \$ _____ |
| 2. | Owner's withdrawal | \$ _____ |
| 3. | Employment taxes (FICA, FUTA, Worker's Compensation) | \$ _____ |
| 4. | Employee fringe benefits | \$ _____ |
| 5. | Rent/ Mortgage/Lease | \$ _____ |
| 6. | Telephone | \$ _____ |
| 7. | Electricity | \$ _____ |
| 8. | Gas | \$ _____ |
| 9. | Water | \$ _____ |
| 10. | Office supplies | \$ _____ |
| 11. | Shop supplies | \$ _____ |
| 12. | Existing debt | \$ _____ |
| 13. | Maintenance and repair | \$ _____ |
| 14. | Local taxes/ licenses | \$ _____ |
| 15. | Legal and accounting | \$ _____ |
| 16. | Insurance | \$ _____ |
| 17. | Vehicle expense | \$ _____ |
| 18. | Advertising and promotion | \$ _____ |
| 19. | Miscellaneous | \$ _____ |

TOTAL MONTHLY OPERATING EXPENSES \$ _____

*****If an existing company, please include three years of your income tax profit and loss records, if available.

THE FINANCIAL PLAN

Working capital is the cash that you need to pay your expenses during periods when your sales receipts are not collected or if they are below the breakeven point. For startups, we suggest multiplying total monthly operating expenses by a minimum of two to three months to arrive in a suitable working capital amount.

TOTAL COST TO START BUSINESS:

- | | |
|---|----------|
| 1. Startup costs prior to "Day One" | \$ _____ |
| 2. Working capital | \$ _____ |
| 3. Total capital required (add lines one and two) | \$ _____ |

AVAILABLE CAPITAL:

- | | |
|--|----------|
| 4. Owner's equity | \$ _____ |
| 5. Financing needed (subtract line 4 from 3) | \$ _____ |

Owner's equity and external financing should be equal to the amount of capital required. Make a list of all possible resources for the above figure. Consider to seek commercial financing or approach private investors. There are different issues involved with both strategies.

POSSIBLE RESOURCES

AMOUNT

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
 TOTAL FINANCING	 \$ _____

THE FINANCING PLAN

SALES

In the first twelve months of operation, what will you be your estimated business sales by month? On the next page, explain how you arrived at these figures.

MONTH 1	\$ _____	MONTH 7	\$ _____
MONTH 2	\$ _____	MONTH 8	\$ _____
MONTH 3	\$ _____	MONTH 9	\$ _____
MONTH 4	\$ _____	MONTH 10	\$ _____
MONTH 5	\$ _____	MONTH 11	\$ _____
MONTH 6	\$ _____	MONTH 12	\$ _____

TOTAL (months 1-12) = \$ _____

What are you paying for the product? This figure, known as Cost of Goods Sold. It is expressed as an absolute dollar amount or as a percentage of total sales.

Estimated Cost of Goods Sold: _____
(Dollars or percentage)

If an existing company, what is your company's average cash balance? \$ _____
(Or your average daily balance from your bank statement)

* The Cost of Goods Sold for service firms is typically zero, but employee costs should be carefully considered.

SALES EXPLANATION AND OTHER INFORMATION