

OXFORD HILLS SCORE

GUIDELINES FOR PREPARING A BUSINESS PLAN

I. INTRODUCTION – GENERAL

- A. Preparing a Business Plan is a somewhat difficult and time consuming task but a most important one for getting a business off to a good start and keeping it on track. A written Business Plan forces you to consider the important ingredients for achieving success. It is an absolute prerequisite for approaching financing sources.
- B. The Business Plan is a “road map:”
 - i. It lays out the “route of travel” you plan to follow to reach the defined objectives of your business.
 - ii. It publicizes that “route of travel” so that everyone connected with the business, e.g., you, your financial backers and your employees know where you intend to go and how you intend to get there.
- C. The Business Plan is a “selling document:”
 - i. It must convincingly demonstrate that your business can sell enough of its products or services to make a satisfactory profit.
 - ii. It must convey that promise of success to you and to potential financial backers, such as bankers, investors, and partners.

II. KEY ELEMENTS OF THE BUSINESS PLAN

- A. Executive Summary
 - i. Write this section last.
 - ii. It should be two pages or less.
 - iii. Briefly explain the fundamentals of the business: what your product is, who your customers are, who owns the business, and what you think the future prospects are for your business and your industry.
 - iv. Include everything that you would want to cover in a five minute interview.
 - v. If you are applying for a loan, state clearly how much you want, precisely what you are going to use it for, and how the money will make your business more profitable, thereby ensuring repayment.

B. General Company Description

- i. Company name and address.
- ii. Name and title(s) of principal owner(s).
- iii. Form of ownership: Sole proprietor, partnership, corporation, or limited liability corporation (LLC).
- iv. Brief description of what your company does. For example, primary products and services, geographic area served.
- v. Company history, if any.

C. Products and Services

- i. Describe in detail your products and/or services.
- ii. Do you sell primarily to individuals or businesses?
- iii. What factors give you a competitive advantage? For example, the level of quality, unique features, etc.
- iv. What is the pricing structure of your products or services?

D. The Market

- i. Describing the market involves identifying your customer prospects and determining how best to reach them.
- ii. Describe customer benefits provided by your products and services.
- iii. Describe any market research you have done to determine that enough customers exist to make your product/service successful.
- iv. Describe the characteristics of the industry you are in, e.g., size of market, growth potential, trends in product development and trends in consumer preferences, etc.
- v. If possible, show facts and figures to support the above.

E. Competition

- i. What products and companies compete with you?
- ii. Explain why you believe there is room for your business in the target market.
- iii. Describe what you plan to do differently and/or better than your competitors to capture all or part of their market share.
- iv. Identify competitive factors, such as products, price, service, quality, selection, reliability, expertise, reputation and location, where your business has an advantage over your competitors.

F. Sales and Promotion

- i. How will you reach your target customers and sell to them?
- ii. Do you expect to advertise to let prospective customers know about your product/service? You almost certainly will discover that you can't afford the level of advertising you would like to do.

- iii. Do you use other methods to reach your customers, such as trade shows, direct mailings, word of mouth and network of friends and professionals?
- iv. Projected annual sales by product/service based on past experience, market analysis, customer feedback and industry trends.

G. Operational Plan

- i. How will you produce your products or services?
- ii. Describe the location of the business and why it is important to the business.
- iii. Do you own or lease the premises?
- iv. What are your business hours?
- v. Describe any special licenses and permits required for your business.
- vi. Identify the number of employees and special skills required. If you will run the business alone with no employees, state that in your plan.
- vii. What kind of inventory (raw materials, finished goods, supplies) and what average value will be required to support your sales?
- viii. If you plan to extend credit, you plan should address management of the credit and collection process.

H. Organization and Management

- i. Who manages the business day-to-day?
- ii. Describe experience and expertise you have to enable you to successfully manage the business.
- iii. If you have more than 8 or 10 employees, prepare an organizational chart showing management responsibilities.
- iv. List professional advisors such as attorney, accountant, insurance agent, bankers, consultants and advisors.

I. Financial Data

- i. Profit and loss statements and balance sheets for last two years, if applicable.
- ii. 12-Month projected cash flow.
- iii. Annual projected profit and loss statement for two years
- iv. Projected balance sheet for the end of each projected year.

J. Appendices

- i. Personal resumes
- ii. Product literature and advertising materials
- iii. Copies of leases and significant contracts
- iv. Lists of equipment owned or to be purchased
- v. Market research materials
- vi. Any other materials to support the assumptions in the plan