



## Alaska Division of Vocational Rehabilitation Business Plan Outline Guide

(Instructions: Below, insert the name of the participant after the colon.)

### **Participant Name:**

All business plans contain primarily the same categories of information, although there are a number of different ways to present it. The following outline provides a general understanding of what those categories are and more traditional groupings for them.

For the benefit of those evaluating them, be direct in your business plan. Communicate what is necessary to support your conclusions and projections but be careful not to pad the plan. Also, understand that you may not be present to defend the plan to someone evaluating it. It must stand alone and clearly communicate your concept as a viable business worthy of their support.

The plan is also a reflection of you as the business owner. If it speaks a language other business professionals understand, demonstrating thoroughness in its preparation, it communicates a certain competence to them regarding your experience and abilities. Also, if there are aspects of your background that will challenge your ability to attract support (such as a bankruptcy or bad credit judgment); those factors are better addressed openly as a demonstration of good character.

### **Elements of the Typical Business Plan**

Full descriptions of each element are below.

1. Purpose
2. Executive Summary
3. Business Description
4. Management and Operations
5. Market Analysis
6. Marketing and Sales Strategy
7. Financial Data
8. Appendices and Supporting Information

#### **1. Purpose**

Describe the purpose of your business plan. Plans serve two main functions - as a guide in the daily decisions of the business and to attract financing to support its goals and objectives. If the plan was written to attract financing, be specific as to the amounts and purposes of the funding. For example, "to secure \$20,000 in equipment and working capital for wages, marketing and start-up costs."

This gives anyone evaluating the plan a frame of reference from the beginning, allowing him or her to review it with that goal in mind. Your plan should then demonstrate and support your ability to succeed adequately based upon that investment and still provide adequate margins to grow the business.

## 2. Executive Summary

The executive summary is placed in the front of the plan and is typically one of the first elements to be read but often the last to be written. Not more than two pages long, the executive summary briefly highlights the more extensive categories of the plan under the same name, for example, market analysis, products, and services and so on. It is written following the completion of the detailed sections of the plan.

Typically, most potential lending sources will briefly review the financial information first to see at a glance if it is realistic and supports viable projections for good cash flow. If so, the executive summary tends to be reviewed next to determine if logical information has been gathered and coherently presented. If so, the rest of the plan stands a better chance for being read.

## 3. Business Description

This section conveys information pertinent to your business and allows you to describe, in detail, your company's products and services. Keep it to the point but be certain to identify any unique aspects that may give you a competitive advantage. The section should contain information to reflect:

- Name and physical / mailing addresses
- Company mission statement
- Location and geographic impacts on the business
- Uniqueness of the company, its services and/or product lines
- A thorough description of your products and services
- Product life cycle information
- Product or service uniqueness
- Proprietary position (patents, copyrights, legal and technical considerations)
- Potential product or service development

## 4. Management and Operations

Here, emphasize the backgrounds, skills, and talents of your management team. Each will bring different skills to the company, and in this section, you are given the opportunity to highlight them, particularly how they make you more competitive, unique, or otherwise give you an advantage. Discuss service or production capabilities, delivery procedures, and suppliers as appropriate to your business. Give consideration to the following:

- **Management**
  - Form of business (Sole Proprietor, LLC, Subchapter S, C Corporation, etc.)
  - Principal / key employees
  - Board of Directors / Advisory Board
  - Organizational chart and responsibilities
  - Resumes of key personnel

- **Operations**

- Description of facilities / plant
- Methods of selling, distributing, and servicing products to potential customers
- Management information systems for accounting, customer service, etc.
- Quality control strategy
- Inventory control strategy
- Other operational concerns

## **5. Market Analysis**

In analyzing your market, the more pertinent research you are able to do, the more viable your market analysis. The analysis of good data lends credibility to your plan and is the basis for your marketing and sales strategies that follow. As a business owner, it's important to convey a working understanding of your market and the industry in which you're working.

You must clearly define your target market within this section. Demographic information to support your assumptions is important, including your conclusions that an adequate market exists and is likely to utilize your business to the point of making it viable. The analysis must, also, take into account the direct and indirect competition you will face in reaching your target markets.

The Market Analysis should include:

- Market size and growth trends
- Well-defined primary and secondary target markets, with detailed information on each
- Economic, seasonal, and technical factors impacting profitability
- A competitive industry analysis with details of direct and indirect competitors

## **6. Marketing and Sales Strategies**

The preceding market analysis is the basis for your marketing and sales strategies. These represent a course of action to take advantage of the conditions dictated by the market and your competition and give you the best opportunity to succeed in that environment.

This section is tied to the financial projections presented later in the business plan. The strategies outlined in this section serve as the basis for the sales figures you present in the financial data and must be well thought out. Your marketing strategies must be clearly stated and specifically targeted to your primary customers. Also, if there are keys to your success within a particular competitive environment, be sure to articulate them and demonstrate how your strategies are designed to meet those expectations. This section should identify those keys and convey confidence in your strategies to attain them.

In this section, relate:

- Strengths, weaknesses, opportunities, and threats to your business (SWOT analysis)
- Overall marketing and sales strategies (goals, tactics, and contingencies)
- Advertising and promotional programs
- Pricing policy (relative to your competition's)
- Other marketing efforts (joint ventures, strategic alliances, etc.)

## 7. Financial Data

This data can be difficult to accurately compile. It will contain your historical financial information as well as your projections for the business. Financial statements should reflect three to five years of historical / operational history and typically three years of financial projections.

- Narrative
  - Assumptions upon which the projections are based
  - Sources and uses of funds – your investments and from where additional investments into the business will come and how will they be used. Articulate the effect of the funding upon the business.
  - Ability to repay investors, including timeframes and impact of the additional financial obligation on the business.
- Spreadsheets
  - Financial projections - Three years of projections with the first year providing monthly details. Annual projections for years two and three are adequate in most cases.
  - Sales Forecast
  - Income Projections Statement
  - Start-up Request
  - Key business ratios that apply to your business (current ratio, quick ratio, debt to income ratio, etc.)
- Attachments
  - Financial histories – At least three years of income statements, balance sheets and cash flows; Tax returns for the last three years of business (or personal returns if business returns are not available)

## 8. Appendices and/or Exhibits

Additional detailed or confidential information useful to evaluating the business plan should be presented here if necessary. Examples of appendices and exhibits include the following:

- Resumes of key managers
- Pictures of products or storefront
- Market studies
- Patents, copyrights, and trademarks

- Tax returns for previous years
- Aging of accounts receivable and payable
- Copies of existing financial institution promissory notes
- Trade, bank, and character references
- Estimates for equipment to be acquired
- Copies of pending or current contracts (as appropriate)
- Copy of the lease or letter of intent to lease
- Contract for the purchase of an existing business
- Articles of Incorporation, By-laws, Certificate of Good Standing from the State Corporation Commission, Partnership Agreement, etc.
- Copy of warranty deeds and appraisals for property to be pledged by the business or guarantors
- Organizational chart
- Personal financial statements for shareholders / partners
- Personal income tax statements for shareholders for the preceding three years

This outline guide is a framework for conveying information about your business or concept to others for the purposes of evaluation. The goal is to effectively communicate your concept and decisions to encourage investment in and support of your efforts. Use this guide to assist you in making those decisions and committing them to paper.

Remember that, along the way, your concept will likely change numerous times as you refine it and gain a better understanding of what will and won't work in the marketplace. Don't be discouraged and do seek out others to support and assist your efforts as you progress. Despite the many challenges, self-employment truly can help you to achieve your goals in partnership with others who wish to help you succeed.