

## **PREFACE: Why Is A Business Plan Needed?**

Business Plans are roadmaps. They enable entrepreneurs and small business owners to articulate the desired course of their businesses. Business Plans provide these business people with work guidelines, activities, timelines and goals when launching or expanding a business. Perhaps more importantly, these plans provide potential investors (e.g., banks, venture capitalists, angels, friends and family) with the information they need to decide whether to invest. As such, developing a comprehensive business plan is critical.

Unfortunately, most entrepreneurs and small business owners lack at least one of the three key elements needed to develop effective business plans:

- Time;
- Experience writing business plans; and,
- Ability to prepare detailed financial statements.

This is where GCG, LLC can help. The following is a general outline used by GCG, LLC in preparing a comprehensive business plan. GCG may complete all or a subset of the business plan sections, depending on the client's needs. Typically, the portion of the outline that GCG, LLC will be responsible for will be specified in the "scope of work" section of the contract between GCG, LLC and the client.

Because the Business Plan outline provided here presents generally accepted business planning requirements and activities, this outline is not the property of GCG, LLC and may be freely used by clients and others regardless of whether or not GCG, LLC services are retained. (Similar and different business planning methods are available for a fee or for free on the Internet or via textbooks and commercial software.)

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Nondisclosure Agreement

The **undersigned reader/recipient** acknowledges that the information provided by **(fill in with the proposed name of your Company)** in this business plan is confidential; therefore, reader/recipient agrees not to disclose it or any part of it without the express written permission of the company.

It is acknowledged by reader/recipient that information furnished in this business plan is in all respects confidential in nature, other than information that is in the public domain. Any disclosure or use of such information by reader/recipient may cause serious harm or damage to the company and will be prosecuted to the full extent of the law.

Upon request, this business planning document is to be immediately returned to the company's representative whose signature appears below.

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Date

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This is a business plan. It does not imply an offering of securities.

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Cover Page with business title, dates, owners etc. here

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Table of Contents

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**OFTEN THE VISION, MISSION AND VALUE STATEMENTS ARE PRESENTED AT THIS POINT IN THE BUSINESS PLAN**

## **1. Executive Summary**

The Executive Summary is the most important part of a business plan since it is the part that every potential investor is sure to read. In fact, many investors may make decisions based on **this section alone**.

The Executive Summary provides a succinct description of all other business plan sections: the specific business, the industry, the marketing plan, the amount of financing sought, etc. It is normally completed after the other sections, **although it is almost always placed at the beginning of your narrative even though written last**.

Key questions that are answered include:

Introduce and summarize your entire business in no more than two pages

What are the general industry dynamics?

Who are the principals of your business and how is it organized? Be brief here.

How much money do you want (if seeking funding) or will it take to get started?

**OFTEN THE VISION, MISSION AND VALUE STATEMENTS ARE PUT AS THE VERY NEXT PAGES OF THE BUSINESS PLAN**

## **2. Company and Product/Service Analysis (includes elements of your research and development efforts – (R&D))**

The Company Analysis provides a strategic overview of the current or proposed company. Key questions that are answered include:

What opportunity is the company capitalizing on?

With what products and/or services?

How are the company and product(s)/service(s) unique?

What makes the company qualified to succeed in this business?

What is the company's overall strategy?

How is the company organized (e.g., LLC, sole proprietorship)?

### **3. Industry Analysis (R&D)**

The Industry Analysis evaluates the playing field in which the planned company will be competing. Key questions that are answered include:

What is the size, in units and dollars, of the market (could be international, national, regional or local, depending on your business) in which the company is (will be) competing?

What market trends, if any, are affecting the market size?

Who are the major competitors?

What are the market shares of each?

What substitute products/services are there?

What complimentary products are there?

What are the barriers and challenges to entry?

How do these industry parameters favor the planned company?

### **4. Analysis of Customers & Specific Competition for your customers (R&D)**

Analysis of Customers and Competition for them includes answering questions such as:

Who are the (proposed) customers?

What are their demographics? Where do they live? What are their income levels? What else do you know about them that will effect their buying behavior?.

What products/services are these customers currently buying to fulfill the need that the company hopes to fill?

What are the customers' true (underlying) needs, and what trends are affecting these needs?

Who are the direct competitors? (Note: Section 3 refers to an industry wide discussion while here you will be discussing your particular potential customers and who specifically is competing against you for them.)

How large are your direct competitors?

What are their strategies?

How have they reacted to new market entrants (such as yourself) in the past and/or how might they react to a new entrant in the future?

### **5. Marketing Plan (Some business plans include their manufacturing or production plans within the Marketing Plan, especially for service industries, which have little or no “manufacturing”. You may do so as well in which case also answer the questions in item 7 here.)**

The Marketing Plan is the strategy for penetrating the marketplace. Key information addressed here includes:

Overall Marketing Strategy – how the company plans to introduce the product(s) or service(s) into the marketplace and generate long-term sales.

Products/Services – specific and detailed information regarding the nature, specifications

and/or composition of the product(s) or service(s).

Pricing – information regarding the price point(s) at which the product(s) and/or service(s) will be sold.

Distribution – the method by which product(s) will move from the company to the end-user.

Sales approach – how the company plans to sell the product(s) (e.g., using direct sales force, distribution network, etc.)

Advertising & Promotions – how much money will be spent on advertising and promotions, and what the goals are of each of these marketing methods.

Public Relations – what the role of public relations will be, if any, in promoting the product(s) or service(s).

## **6. Design & Development Plans (R&D)**

Design & Development Plans analyze strategy for taking ideas from concept to reality. This section answers questions including:

What is the current status of product/service development?

When is the proposed “finish” date?

What obstacles and challenges, if any, must be overcome in this process?

What are the estimated costs of product development?

Who, if anyone else, outside the company will be involved?

How are proprietary information/technology protected? (Legal documents exhibited in appendices.)

### **7a. Manufacturing (services may be part of marketing plan, item 5. above)**

Manufacturing (or production) and Operations Plans specify how all tasks will be accomplished.

Key questions that are answered here include:

Manufacturing

How will the product (or service) be manufactured (produced)?

What is the manufacturing (service) capacity?

What are the product lead times?

In which geographic region(s) will the products be manufactured?

Where will the products be stored?

How will manufacturing be supervised (if outsourced)?

What regulatory and legal issues must be adhered to?

### **7b. Operations Plan (needed for BOTH manufacturing or service business)**

What functions (plant, back office, front office staff) are necessary in the manufacture /service to sales process?

How many people are needed?

What will be each individual's precise function?  
What are the key steps in delivering quality products and services?  
How will quality be improved, managed and controlled?

## **8. Management Team**

The Management Team section demonstrates that the required human resources to make the company a success have been assembled. Key issues that are addressed here include:

How is **your** company organized?  
Who are the **key** management personnel and their backgrounds?  
Who are the other investors and/or shareholders, if any?  
Who are the owners and who comprises the Board of Directors and/or Board of Advisors and/or Board of Trustees, if any?  
Who are professional advisors (e.g., lawyer, accounting firm)

## **9. Financial Plan**

The Financial Plan indicates how much money (seed and/or start up capital) the company needs and how much it plans to earn in the future. The Financial Plan section includes both detailed financial analyses in spreadsheet form (which appears in the Appendices), and a written discussion of how this impacts the business and the investment decision.

### **Written narrative discussion should include:**

Highlights of financial data analysis and explanations of non-obvious financial data  
Financing needs and use of funds  
The investment offering  
The investor's return

### **Financial tables and figures**

Financial Data Analyses (typically in spreadsheet format) usually include in some form:

Actual Income Statements & Balance Sheets (if applicable i.e., existing enterprise)  
Pro Forma Income Statements (typically: monthly for Year 1, and quarterly and annually for Years 1-3 or 5)  
Pro Forma Balance Sheets (typically: monthly for Year 1, and quarterly and annually for Years 1-3 or 5)  
Pro Forma Cash Flow Statements (typically: monthly for Year 1, and quarterly and annually for Years 1-3 or 5)  
Gross and Operating Margins  
Fixed and Variable Costs  
Break-even analysis in time and units sold  
Analysis of Return on Investment

## 10. Exit Strategy

Initial Public Offering (AKA IPO) (rarely realistic from investor's standpoint)

Merger/Acquisition

Buyout by partner in business

Franchise your business

Hand down the business to another family member

"Going out of business sale"

## 11. Appendices

Appendices cover all non-narrative materials (but do not forget to properly cite these in the narrative) such as:

- Financial spreadsheets and calculations
- Work-flow charts
- Product/service specification diagrams
- Resumes of named management and all other key employees
  
- **Copies of pertinent legal and other documents including:** contracts; franchise agreements; releases; property leases or purchase agreements; confidentiality or non-disclosure statements and agreements; agreements of participation by principals; promissory notes (IOUs); non competes; letters of intent from suppliers; etc.