

# How To Prepare A Business Plan



Atlantic Canada Opportunities Agency

# OUTLINE OF A BUSINESS PLAN

## ***EXECUTIVE SUMMARY***

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The executive summary provides an overview of the company. It contains highlights on the management team, product(s) or service(s), market for the company's product(s) or service(s), marketing plans, manufacturing and distribution systems, relevant financial information, and capital requirements. The summary should be brief but contain enough detail to adequately describe the company.

## ***THE COMPANY***

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A description of the company's organizational structure is included in this section as well as comments on how the structure will change and expand as the company grows. (A copy of the company's organizational chart should be here or as an exhibit.)

- History of the company
- Corporate structure, ownership and related companies
- Description of the business

## ***THE PRODUCT/SERVICE***

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This section of the plan precisely describes the company's product(s)/service(s), including information on: how the product/service was developed, significant research and development activities, technological advantages, patents or copyrights granted or applied for, licensing agreements, servicing and maintenance requirements and future product/service development plans.

## ***THE PROJECT***

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- Description of the project including project costs
- The reasons for undertaking the project and the expected benefits to the company
- Major risks associated with the project

## ***MARKET ANALYSIS AND MARKETING PLAN***

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The marketing section includes three key elements: an industry profile, the company's marketing plans, and a competitive analysis. The industry profile describes the market in which the company competes. It should address the size and growth potential of the market, seasonality factors, geographic locations, profit potential and sales trends.

The marketing plan describes in detail the marketing strategies the company will pursue to successfully compete in the market. The plan includes an analysis of the needs of the marketplace and how the company can meet those needs. The plan describes the customers in the marketplace, market segmentation by product, and market share objectives. It also identifies the company's market niche and the advertising, pricing and promotion strategies the company will use. The plan should also address how the company will adapt to known changes in the market over time.

The competitive analysis lists all major competitors and their strengths and weaknesses. It identifies situations where the company is in direct competition by product and geographic location, and identifies emerging competitors in the marketplace. The analysis should contain background information on each major competitor such as a products and services, market share held, marketing strategy, etc.

- Description of products and services
- Analysis of industry: size, growth and trends
- Competitor analysis
- Identification of target markets; customers and geographic area
- Market share objectives and sales estimates
- Marketing strategy: pricing, distribution, promotion, and advertising

### ***MANAGEMENT AND ORGANIZATION***

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The management team is a critical factor in the success of a company. This section of the plan describes each of the key managers in terms of their duties and responsibilities, prior business experiences and compensation. It also summarizes how their skills will contribute to the overall success of the company. The section includes resumes for each key manager and makes note of any employment, stock option, or bonus agreements. (Copies of resumes and contracts can be included as exhibits, but brief descriptions of major items should be included in this section.)

The management team should be complete. If key roles need to be filled, the plan should describe how key people will be identified, what compensation level it will take to hire them, and when they are expected to join the company.

- Organization structure of the company
- Resumes of key management personnel
- Current and proposed employment levels by job classification
- Salary and wage levels

### ***OPERATIONS***

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- Description of existing property, building and equipment
- Itemized listing of proposed fixed assets and cost estimates
- Size/capacity and utilization rates of existing and proposed operation
- Sources and availability of major material/service requirements
- Sketch of proposed buildings on site plan
- Description of manufacturing process and flow diagram of production process
- Summary of key research and development activities
- License permits, environmental approvals
- Quality assurance certifications, etc.

### ***FINANCIAL DATA***

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The financial information section includes the company's current and historical financial results, projected financial results and future financing plans. Financial statements for the current year and highlights of the last several years are included in this section along with key operating statistics. A description of how the company has been financed and the amount and type of financing that will be needed in the future should be stated.

The projected financial information is one of the most important elements of the plan. Detailed statements of operations (income/expenses), cash flow and proforma balance sheets should be prepared for each of the next three years. All the statements should be accompanied by assumptions which have been tested for reasonableness.

Any other relevant items such as purchase commitments, contingencies such as litigation, credit lines, bank commitments, other sources of income, lease commitments and mortgages should be fully described in this section.

- Financial statements for the last two fiscal years and the most recent interim statements
- Financial projections for three years including income statements, cash flow statements, and balance sheets. Include key assumptions
- Cash flow statements by month for one year
- Project costs and financing plan including equity and debt financing: sources, amounts, and terms