

# THE BUSINESS PLAN

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- IT'S A MODEL OF YOUR BUSINESS
  - IN WRITTEN DESCRIPTIVE TERMS
  - IN FINANCIAL TERMS, DOLLARS
- LOOKS AT YOUR PAST HISTORY
- ASSESSES YOUR CURRENT POSITION
- PLAN FOR THE FUTURE
  - FOCUS ON YOUR GOALS & OBJECTIVES
  - ALLOWS YOU TO CONSIDER ALTERNATIVES
    - VARYING SALES LEVELS & MARKET CONDITIONS
    - EFFECTS ON PROFIT & LOSS, CASH FLOW
- REQUIRES YOUR TIME & EFFORT, MIN \$

# THE BUSINESS PLAN cont.

- THE BUSINESS PLAN IS A DECISION TOOL
- THE PLAN LOOKS AT ALTERNATIVES & THEIR EFFECT ON YOU & YOUR BUSINESS
  - SHOULD I GO INTO THIS BUSINESS?
  - SHOULD I EXPAND MY CURRENT BUSINESS?
  - HOW WILL I EXPAND MY BUSINESS?
  - SHOULD I SELL MY BUSINESS?
  - HOW WILL I SOLVE MY CURRENT PROBLEMS?
  - WHAT IS THE BUSINESSES FINANCIAL FEASIBILITY?

# WHO IS THE PLAN FOR?

- **PRIMARILY THE PLAN IS FOR YOU**
- **IT MAY ALSO BE USED FOR:**
  - ACQUIRING A LOAN
  - OTHER INVESTORS
  - FOCUSING YOUR MANAGEMENT TEAM
  - INFORMING YOUR EMPLOYEES
- **THE PLAN IS A MANAGEMENT TOOL**

# WHY BUSINESSES SUCCEED

- THEY HAVE A PLAN, A BUSINESS PLAN
- THEY HAVE:
  - REALISTIC EXPECTATIONS
  - SKILLS RELATED TO THE PROPOSED BUSINESS
  - GOOD MANAGEMENT SKILLS
  - AN UNDERSTANDING OF THEIR WEAKNESSES
  - A BASIC UNDERSTANDING OF FINANCES
  - ADEQUATE WORKING CAPITAL
  - A DIVERSE CUSTOMER BASE
  - PERSEVERANCE

# WHY BUSINESS PLANS DON'T DELIVER TELLTALE TERMS

- **OUR MARKET IS HUGE!**
- **WE CONSERVATIVELY FORECAST THAT...**
- **OUR REVOLUTIONARY TECHNOLOGY...**
- **ASSUMING MOST OF OUR FINANCIAL NUMBERS...**
- **WE BELIEVE THAT...REAL EVIDENCE?**
- **WE HAVE NO COMPETITION...**

# SCORE BUSINESS PLAN GUIDE

- FOR A STARTUP BUSINESS
- FOR AN ESTABLISHED BUSINESS
- GREATER SEATTLE SCORE WEBSITE
  - Go to: <https://seattle.score.org>

# BUSINESS PLAN DEVELOPMENT PROCESS

- USE OF THE GUIDE
- USE OF SCORE/SBA RESOURCES
  - SCORE ONE-ON-ONE COUNSELING
  - SCORE CIRCUIT RIDERS
  - THE BUSINESS INFORMATION CENTER
    - <https://seattle.score.org>
    - SCORE COUNSELOR'S
    - SCORE BUSINESS PLAN TEMPLATE
    - <https://seattle.score.org/resources/business-planning-financial-statements-template-gallery>
- SCORE WILL WORK WITH YOU ON YOUR BUSINESS PLAN DEVELOPMENT

# SCORE BUSINESS PLAN GUIDE OUTLINE

- EXECUTIVE SUMMARY
- GENERAL COMPANY DESCRIPTION
- PRODUCTS & SERVICES
- MARKETING PLAN
- OPERATIONAL PLAN
- MANAGEMENT & ORGANIZATION
- PERSONAL FINANCIAL STATEMENT(s)
- STARTUP EXPENSES & CAPITALIZATION or  
FINANCIAL HISTORY
- FINANCIAL PLAN



# EXECUTIVE SUMMARY & FORMAT

- **EXECUTIVE SUMMARY**
  - WRITE THIS SECTION LAST!
  - SHOULD COVER MAJOR POINTS OF THE PLAN
  - SOME MAY ONLY READ THIS SECTION
  - DESCRIPTION OF LOAN
- **FORMAT of Guide & Plan**
  - A SERIES OF QUESTIONS
  - MEANT TO BE A BRAINSTORMING TECHNIQUE
  - SHOULD LEAD TO OTHER QUESTIONS
  - ANSWERS WILL FORM A DATA BASE FOR TEXT
  - WRITE CLEAR/CONCISE TEXT FOR EACH SECTION

# GENERAL COMPANY DESCRIPTION

- **CONCISE DESCRIPTION OF THE COMPANY**
  - **INDUSTRY BACKGROUND**
  - **FORM OF OWNERSHIP**
  - **PRODUCTS & CUSTOMERS**
  - **BUSINESS PHILOSOPHY**
  - **YOUR STRENGTHS**
  - **YOUR PLAN FOR SUCCESS**

# PRODUCTS & SERVICES

- **WHAT YOU WILL OFFER**
  - DESCRIPTION OF YOUR PRODUCTS & SERVICES
  - WHAT BENEFITS WILL YOUR PRODUCTS PROVIDE FOR THE CUSTOMER?
- **QUALITY & PRICING**
- **FUTURE PLANS FOR GROWTH**

# MARKETING PLAN

- RESEARCH
  - PRIMARY - DO YOURSELF
  - SECONDARY - OTHERS HAVE DONE
- ECONOMICS
- PRODUCT
- CUSTOMERS
- COMPETITION
- STRATEGY
- SALES FORECAST
  - LOW, MEDIUM & HIGH

# OPERATIONAL PLAN

- PRODUCTION
- LOCATION
- PERSONNEL
- INVENTORY
- SUPPLIERS
- ACCOUNTING
- DO FOR LOW, MEDIUM & HIGH SALES
- This covers the day-to-day biz details

# MANAGEMENT & ORGANIZATION

- **WHAT SKILLS ARE REQUIRED TO MANAGE YOUR BUSINESS?**
- **WHAT KNOWLEDGE & EXPERIENCE DO YOU HAVE TO DO THE ABOVE?**
  - **WHERE DO YOU COME UP SHORT?**
  - **HOW WILL YOU FILL THE HOLES?**
- **THIS SECTION IS MEANT TO BE AN ASSESSMENT OF YOUR MANAGEMENT CAPABILITY**

# FINANCIAL PLAN OUTLINE

- PERSONAL FINANCIAL STATEMENT
- FINANCIAL HISTORY & ANALYSIS
- STARTUP EXPENSES & CAPITALIZATION
- 12 MONTH PROFIT PROJECTION
- 12 MONTH PROJECTED CASH FLOW
- ACTUAL OR PROJECTED BALANCE SHEET
- BREAKEVEN ANALYSIS

# PERSONAL FINANCIAL STATEMENT “BALANCE SHEET”

## ASSETS

Cash

Savings

IRA

Real Estate

Personal Prop.

Other

**TOTAL            100**

## LIABILITIES

Credit Card

Other Short Term

Real Estate

Other

**Total                    30**

**NET WORTH            70**

**TOTAL                    100**



# FINANCIAL HISTORY & ANALYSIS

- FOR ESTABLISHED BUSINESSES
- PROVIDE NARRATIVE
- GET 3 YR. HISTORY DATA
- COMPARE WITH INDUSTRY (RMA etc.)
- WHERE DO YOU RANK & WHY?

# STARTUP EXPENSES & CAPITALIZATION

## BUILDING-CLEANING & MAINT. CO.

|                 |                              |              |
|-----------------|------------------------------|--------------|
| <b>SOURCES:</b> | <b>OWNERS INVESTMENT</b>     | <b>\$ 70</b> |
|                 | <b>OTHER INVESTORS</b>       | <b>\$ 0</b>  |
|                 | <b>BANK LOANS</b>            | <b>\$120</b> |
|                 | <b>OTHER LOANS</b>           | <b>\$ 0</b>  |
|                 | <b><u>TOTAL SOURCES:</u></b> | <b>\$190</b> |

|                       |                           |              |
|-----------------------|---------------------------|--------------|
| <b>USES OF FUNDS:</b> | <b>REAL ESTATE</b>        | <b>\$ 0</b>  |
|                       | <b>CAPITAL EQUIPMENT</b>  | <b>\$ 38</b> |
|                       | <b>LEASEHOLD IMPROVE.</b> | <b>\$ 10</b> |
|                       | <b>ADMINISTRATION</b>     | <b>\$ 5</b>  |
|                       | <b>OTHER OVERHEAD</b>     | <b>\$ 4</b>  |
|                       | <b>OPENING INVENTORY</b>  | <b>\$ 10</b> |
|                       | <b>OTHER EXPENSES</b>     | <b>\$ 8</b>  |
|                       | <b>CONTINGENCY</b>        | <b>\$ 15</b> |
|                       | <b>WORKING CAPITAL</b>    | <b>\$100</b> |
|                       | <b><u>TOTAL USES:</u></b> | <b>\$190</b> |

# PROFIT PROJECTION

|                    | MO. 1 | MO. 2 | MO. 3 | NOTES |
|--------------------|-------|-------|-------|-------|
| SALES              | 40    | 60    | 80    |       |
| PAYROLL            | 32    | 32    | 32    |       |
| PAYROLL TAXES      | 8     | 8     | 8     |       |
| MATERIALS          | 5     | 6     | 7     |       |
| COST OF GOODS SOLD | 45    | 46    | 47    |       |
| GROSS PROFIT       | (5)   | 14    | 33    |       |
| OTHER EXPENSES:    |       |       |       |       |
| RENT/LEASE         | 2     | 2     | 2     |       |
| INSURANCE          | 1     | 1     | 1     |       |
| INTEREST           | 1     | 1     | 1     |       |
| DEPRECIATION       | 1     | 1     | 1     |       |
| MISC. EXPENSES     | 1     | 1     | 1     |       |
| CoGS & EXPENSES    | 51    | 52    | 53    |       |
| NET PROFIT         | (11)  | 8     | 27    |       |
| CUM. NET PROFIT    | (11)  | (3)   | 24    |       |

# CASH FLOW PROJECTION

|                      | MO. 1 | MO. 2 | MO. 3 | NOTES |
|----------------------|-------|-------|-------|-------|
| CASH ON HAND         | 100   | 48    | 7     |       |
| CASH IN              | 0     | 10    | 40    |       |
| CASH AVAILABLE       | 100   | 58    | 47    |       |
| CASH OUT:            |       |       |       |       |
| PAYROLL              | 32    | 32    | 32    |       |
| PAYROLL TAXES        | 4     | 4     | 16    |       |
| MATERIALS            | 5     | 6     | 7     |       |
| RENT/LEASE           | 4     | 2     | 2     |       |
| INSURANCE            | 1     | 1     | 1     |       |
| INTEREST             | 1     | 1     | 1     |       |
| MISC. EXPENSES       | 1     | 1     | 1     |       |
| PRINCIPAL PAYMENTS   | 2     | 2     | 2     |       |
| OWNERS DRAW          | 2     | 2     | 2     |       |
| TOTAL PAID OUT       | 52    | 51    | 64    |       |
| ENDING CASH POSITION | 48    | 7     | (17)  |       |

# STARTUP EXPENSES & CAPITALIZATION BUILDING-CLEANING & MAINT. CO.

|          |                   |                      |  |
|----------|-------------------|----------------------|--|
| SOURCES: | OWNERS INVESTMENT | \$ 70                |  |
|          | OTHER INVESTORS   | \$ 0                 |  |
|          | BANK LOANS        | <del>\$120</del> 150 |  |
|          | OTHER LOANS       | \$ 0                 |  |
|          | TOTAL SOURCES:    | <del>\$190</del> 220 |  |

|                |                    |                      |  |
|----------------|--------------------|----------------------|--|
| USES OF FUNDS: | REAL ESTATE        | \$ 0                 |  |
|                | CAPITAL EQUIPMENT  | \$ 38                |  |
|                | LEASEHOLD IMPROVE. | \$ 10                |  |
|                | ADMINISTRATION     | \$ 5                 |  |
|                | OTHER OVERHEAD     | \$ 4                 |  |
|                | OPENING INVENTORY  | \$ 10                |  |
|                | OTHER EXPENSES     | \$ 8                 |  |
|                | CONTINGENCY        | \$ 15                |  |
|                | WORKING CAPITAL    | <del>\$100</del> 130 |  |
|                | TOTAL USES:        | <del>\$190</del> 220 |  |

# CASH FLOW PROJECTION (Rev.)

|                      | MO. 1 | MO. 2 | MO. 3 | NOTES |
|----------------------|-------|-------|-------|-------|
| CASH ON HAND         | 130   | 78    | 37    |       |
| CASH IN              | 0     | 10    | 40    |       |
| CASH AVAILABLE       | 130   | 88    | 77    |       |
| CASH OUT:            |       |       |       |       |
| PAYROLL              | 32    | 32    | 32    |       |
| PAYROLL TAXES        | 4     | 4     | 16    |       |
| MATERIALS            | 5     | 6     | 7     |       |
| RENT/LEASE           | 4     | 2     | 2     |       |
| INSURANCE            | 1     | 1     | 1     |       |
| INTEREST             | 1     | 1     | 1     |       |
| MISC. EXPENSES       | 1     | 1     | 1     |       |
| PRINCIPAL PAYMENTS   | 2     | 2     | 2     |       |
| OWNERS DRAW          | 2     | 2     | 2     |       |
| TOTAL PAID OUT       | 52    | 51    | 64    |       |
| ENDING CASH POSITION | 78    | 37    | 13    |       |

# OPENING DAY BALANCE SHEET

## ASSETS

### CURRENT ASSETS

|                |     |
|----------------|-----|
| CASH           | 130 |
| ACCOUNTS REC . | 0   |
| INVENTORY      | 10  |

|                |     |
|----------------|-----|
| FIXED ASSETS   | 48  |
| (ACCUM. DEPR.) | (0) |

TOTAL ASSETS 188

## LIABILITIES & EQUITY

### CURRENT LIABILITIES

|                  |     |
|------------------|-----|
| ACCOUNTS PAYABLE | 0   |
| SHORT TERM DEBT  | 0   |
| TAXES PAYABLE    | 0   |
| LONG TERM DEBT   | 150 |

TOTAL LIABILITIES 150

### OWNERS EQUITY

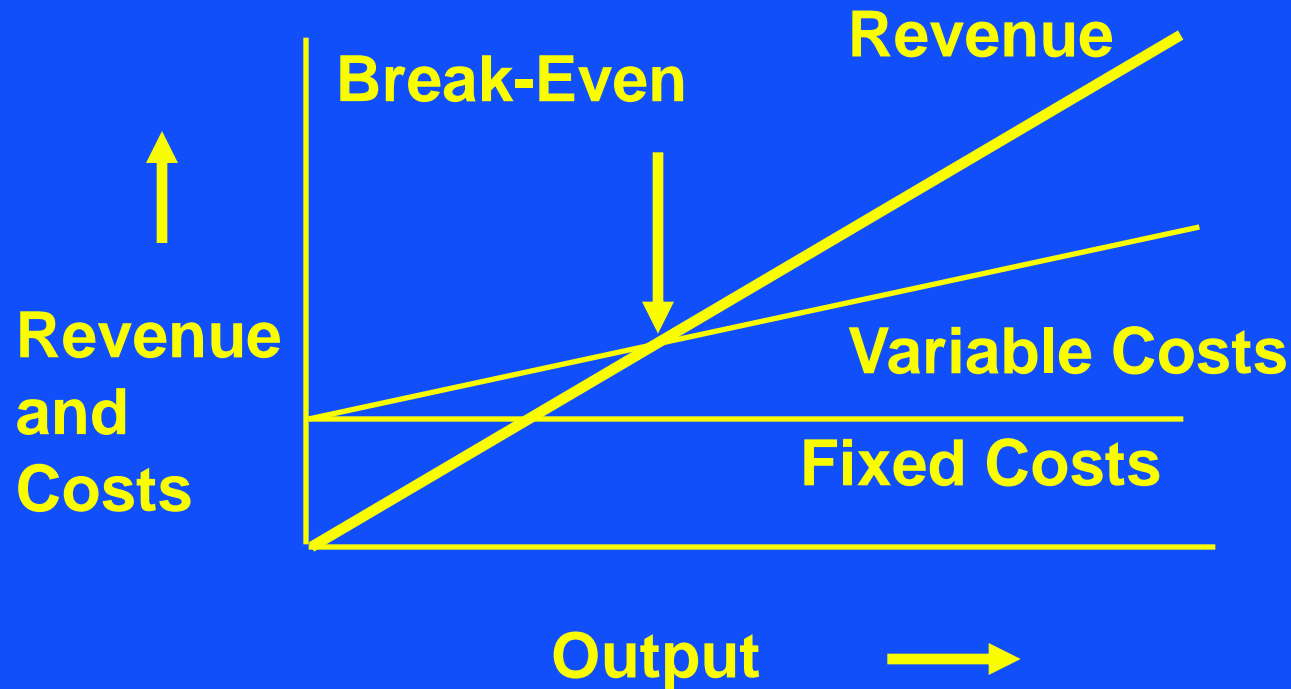
|                     |     |
|---------------------|-----|
| CAPITAL STOCK       | 38  |
| RETAINED EARNINGS   | 0   |
| TOTAL LIAB & EQUITY | 188 |

# BREAK-EVEN ANALYSIS

- **FIXED COSTS**
  - THOSE COSTS THAT DON'T CHANGE WITH OUTPUT
- **VARIABLE COSTS**
  - THOSE COSTS THAT DO CHANGE WITH OUTPUT
- **SEMI FIXED OR VARIABLE COSTS**
  - SORT OF FIXED & SORT OF VARIABLE
- **BREAK-EVEN POINT**
  - WHERE TOTAL COSTS = TOTAL REVENUE



# BREAK-EVEN CHART



# APPENDICES

- **CONTENT**
  - DETAILED BACKUP DATA
  - REFERENCE SOURCE MATERIAL
  - RESUMES
  - BACKUP STUDIES
- **HELP THE TEXT READER SO HE/SHE WON'T HAVE TO LOOK IT UP!**
- **KEEPS BODY OF THE PLAN 'CLEAN'**

# REFINING THE PLAN

- **TO REFINE FOR RAISING CAPITAL**
  - **BANKER**
  - **INVESTOR**
- **TO REFINE FOR TYPE OF BUSINESS**
  - **MANUFACTURING**
  - **SERVICE BUSINESS**
  - **HIGH TECHNOLOGY**
  - **RETAIL**

# THE BUSINESS PLAN RECAP

- THE PLAN IS A MANAGEMENT TOOL TO HELP YOU HAVE A SUCCESSFUL BUSINESS
- THE SCORE BUSINESS PLAN GUIDE(S) PROVIDE A USEFUL ROADMAP FOR YOU TO DEVELOP YOUR PLAN
  - PLAN SOFTWARE IS AVAILABLE FROM SCORE
  - <https://seattle.org/resources/business-planning-financial-statements-template-gallery>
  - ONE-ON-ONE SCORE COUNSELING
  - SCORE Ph. # 206-553-7320
  - <https://seattle.score.org>
- YOUR CHANCE OF SUCCEEDING IN BUSINESS INCREASES SIGNIFICANTLY IF YOU HAVE A PLAN