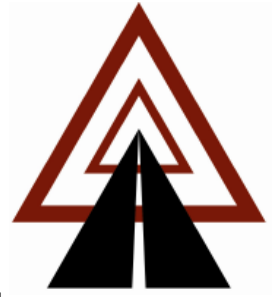


DEVELOPING A BUSINESS PLAN



Preparing a business plan forces you to think through every aspect of your business. If you need outside capital, the business plan will be one of the first things the lender or investor wants to see, plus it serves as an assessment tool for the owner.

A business plan offers at least 5 benefits.

1. A plan gives you a path to follow.
2. A plan makes it easy to let your banker in on the action. Reading or hearing the details of your plan will furnish a lender with real insight into your situation.
3. A plan can be a communications tool when you need to orient sales personnel, suppliers and others to your operations and goals.
4. A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities and situations that seem advantageous to your business.
5. A sound plan tells you what to do and how to do it to achieve the goals you have set for your business.

Writing a Business Plan

Introduction

- Give a detailed description of the business and its goals.
- Discuss the ownership of the business and the legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

Marketing

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

Financial Management

Explain your source and the amount of initial equity capital.

Develop a monthly operating budget for the first year.

Develop an expected investment return and monthly cash flow for the first year.

Provide projected income statements and balance sheets.

Discuss your break-even point.

Explain your personal balance sheet and method of compensation.

Discuss who will maintain your accounting records and how they will be kept.

Provide “what if” statements that address alternative approaches to any problem that may develop.

Operations

Explain how the business will be managed on a day-to-day basis.

Discuss hiring, personnel procedures.

Discuss insurance, lease or rent agreements and issues pertinent to your business.

Account for the equipment necessary to produce your products or services.

Account for production and delivery of products and services.

Concluding Statement

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend, business associate, a Service Corps of Retired Executives (SCORE) counselor, or Small Business Development Center (SBDC) representative. When you feel comfortable with the content and structure, make an appointment to review and discuss it with your lender. The business plan is a flexible document that should change as your business grows.

Source: Alamance Community College Small Business Center



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