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The Business Plan Workbook



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**Create a better Business Plan
with the Business Plan Chef!**

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Using this WorkBook:

- o Think through your ideas.
- o Print out the BP Chef Workbook, make notes on this form or jot your thoughts into a notebook
- o Organize your communication into the business plan components
- o Simply create your formal business plan to get the best funding for your venture!

Introduction

The Bplan Chef Workbook contains extensive guidelines, structure and template for working through the components of a business plan, and to ultimately create a successful business plan.

It is aimed squarely at new and established businesses seeking to expand, raise finance etc., which need to produce a comprehensive business plan for internal/external use.

The Bplan Chef Workbook is intended as an exercise book for sophisticated entrepreneurs as well as for some small businesses.

The Workbook Exercises of writing and thinking through your business requirements are as important as the final business plan document. This section is intended to allow you to challenge your assumptions, and produce a rough format with which to guide the creation of your business plan. You will use the notes from this workbook, as a reference for when you create your formal business plan.

Follow through the business plan outline questions and write your responses on a separate piece of paper.

Our purpose is to communicate with you, to help you take ownership of your work. Use your own style. It

should be a personal expression (an art form) as much as a professional document (scientifically and structurally sound).

Workbook Objectives

- To understand what is a business plan
- Why you need a business plan
- Where to start
- How to write an effective business plan
- How to ultimately use a business plan to create your venture

Why You need to Write a Business Plan

To Plot the course

- To create the “big picture” - to recognize long term direction and think about staying in business and not just starting a business

To Create a Feasibility Study

- Test the viability of your idea
- Is it going to be profitable
- What kind of financing will you need
- Recognize the barriers to your success

Become a Better Decision Maker

- Anticipate problems
- The process of gathering information ahead of time will allow you to make more informed decisions
- Your plan will provide you with an organized way to face issues

For a Reality Check

- The plan will challenge some of your pre-conceived assumptions

- Your plan will raise questions that will inspire solutions before you need face those problems
- It allows you to recognize what will be required of you
- Identifies your strengths and weaknesses and highlights needed areas of assistance

A Business Plan is like having a map. Without a map you can still get by in your travels, but you can appreciate how much easier it is, when you know where you are going once you hold one in your hand.
-- A. Mirkovic, PostIdea.com

Guide & Measurement Tool

- The Business Plan will act as guide throughout your development and allow you measure your progress against planned expectations. You can make adjustments accordingly.

Selling Tool

- The Business Plan is the document ultimately needed to sell your venture as an investment opportunity to potential investors and partners (see www.postidea.com) and to your own suppliers, and employees.

Checklist for completing the workbook exercises

View Samples of business plans if you can, to get an idea of the type of structure you will need to create;

Prepare a timeline (how much time you will commit to the project and the completion date)

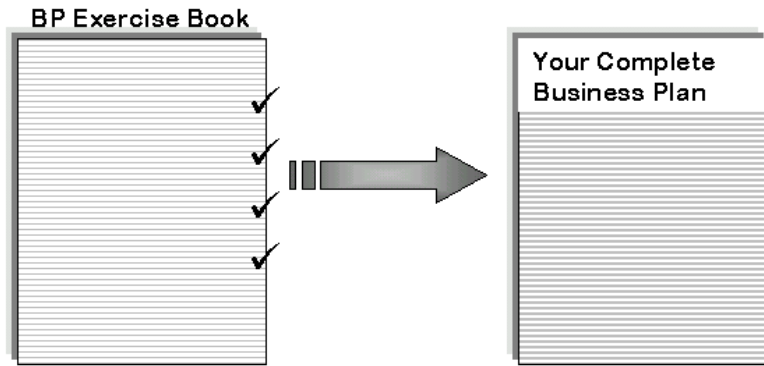
Define the potential audience for your business plan (investors, suppliers, or employees)

Gather research on your industry, on similar businesses, your particular location, type of business, sector, market, etc.

Organize the research into easily referenced sections\

Write the plan

- o Use clear vocabulary, appropriate for your audience
- o Avoid unneeded jargon
- o Note to stress your plan is of quality and not just quantity
- o Be confident, it will show in your writing style



By taking the time to go through the exercises ahead of time, you will be able to confront and deal with challenges of creating a successful business plan. In the end you will write a more effective business plan and actually complete it in less time than if you just began writing it on your own!

Business Plan Research

Before you begin writing within the following section, Business Plan Outline, make sure that you have done some research. Business Plan Research helps you make informed decisions and create a successful direction for your business plan.

- ✓ Gather information sources
- ✓ Record relevant information
- ✓ Analyze the information you have gathered and note the associated opportunities and risks

What types of information to gather:

1. Primary Data Sources:

- Focus Groups
- Questionnaire/Survey
- Product or Service Sampling

2. Secondary Data Sources;

- Associations
- Newspapers, Magazines, Periodicals
- The Internet
- Industry Directories
- Economic Development Departments
- Etc.

Business Plan Outline

Note that there are many different types of Business Plan formats. The layout is dependant upon the type of business, purpose of the plan, readership, etc. You may choose to add some more sections to this outline or ignore some others, but the basics are listed below:

1. Executive Summary

What is an Executive Summary? The Executive Summary is the one to two page introduction of your business plan. It describes the opportunity and proves that any investment in the venture will provide a good return.

Why is it important: To capture interest and support from the reader. Based on the Executive Summary an investor will make up his/her mind whether or not to read more about the opportunity.

2. Company Profile

What is a Company Profile? The Company Profile provides a snapshot of your business, and who is involved in it. This is an important page for a perspective investor as he/she can scan the type of business, commitment level and involvement from this one page.

Why is it important? It is the follow up section to the Executive Summary, providing an overall impression of the business. Suppliers and potential partners are often interested in this page.

3. Marketing Plan

- o *Industry Trends*
- o *Product/Service*
- o *Target Market*
- o *Competitive Analysis*
- o *Marketing Mix*

Marketing Plan

- A. Industry Overview
- B. Product/Service
- C. Target Market
- D. Competitive Analysis
- E. Marketing Mix
 - E.1. Promotion
 - E.2. Place
 - E.3. Price
 - E.4. Product

4. Operational Plan

5. Management Team/Human Resources

6. Financial Plan

- a. *Start up costs*
- b. *Cash Flow Statement*
- c. *Income Statement*
- d. *Balance Sheet*

7. Conclusion/ Actions

The following pages contain the remainder of the Business Plan Outline section of the workbook. Be sure to have done some research before beginning the exercises. Simply use point form descriptions if you like. Once you have gone through all of the sections of the Outline, you will be ready to begin your formal Business Plan!

Let's get started.

1. Executive Summary:

(Draft)

Answer the question of “what business am I in?”

Marketing Highlights:

Distinctive features of the Product/Service

Target market Summary

Competitive Analysis

Key marketing strategies

Operational Highlights:

Critical legal issues related to your particular venture

Management team overview - critical roles and pertinent skills

Is it an independent business, franchise, expansion, takeover, etc?

Who will be your major suppliers, and what are the current or proposed relationships with them:

Financial Highlights:

Summary of financial requirements and projections

What is the equity that you and any partners have invested in the venture?

2. Company Profile

(Draft)

Form of Business:

- Sole Proprietorship
- Partnership
- Corporation
- Franchise

Owners/ Principals

Name of Business

What is the start date of the business?

Business Operation (F/T or P/T, operating hours)

Business Description

(What is your product or service, & business type)

Location

Contact Information (tel, fax, http address, email)

Business Advisors

(Include Lawyers, Accountants, Consultants, etc.)

3. Marketing Plan

A. Industry Overview

What is the Industry Overview? This section provides a synopsis for the reader about the industry and general economy that your business will be operating in.

Note trends, characteristics, etc. from which you can later justify opportunities or risks.

Note any trends, legislation or changes within the following categories from which your business will ultimately benefit from:

Social Change

Technological Change

Political Change

Demographic Change

B. Product/Service

What the Product/Service section describes:

This section describes the features and benefits of the product or service that you are selling. It defines the product function, how it will be used, what is the new feature that it brings to market, etc.

Note that this is your initial definition of your product/service, and most likely this will evolve, as does your business. So be sure to capture the core of what you are offering and keep the description clear and concise.

Stress the uniqueness of your product. This is the feature that differentiates your product. That is, the advantage that your product has over the competition.

What are your product or service's unique features?

What are the value added features to the end user?

Are there any complimentary products/services that your product is dependant upon? What are they if any?

How is your product/service positioned against the competition?

What are you doing differently from what is on the market currently?

How has this product/service or a similar product performed in the market?

Provide further descriptions of the product/service (Pictures, specifications, diagrams, complimentary features to related products/services, functionality description, design components, etc.)

C. Target Market

Why is the target market information

important? This is the group of people or businesses that is willing to pay for your products/businesses.

Knowing your target market profile helps you make critical decisions form marketing, as well as for your cash flow projections, recognizing how many people are willing to purchase your goods/services.

Consumer Demographics:

Age Range _____

Income Range _____

Gender _____

Marital Status _____

Dependants _____

Occupation _____

Location _____

Average purchase value (\$) _____

Frequency of purchase _____

Consumer Psychographics:

Lifestyle Description _____

What need in their lifestyle does your product fill? _____

What are the major influencers on their choice to purchase? _____

Are there any demographic or market shifts occurring?
Is this market declining, growing or steady?

What is the size of this target market? _____

How much of this market can you capture in 6 months?
_____%

How much of this market can you capture in 5 years?
_____%

Are there any secondary target markets that will have a need filled by your product or service? _____

If yes, what are the characteristics of that target market? _____

D. Competitive Analysis

Why is a Competitive Analysis is important?

This section highlights the competitive landscape for your business, identifies strengths & weaknesses of competitors and provides insight into the price, market and differentiation points.

It can provide you with an overview of why your strongest competitors have been successful and identify information on the market such as general likes & dislikes

Recognize that you also have Indirect competitors; although they are not providing the same service, they are competing for the same consumer's dollars.

Direct Competitors:

Hours of Operation _____

Years in Business _____

Product/Service Description _____

Customer Profile _____

Pricing _____

Marketing/Advertising _____

Strengths/Weaknesses (Why do customers buy from them? Why would they switch possibly?) _____

Opportunities for your Business given this competitive landscape

What have you learned from their operations?

Indirect Competitors: Make a list of your indirect competitors. What are their characteristics? Why would their customers choose to switch to purchasing your products or services?

E.1 Promotional Strategy

What is the Promotional Strategy? This is the method you choose to communicate with your target market.

The promotional strategy plays an integral role in the awareness, trial and adoption rates of your product or service.

It is a critical link in the overall marketing strategy. As well it will have a direct impact on cash flow, so timing and planning are crucial.

Keep this in mind when you are making jotting notes for this section.

For each of the potential promotion channels listed below create a table to consider:

Costs

Readership

Target Market Profile

Distribution coverage

Distribution frequency

Type of distribution used within the channel

Potential Promotion Channels:

Affiliate Programs (online)

Banner Advertising (online)

Business Cards

Billboards

Contests

Co-op Advertising

Coupons

Cross-promotion with complimentary products

Cross-merchandising

Direct Mail

Flyers

Giveaways

Magazines

Personal Selling

Radio

Sponsorship of related events

Television

Trade magazines

Yellow Pages

E.2. Place (Distribution strategy)

What does “Place” cover ? This section describes “how” and “where” you will sell your products/service.

You should showcase any market research you have conducted to add credibility to your claims in this section.

You can have as many distribution channels as you like, simply make sure to detail each one.

Note: You should match your distribution channels to the buying patterns of your target market. - Eg. If your target market is most likely to purchase software from a store just as soon as purchasing it online, you should describe the distribution approach for retail sales as well as online initiatives and the related costs, and advantages.

What is the location of your business:

Why have you chosen this location?

What are the marketing advantages of this location:

Distribution advantages (if any):

What are the costs associated with this location:

What are the potential traffic flows from this location: _____

Where else can your product or service be purchased: _____

What are the associated costs:

What are the marketing advantages?

Are there any other methods of distribution you currently have or will use in the future?

Be sure to note the effects on service quality, promotion, and timing with all of your above suggested distribution methods and locations.

E.3. Pricing Strategy

What does “Pricing” cover ? The pricing of your product/service is the fee that you will charge to the customer. This is a number that will be based on your costs, competition, and customers’ perceived value for your product or service.

The pricing strategy should provide with a desired profit level, and should be consistent with the positioning of the product/service in the market.

The general categories of costs for a service or a product as follows;

Pricing a Product:

Pricing a Service

Labor _____

Labor _____

Overhead _____

Overhead _____

Materials _____

Materials _____

Your desired profit margin will be based on the pricing strategy you choose to follow. Here are some considerations:

retail cost and pricing

competitive position

pricing below competition

pricing above competition

price lining

multiple pricing

Is your target market price sensitive?

Low ____ Med ____ High ____

How important is value to the customer? Will the price reflect the perceived value of the product?

Will you be discounting the price on a regular basis? (for ongoing sales, retailer sales discounts, distribution discounts, sales agent discounts, volume discounts, etc.)?

What will be your Break-Even point?

Note:

Break Even Point =
$$\frac{\text{Fixed Costs}}{\text{Unit selling price} - \text{Unit Variable costs}}$$

Unit Selling Price: is the price per unit at which you will sell your service/product

Unit Variable Costs: Costs that you only incur if you are producing a unit.

Fixed Costs: These are costs that you incur regardless of how many units you produce (eg. Rent, Property tax, Telephone, etc.)

E. 4. Product/Service

In addition to section “B” of this workbook, consider the following points as well, and do your best to define them:

Image What kind of image do we want to have (such as cheap but good, or exclusiveness, or customer-oriented or highest quality, or convenience, or speed, or what exactly)?

Features

- List the features that you wish to emphasize:
 - a. _____
 - b. _____
 - c. _____
 - d. _____

Weigh the Benefits vs. Features:

These points are known as the 6 “O’s” of consumer behavior:

ORIGINS of purchase: Who buys it?

OBJECTIVES of purchase: What do they need/buy?

OCCASIONS of purchase: When do they buy it?

OUTLETS of purchase: Where do they buy it?

OBJECTIVES of purchase: Why do they buy it?

OPERATIONS of purchase: How do they buy it?

Also make note of the type of marketing positioning you will follow:

Market Leader vs. Follower

Price vs. Quality

Innovator vs. Adaptor

Customer vs. Product

International vs. Domestic

Private Sector vs. Government

Operational Plan

What is the Operational Plan: Defines how all tasks will be accomplished. It should cover the suppliers you will use, execution strategies and manufacturing plans.

Development Synopsis: Here you can briefly outline the design and development plans, an overview of the strategy details for taking your venture from concept to reality.

What is the current status of product/service/website development?

When is the proposed "finish" date of development?
What obstacles, if any, must the company overcome in this process? What specific tasks must be completed?

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

How will you protect your company's company proprietary information/technology or competitive advantage?

List your suppliers. Rate them on a scale of 1 to 5, with 5 being the most reliable. Briefly state their terms and conditions if you know them as well as pricing and trade discounts.

For example consider the following format:

Supplier + Reliability (1 - 5) + Price + Discount terms

+	+	+
+	+	+
+	+	+
+	+	+

List additional rules and regulations, tax considerations that your business will be subjected for

all levels of government as well as industry specific
issues that you are aware of.

.....
.....
.....

Manufacturing Plan

Why is the manufacturing plan included with Operations? The Manufacturing plan outlines the process and resources needed to create your product or service. The manufacturing plan will highlight the impact the production process has on your physical location, equipment requirements, human resources, time lines, and licensing.

What is your production methodology? What is the production process for your product or service?

Provide a list of the costs associated with this process. Include direct and overhead costs. These notes will be valuable for your formal business plan.

What are the research and development requirements? What are the timelines and costs associated with this?

What are your requirements for equipment, plant and storage facilities? What will be the approximate costs associated with this?

Will you be working with any sub-contractors, value-added resellers, etc.? What are the quality control provisions you propose?

Do you or will you have trademarks or patents on any of your products/services? If yes, please provide details.

Human Resources

Why is the Human Resources component important?

This section provides an overview of the people that will run the business. You need to consider the expertise levels you are bringing in, at what cost, and identify the areas of need.

A strong management team is of utmost importance to investors, as is the recognition that where skill gaps exist, you have developed a plan to fill in the “gaps” with the appropriate staff to make it happen!

The Management Team

Demonstrate that your company has the required human resources to be successful. Below you will outline & introduce your team with full resumes including information on existing board members and advisors.

Who are the key management personnel and what are their backgrounds?

Who are the other investors and/or shareholders, if any?

Who comprises the Board of Directors and/or Board of Advisors?

Who are the professional advisors (e.g., lawyer, accounting firm)?

Staff

Provide a job description of any staff required, note their a) responsibilities, b) F/T, P/T or contract status, c) Salary, d) benefits, & e) skill set.

So for example, create a table that looks something like this:

Role #1

a)
.....

b)
.....

c)
.....

d)
.....

e)
.....

Role #2

a)
.....

b)
.....

c)
.....

d)
.....

e)
.....

Role #3

a)
.....

b)
.....

c)
.....

d)
.....

e)
.....

Role #4

a)
.....

b)
.....

c)
.....

d)
.....

e)
.....

Role #5

a)
.....

b)
.....

c)
.....

d)
.....

e)

.....

Financial Plan

Why is the Financial Plan important? *This section provides your prospective investor with the facts and figures of your venture. What are the costs associated with your business, what is the marginal profit. Do you have a secure path to grow your business, financed by cash flow or debt financing? What is the time line within which the investor can expect to earn his returns?*

Sound financial management is one of the best ways for your business to remain profitable and solvent. In this section you think through some of the general issues you will have to address in your formal business plan.

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open your business (start-up costs) and the amount needed to keep it open (operating costs).

The start-up budget should allow for these expenses.

Start-up Budget

- personnel (costs prior to opening)
- legal/professional fees
- occupancy
- licenses/permits
- equipment
- insurance
- supplies
- advertising/promotions
- salaries/wages
- accounting
- income
- utilities
- payroll expenses

Your operating budget also should include money to cover the first three to six months of operation. It should allow for the following expenses.

Operating Budget

- personnel
- insurance
- rent
- depreciation
- loan payments
- advertising/promotion
- legal/accounting
- miscellaneous expenses
- supplies
- payroll expenses
- salaries/wages
- utilities
- dues/subscriptions/fees
- taxes
- repairs/maintenance

Prepare a list with the associated costs within each section. These figures should be based upon research you have conducted or can put forth based on experience or familiarity with the industry/ market, etc.

Note that an operating budget is prepared when you are actually ready to open for business. The operating budget will reflect your priorities in terms of how to spend your money, the expenses you will incur and how you will meet those expenses (with revenue or debt).

Financial Plan

Financial Statements

- 1) Cash Flow Statement
- 2) Balance Sheet
- 3) Income Statement

1) Cash Flow Statement:

- the actual money that is collected from sales and the money that is paid out for expenses during each month.

What does a Cash Flow Statement provide?

The Cash Flow statement takes the predictions and estimates that you draw in your business plan, and transfers them to a comprehensive financial statement. A statement in which you can analyze total monthly cash receipts minus expenses.

It highlights potential problem areas in payment terms, etc., so that you can determine whether you or not you will be able to draw funds from the business.

List your sources of Cash income:

Sales: _____

Loans: _____

Investments: _____

List your sources of Disbursements:

Monthly expenses: _____

Start-up Costs: _____

When you are making your notes consider the effects of seasonality, promotions, discounts and payment terms on your monthly cash flow.

Your Cash Flow statement totals should look like this:

Cash Receipts	+ Month A	Month B	Month C	
Sales	+	+	+	+
Loans	+	+	+	+
Investments	+	+	+	+
Total Receipts	+	+	+	+
Disbursements	+	+	+	+
Wages	+	+	+	+
Advertising	+	+	+	+
Insurance	+	+	+	+
Rent	+	+	+	+
Etc.	+	+	+	+
Total Disbursed	+	+	+	+
Total Receipts After Disbursements				
	+	+	+	+

2) Balance Sheet:

shows the financial picture of your business at a certain point in time, highlighting that which you own vs. what you owe.

What do the Balance Sheet and Income

Statement show? The Balance Sheet displays your liquidity to an investor.

The Income Statement displays your profitability over a certain period of time as well as the effect taxes have on your overall performance.

Note the components of a balance sheet. List the assets on the left side and the debts/liabilities on the right.

Balance Sheet

Current Assets

Fixed Assets

Other Assets

Total Assets

=====

Current Liabilities

Long Term Liabilities

Total Liabilities

Shareholders Equity

=====

Shareholders Equity = Total Assets - Total Liabilities

3) Income Statement:

shows the profit or loss of your business over a certain period in time.

List the Income for a period of time first, and then the expenses over that same period of time.

Income Statement

Revenue (Sales)	_____	_____
Total Revenue		_____
Expenses:		
Variable Expenses	_____	_____
Fixed Expenses	_____	
Total Expenses		_____
Profit (Loss)		=====
(Taxes owed)	_____	
Profit (loss) after Taxes		=====

Actions

Congratulations! You have worked through and itemized some of the general considerations for your business. You have probably confronted some issues that have drawn attention to weaknesses as well as highlighted some opportunities by going through this exercise.

Now that you have your notes in hand and stronger understanding of how to organize and craft a business plan, you can move onto creating your formal business plan!

Although you are well equipped to begin building your own business plan, there are still other resources to help you bring your business to reality with greater success. To help you in your entrepreneurial endeavors we would like to suggest some of the following options:

For Business Plan Reviews visit

<http://www.bplanresources.com>

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