

## Business Plan Template

*The business ideas provided by CEF's advisors and staff are intended only to be helpful suggestions of an educational nature for the business. In no way should they be considered to be a requirement(s) by CEF or its staff upon a client's business. Ultimately, the responsibility for all business decisions rests solely upon the business itself, its owners and managers. CEF does not provide specific business advice that is intended to mandate or supersede the business practices or decisions of the Company, its owners or managers.*

### **Introduction**

Market analysis and cost planning are critical. Is there a market for the concept? Can it be proven? If not, it may be futile to continue the pursuit of this concept. Please thoroughly research and answer the questions that follow. Be sure to site your sources. This will give credibility to your assumptions.

This first purpose of this questionnaire is to guide you in defining your market. You will describe your market segment strategy, market needs, trends, and growth. The market segmentation concept is crucial to market assessment and market strategy. Divide the market into workable market segments – age, income, product type, geography, buying patterns, customer needs, or other classifications. Define your terms and define your market.

This questionnaire is also to help you plan your costs, both variable (like material costs for products) and overhead (like rent and utilities).

### **Business Plan Steps**

Creating a business plan requires huge commitment if you are going to plan properly. There are various audiences for a business plan, including potential lenders, landlords, vendors and franchisors. But the most important audience of all is *you*, the entrepreneur. The business plan should be a format for you to crystallize your dreams and plans for your new business, and to gauge the feasibility of your vision. Business plans take many forms, but the format is less important than your thoughts and plans; above all we recommend flexibility and simplicity. Do at minimum the following:

1. Use this tool **Business Plan Template**, supplied by CEF, to accomplish your market, product and service, and cost planning. The output of this planning will be written text, in whatever format you choose.

2. Use the tool **Cash Projection – 12 Month**, supplied by CEF, to capture your first-year cash income and cash expenses envisioned in the Business Plan Template.

### **Business Planning Questions**

Answer the following questions in a word processor. Use a simple format that makes sense to you and that is easy for others to read:

1. **Describe the current size of the industry for the product and service.**
2. **Describe the growth potential of the industry for the product and service.**
3. **Describe the industry trends that will affect the product/service.**
4. **Define the customer profile.** *(Consider age, sex, income, profession, geographic location, and other pertinent demographics.)*
5. **Describe your products and services.**
6. **Explain why the potential customer would want to purchase the product and service.** *(What are the specific needs to be addressed?)*
7. **List the direct competitors by product/service and geographic.** *(What is entirely unique about your offering? What sets it apart and allows the market's needs to be addressed better?)*
8. **Who are possible emerging competitors entering the industry and market?**
9. **Plan pricing and gross product of your products and services.** *What will the costs be to produce and deliver? (Plan all variable material and labor costs. If you sell one more unit, what will be the incremental costs? Those are the variable costs.)*
10. **Plan the vendors you will use to provide the materials or services.**
11. **Plan the employees, their characteristics and costs, needed to provide the product and service.** *(These employees along with the vendors above are the sources of your variable costs. The idea is that as your business grows, these people will be added somewhat*

*proportionally.)*

12. **What facilities will your business require?** What will the associated costs be?
13. **What entity structure do you plan?** (Sole proprietor, LLC, partnership, S-Corp, C-Corp, etc.) Why?
14. **What employees other than those in #11 will you need, and what business functions will they provide?** These are the kind of employees you would consider “office” people, whose count will not grow proportionally as your business grows. How much will you pay them (including burden)? What business functions will you yourself provide? How much will you pay yourself?
15. **What will the other operating expenses be** (such as vehicle insurance, business insurance, utilities, office supplies).
16. **What will be the marketing communications, how much will they cost, and how to you expect them to generate leads?**
17. **According to what methods will the product and service be sold to leads?**
18. **What system of distribution will be used?** (Don't forget the cost to delivery products to the end user.)
19. **What percentage of the market can the product and service capture, and how will that change over time?**
20. **Estimate the sales of product and service for the fist 12 months, month by month.** (It is normal for an entrepreneur to assume rapid increases, but be reasonable. Also you may need to take into account changes in demand due to the seasons.)
21. **Any adjustments to above plans due to sales growth plans?** (You may find that the employee count and expense you considered in #11 needs to increase during the first 12 months, for example.)
22. **Plan your customer terms and collection strategy.** (It's always better to devise a method for cash payments such as credit card swipes or PayPal. But market pressures pay necessitate giving terms.)

## ***Market Research Guidance***

Some of the best market research is simple, practical, and even obvious. You don't get it from reference sections in libraries. You get it from real people, particularly customers or potential customers. Here are some practical examples:

### Simple and Practical Market Research

- Look at existing, similar businesses
- Find similar business in another place
- Scan local newspapers for people selling a similar business
- Always shop the competition

### Talk to Customers

- Ask a credible number of people what they want, why, where they get it, how much they pay, and so forth.

### Count Potential Customers

- What constitutes good sources depends on what you need. Government and commercial statistics are usually more than enough. For general demographic data about a local area; the US Census Bureau web site (<http://factfinder.census.gov>) provides free and accurate statistics, industry and market data.
- Vendors of mailing lists
- Magazines about your industry

### Know Your Customers

- Know what they want, what they need, and what makes them buy
- Know their average age, income levels, media preferences, and buying patterns

## ***Resources***

### Search the Internet

- [www.marketresearch.com](http://www.marketresearch.com) MarketResearch.com is a commercial site aggregating published market research.
- [www.ijhill.org](http://www.ijhill.org) Hill Research Library, an excellent nonprofit library resource, offers market research at accessible rates.
- [www.business.gov](http://www.business.gov) This U. S. government hub site for market research.
- [www.census.gov](http://www.census.gov) The U. S. government statistical site.
- [www.knowthis.com](http://www.knowthis.com) KnowThis.com is a marketing information site.
- [www.marketingpower.com](http://www.marketingpower.com) American Marketing Association (AMA) main market information site.
- [www.hoovers.com](http://www.hoovers.com) Hoovers is a database of American companies.
- [www.ceoexpress.com](http://www.ceoexpress.com) Offers a wealth of additional links for additional information sites.

- [www.bea.gov](http://www.bea.gov) The Bureau of Economic Analysis is part of the U. S. Department of Commerce, offering statistics.
- [www.clickz.com/stats/](http://www.clickz.com/stats/) ClickZ Network offers up-to-date statistics on Web usage.

