

Elements of a Business Plan

A business plan is a description of the business, a road map that will help you get to your desired destination. It gives you an idea of the obstacles that lie ahead and can point out possible alternate routes. One of the major benefits you will receive from developing a business plan is getting to thoroughly know your industry and market. A well prepared business plan will not only assist in plotting a course for the company, it can also serve as a vital sales tool.

The following are the major elements of a business plan:

Executive Summary

- Most important part of your business plan
- Must be clear concise and compelling so that people will read further
- Should be written after you have completed the other sections of your business plan
- Try to keep this section to around one page

Description of Company

- State company name, legal status and ownership structure
- Mission statement – should provide focus for your company and define your business for at least the next few years
- Outline where your company has been and where you are at right now. If you are a startup company describe what your company intends to do. Only include information that is relevant to the product or service you are describing.
- How will this new activity add to or enhance your existing business

Product or Service

- Describe your product or service – what is unique about it and why will you be a success
- Indicate any regulations that will effect you and show that you have or can meet the requirements

Market

- Outline the industry you are in, how you fit in and what will be your market share.
- Who is your primary customer? What are the demographics of this customer base? It is very important to know your customers as success depends on you being able to meet customer needs.
- Why have you chosen this customer base and how large is it? You need to know that there is enough room in this market for you and that it is not already saturated.
- What are the trends that are influencing and affecting your market (customer base)? How are you addressing these trends?

- Who is your competition and how will you be able to compete? By knowing and understanding your competition you will be able to better position your product or service in the market place.
- If your business is seasonal (ie up- pick operation), explain how you will handle this challenge
- What is the price of your product or service? How does this compare to similar products in the market?
- How will you distribute your product?

Marketing Plan

- The marketing plan is very important - you can have the best product in the world but if you have no sales, you have no business.
- How will you make customers aware of you product or service?
- Where will you sell your product (ie farmers' market, farm gate sales, retail, etc)?
- When will you launch your marketing plan?

Operations

- Where will your business be located?
- What facilities and equipment do you have and what do you need?
- How will you run the business?
- How will you keep track of inventory?
- How will you keep costs down to remain competitive?
- What is your plan for growth?
- How does this business mesh with your existing business? It is important that you keep separate records for each different business you have. This way you will know what is making you money and what is not.

Management Team

- Investors pay particular attention to this section. They want to know that you have the right people for your business.
- The quality of your people will determine the success of the business.
- Indicate who is on your team, their qualifications and responsibilities (ie production, marketing, accounting etc).
- If you do not have people in these positions right know because of the size of your business, provide a time frame to put your team together.
- How will you overcome any labor shortages?

Financials

- Financial statements show where your business is at right now and provides you with the information you need to make decisions.
- It is important to keep your statements current and to refer to them on a monthly basis.

- You should include the following financial forms with projections for three to five years:
 - Income statement
 - Cash-flow projections
 - Balance sheet

- When making financial projections, it is important to explain any assumptions - how you determined the figures you used.
- If you are looking for financial assistance, lenders will want to know where you will get financing for your business and how you will spend the money. They will also want to see historical records for the past three to five years.