The Basics of Writing a Business Plan

Seminar for Current and Future Business Owners

Missouri Small Business Development Centers
The decision to treat your own waste
Do the research before you make a decision
Objectives

- Teach key components of a basic business plan
- Provide guidelines for style and appearance of a business plan
Agenda

1. Introduction
2. The Importance of a Business Plan
3. Key Elements of a Business Plan
4. Writing Styles and Tools
5. Wrap-up/Questions and Answers
Housekeeping

- Class Materials
- Restrooms
- Breaks
- Participation
- Questions and Comments
The Importance of a Business Plan

Gives you a better chance of success
What is a Business Plan?

- Written document that:
  - Defines your business
  - Identifies your goals and mission
  - Serves as your company’s “resume”
Who Needs a Business Plan?

- Business Owners
- Lending Institutions
- Others
Why is the Business Plan Important?

1. Obtain Financing
2. Planning
3. Communication
4. Promotion/Marketing
5. Education
Elements of the Business Plan
What’s in the Business Plan

Cover Page
Table of Contents
Executive Summary
Management & Organizational Plan
Business Description
Marketing Plan
Financial Plan
Supporting Documents
The Beginning and the End

- Title Page
- Cover Page
- Table of Contents
- Executive Summary
- Supporting Documents
Four Key Sections

1. Business Description
2. Management and Organizational Plan
3. Marketing Plan
4. Financial Plan
1. Business Description

- Explains what your business is:
  - What you do
  - How you do it
  - Who you do it for
  - Where you do it
Business Description: Contents

- Company name
- Products/services
- Business concept
- History, present status, and future plans
- Legal structure
- Location
Business Concept

- Your product or service should fit one of these criteria:
  - Something new
  - Something better
  - Reach an underserved or new market
  - Some unique feature
Business Concept Activity

Answer the following questions for your business:

1. What does your product/service do?
2. How is it different from others?
3. Who will buy it?
4. Why will they buy it?
5. Where will you sell it?
6. How will you promote it?
Always Follow the Money

- Initial Cost for the Equipment
- Site Selection / Accessibility
- Engineering / Planning & Zoning
- Permitting
- Financing
Operational Cost

- Labor
- Electric
- Polymer / Chemicals
- Maintenance
- Disposal of Solids
- Other---Gallons to Process, Properties of Liquid Sludge of Dewatered Sludge
The Revenue Stream

- Who is going to pay you?
- How are you going to get paid?
- How long does it take to get paid?
- What are the working capital requirements?
2. Management & Organizational Plan

- How the company will be managed
- Organizational roles & responsibilities
- Management/Human Resource policies
Management and Organizational Plan: Contents

- Management team
- Organizational roles & responsibilities
- Board of directors/ advisory council
- Personnel requirements
- Employee incentives
- Outside professional services used
- Owner and manager compensation
3. Marketing Plan

- Provides insight about marketplace environment
- Provides competitive strategies
Marketing Plan: Contents

✓ Market research/Industry analysis
✓ Customer base
✓ Competition
✓ Pricing strategy
✓ Advertising/promotional plan
✓ Sales potential
✓ Features & benefits of product/service
✓ Distribution plan
Researching Your Marketing Plan

Where do you get all this information?

♦ Free sources
  ■ Internet or library

♦ Paid sources
  ■ Trade Association reports or books

♦ Independent research
  ■ Other businesses
  ■ Consumers/ customers
4. Financial Plan

- What you currently have
- What you need
- Where you’re going to get it
- How you’re going to spend it
Financial Plan: Contents

- Financial needs
- Revenue & cost assumptions
- Projected financial statements
  - Income statement
  - Balance sheet
  - Cash flow statement
- Break-even analysis & ratios
The Beginning & The End: Supporting Documents

- Financial documents
- Personal resume
- Personal financial statement
- Copies of contracts, leases, other legal documents
- Letters of reference
- Other…
The Beginning & The End: Executive Summary

- A one-page overview of your business venture
- Serves as the “introduction” to your business plan
- Placed in the front, but done last
Executive Summary: Contents

✓ Brief overview of business strategy
✓ List of owners & other key people
✓ Business structure
✓ What the company does
✓ Company objectives
✓ Why you’ll be successful
✓ What you’re asking for
Executive Summary: Activity

1. Work in teams
2. Use information from one person’s company
3. Write responses to the items on the list of Executive Summary Contents
4. Share with the class
A Professional Look

- People judge you by your look
- Impacts your credibility
Writing Styles

- Complete Information
- Accuracy
  - Check math & spelling
- Simple & Direct
- Proof your work
Language

- Be “realistically” optimistic
- Provide specifics and facts
- Don’t be flamboyant
- Use appropriate business terms
- Explain unique industry terms
- No acronyms or slang words
- Write in third person
Appearance

- Format
  - Numbers for impact
  - Bullet points for focus
  - White space

- Type/Font
  - Serif versus San Serif
  - No more than 2 type faces
  - 12pt. minimum
Appearance

- ALL CAPITAL LETTERS ARE A NO-NO
- Page Numbers
  - Number and date all pages
- Printing
  - Laser quality
  - Bind so document can lay flat
- Cover should convey quality
Length

- Depends on complexity of business & amount of financing needed
  - Usually between 15 – 30 pages
Wrap-up and Close
Remember the Purpose

- Remember what readers want to know:
  - Is your business solid?
  - Is there sufficient market?
  - Are financial projections healthy and realistic?
Agenda

1. ✔ Introduction
2. ✔ The importance of a Business Plan
3. ✔ Key Elements of a Business Plan
4. ✔ Writing Styles and Tools
5. ✔ Wrap-up/ Question and Answer
Where to Start?

- Create an outline with what you know
  - Add charts & graphs
- Research what’s missing
- Write the formal plan
  - Complete sentences
  - Focus on results not methods
- Review examples if possible
Objectives

- Know the key components of a basic business plan
- Have style & appearance guidelines
Products and Services offered by the SBTDC

- One-on-One Consulting
- Other Training Seminars: Business Planning, Accounting, Finance, Human Resources, Marketing, Branding, Sales Strategic Planning, Business Structure & International Trade
- Small Business Resource Library
- Trademark Searches
- SMART (Strategic Management Assessment Review Tool)
- Financial Analysis Tools (fisCAL)
- And More
Congratulations!

You’re On Your Way!
Thank You!
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