

Business Plan

FOR FINANCING

(Existing Business)

THE STEP BY STEP GUIDE

FOR GATHERING INFORMATION

Name _____ Phone _____

Address _____

Email address (if checked frequently) _____

Dear Entrepreneur:

Business plans have two main purposes. They are crucial for planning and operating a business, and they are often a requirement for approaching lending institutions. There is, of course, no way to guarantee that funding will be awarded but a well documented and complete business plan will make the best “first impression” with your lender.

The purpose of this workbook is to help you gather *all* the information you need for a great plan.

At the end of the booklet you will find a table of contents for a finished plan but the order that information is placed in the plan is not the most logical way to gather it. *So, it is important to start at the beginning of the booklet and systematically work your way through it.*

One word of caution: There is no easy or fast way to prepare a business plan. Through the years we have discovered that it usually takes about four months – if not longer – to complete the research and get the writing started. (*Planning ahead is important!*)

The process will involve research. Then you will need to integrate this new information with what you already know about the industry and your business (or the business you are purchasing.)

This booklet was developed using our experience with operating small businesses and assisting other business owners. Together, the two of us have “done” business for over 50 years! We are also happy to help as you gather your information. Please don’t hesitate to call with questions or assistance.

Best wishes for your business,

Sandy and Bill Bordeau

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Step 1: Determining Your Ability to Attract Financing

Before tackling all the work of developing a full-blown business plan, it is wise to determine (a) your ability to attract financing and (b) the feasibility of the project.

Gather the following:

- A. **Personal and Business Credit Reports.** (Forms are available from your Business Advisors.)
 - If you are purchasing a business, the seller must obtain the business report.
- B. **Completed and signed Personal Financial Statement (pages 12 and 13)**
 - A signed, completed statement is needed for everyone who owns or will own 20% or more of the business or for anyone who will be co-signing for the loan. (Additional copies are available.)
 - If anyone filling out a Personal Financial Statement is married and has joint assets listed, then their spouse needs to sign the statement also.
- C. **Personal Federal Tax Returns for the last 3 years** for everyone who filled out a Personal Financial Statement.
- D. **Business Federal Tax Returns for the last 3 years.** If the business has existed for less than 3 years, provide whatever returns are available.
- E. **Personal History Form**
 - If anyone involved with the project has a previous conviction, tell your advisors. This may affect which funding sources can be used.

Submit materials to your advisors. They will review and contact you.

Step 2: Determining Project Feasibility

- A. **Sales Documentation.** Different businesses will need to document this in different ways. It may include letters of intent or interest, historical statements, etc.
 - Most businesses are cyclical, so break out income over 12 months as it is expected to come in to the business. Record this information on the chart on page 3.
 - This is the hardest information to gather. Contact your Business Advisors if you need assistance.

B. **One Time Costs.** *These differ from other business costs in that they only occur this once.*
 A list of common transitional costs is included below. You may need to adapt the list to reflect your specific costs. If you need help, ask your advisor.

****Documentation, such as quotes, is needed for each cost.****

Type of Expense	Estimated Cost
Renovations	_____
Equipment and Fixtures (including costs associated with delivery and installation)	_____
Signs	_____
Supplies and Services Needed for the Transition	_____
New Licenses/Permits	_____
Lease or Mortgage Up-Front Costs	_____
Telephone/Utility Deposits	_____
Insurance Down Payment	_____
Transitional Legal/Professional Fees	_____
Advertising for the Reopening or the Expansion	_____
Loan Closing Costs	_____
Other (specify)	_____
Total Transitional Costs	=====

C. Projected Monthly Sales and Expense Worksheet

The next step is researching your month-to-month expenses.

	MO 1	MO 2	MO 3	MO 4	MO 5	MO 6	MO 7	MO 8	MO 9	MO 10	MO 11	MO 12
SALES												
EXPENSES												
Purchases												
Salary Expense												
Payroll Overhead												
Contracted Services												
Advertising												
Insurance												
Accounting and Legal												
Repairs and Maintenance												
Supplies												
Real Estate Taxes												
Telephone												
Travel Expenses												
Rent/Mortgage												
Utilities												
Freight and Shipping												
Loan Payments												
Other												
Other												
Other												

This information and your income information provided earlier will be compiled in a standard projected income statement for the finished proposal. Cash flow projections will also be prepared. *Again, it is important to research each cost rather than "guessing."*

D. **Notes for the Income and Expense Worksheet:** Please explain how you arrived at the expenses listed on the previous page. **Include copies of written documentation.**

1. **Purchases** (materials or inventory purchased for resale or use in the manufacturing process)
2. **Payroll Overhead** (includes paid vacation and/or leave time; health, disability, workers' compensation and unemployment insurance; and social security taxes)
3. **Contracted Services** (people who help you with your business buy who aren't on your payroll)
4. **Advertising** (Yellow Pages, written ads, radio time, etc.)
5. **Insurance** (liability, fire, theft, building and equipment insurance, etc.)
6. **Accounting and Legal Services**
7. **Building and/or Equipment Maintenance and Repair**
8. **Supplies Used in Business** (not for resale)
9. **Real Estate Taxes** (school, village or city, county and town)
10. **Business Phone/Internet Charges**
11. **Business Travel Expenses** (include mileage, airfare, hotels, etc.)
12. **Business Rent or Mortgage**
13. **Utilities** (water, lights, heat, etc.) for business
14. **Freight and/or Shipping Fees**
15. **Loan Payments** (Counselor can help with loan amortization schedule.)
16. **Other Expenses** listed on Projected Monthly Sales & Expense Worksheet (ex: equipment leases)

E. Information about everyone* who is currently or will be working in your business

Title, Name of Person (if known)	Current Salary, Draw or Rate/Hr. - include # of hours/week	List of Duties	Start Date	For this Project		
				Changes to Year 1	Changes to Year 2	Changes to Year 3

*Use additional sheets as needed
 Submit materials to your advisor and together you will complete the next page.

F. Sources and Uses of Funds, and Collateral

Sources of Funding:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Uses for Funding:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Collateral:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Step 3: Compiling the rest of the information to complete your Business Plan.

(Don't despair! The information you have already gathered is a major part of what you need for your Business Plan.)

- A. If bank funding is needed, file both a personal and a business **Income Verification Form**. If you do this now it won't hold up the loan process when the proposal is submitted to the lender. (Copies of Form 4506-T are available from your advisor.)

Note: If you are purchasing a business, ask the present owner to file this form for business information verification.

B. **Business History:**

1. **Original name and any changes** made through the years.
2. **Legal formation:** State original formation and any changes made through the years.
3. Name of **original owner(s) and changes** that occurred through the years.
4. **Original address and changes** made through the years.
5. Present a brief **company history** discussing both significant accomplishments and problems. If problems have been solved, give the solution.
6. **Explain situation prompting this loan request.**

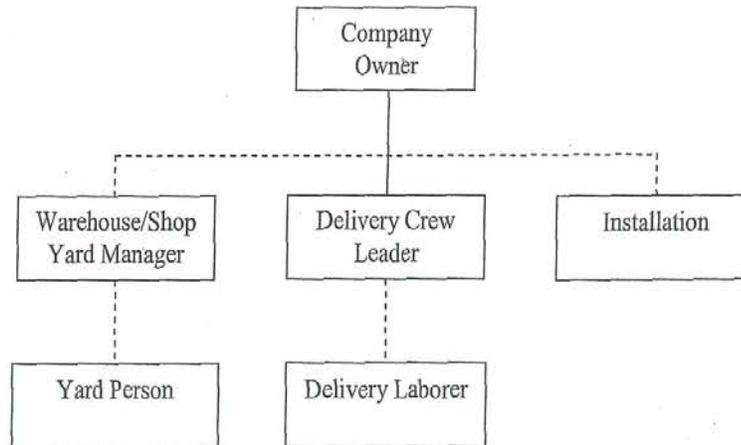
C. **Business Description after this project:**

1. Any **changes in name**.
2. Any **changes in legal formation**. Attach copy of new legal formation paperwork or state when this paperwork will be filed.
3. Names of **new owner(s)**. Record percentage of ownership if there is more than one owner.
4. Will there be a **change in location**? Attach copy of new lease or deed.
 - State how location is zoned.
 - Do you need an environmental review?
5. **Floor and/or site plan**. (Examples are available.) If project involves a change in the floor plan and/or site, draw before and after plans.
6. **Hours and days** business is open. What holidays are you closed? Is any of this new?
 - Is there a change in seasonality of the business?
7. **New permits and/or licenses** needed. Attach copies if they are in place. If they are not yet in place, explain plans for taking care of them.
8. Current **accountant**: name, address, and phone number. Is this a change?

9. Current **attorney**: name, address, and phone number. Is this a change?
10. Current **insurance** information: Agent's name, agency, address and phone number. Is this new?
 - List types of insurance. Have they changed?
 - Please attach copies of insurance policies.
11. **Suppliers**: List names, addresses, terms, and what each supplies. Are any of these new?

D. **Resumes for all management people.** Include work experience with dates, education, professional affiliations and anything else that will demonstrate that the experience and/or training needed to run this business are present. (Resume examples are available.)

E. Attach an **organizational chart.** Below is a sample chart.



----- Projected new employees

F. **Marketing Information**

1. What is (or are) your **product(s) and/or service(s)**? If you have more than one, give percentage of total sales for each. Is any of this new?
2. Describe your **business vision** (long range goals). Has this changed?
3. State your **company mission** (how you plan to take care of your customers.) Discuss characteristics important in your industry and to you. Consider things like quality, price, delivery time and method, customer service, guarantees, credit and location. Is the company mission changing with the new project?
4. What are the **trends and forecasts** for your industry? Include sources for facts. Industry articles are usually the best way to document this.
5. Describe your **target market** and planned changes.
 - a. If your customers are individuals, discuss them in terms such as age, gender, income, education, special needs, etc.
 - b. If your customers are businesses, discuss them in terms such as type, size, special requirements, etc.
6. What is your target **geographical area**? Has this changed?
7. Discuss all the **competition** in the market area you outlined above. Businesses usually have primary and secondary competition.
 - a. **Secondary competitors** need to be included but you can be brief with your description. Explain why they are considered secondary.
 - b. **Primary competitors** need to be discussed in detail. Use the chart on the next page.
 - Discuss strengths as well as weaknesses.
 - Avoid using words like “not as good” and “better.”
 - Specific examples are helpful.
8. Describe how your **industry markets** – trade shows, direct selling, sales representatives, etc.
9. How have you been **marketing/advertising** your business?
10. What new **marketing plans** do you have for your business? Include grand opening plans (if appropriate), advertising campaigns, and customer follow-up.

COMPARE YOUR BUSINESS TO THE COMPETITION

You may need to adapt the categories to fit your industry.

Customer Wants: Your Business 1st Competitor 2nd Competitor 3rd Competitor*

Quality

Extent of
product or
service line

Exclusivity?

Price

Give Location

Discuss pros
and cons of
location

Customer treatment
advice,
follow-up, etc.

Distribution
Method
and time
it takes

Warranty and
Guarantee

Customer Credit

Other

*Make copies of this sheet for additional competitors.

Congratulations! You have gathered the information needed to complete your plan. Contact your advisors so your business plan can be formalized.
(585-637-5922)

Below is an outline of what is usually included in a formal business plan to be presented to funding sources. Writing a formal business plan is a process, so be prepared to have your advisors call you with questions and to get more details. **After all, you want your lenders to read the best prospectus possible.**

Table of Contents for a Business Plan

Statement of Purpose

Table of Contents

Sources, Uses and Collateral

Company Description

Floor and/or Site Plan

Information about People Working in the Business

Marketing Information

Personal Financial Statement

Assumptions for the Projections

Projections

Attachments*

*These vary from business plan to business plan but often include: personal and business tax returns, credit reports, loan applications, and other supporting documentation.



U.S. SMALL BUSINESS ADMINISTRATION

OMB APPROVAL NO. 3245-0188
EXPIRATION DATE:3/31/2008

PERSONAL FINANCIAL STATEMENT

As of _____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name _____ Business Phone _____

Residence Address _____ Residence Phone _____

City, State, & Zip Code _____

Business Name of Applicant/Borrower _____

ASSETS		(Omit Cents)	LIABILITIES		(Omit Cents)
Cash on hand & in Banks	\$	_____	Accounts Payable	\$	_____
Savings Accounts	\$	_____	Notes Payable to Banks and Others	\$	_____
IRA or Other Retirement Account	\$	_____	(Describe in Section 2)		
Accounts & Notes Receivable	\$	_____	Installment Account (Auto)	\$	_____
Life Insurance-Cash Surrender Value Only	\$	_____	Mo. Payments	\$	_____
(Complete Section 8)			Installment Account (Other)	\$	_____
Stocks and Bonds	\$	_____	Mo. Payments	\$	_____
(Describe in Section 3)			Loan on Life Insurance	\$	_____
Real Estate	\$	_____	Mortgages on Real Estate	\$	_____
(Describe in Section 4)			(Describe in Section 4)		
Automobile-Present Value	\$	_____	Unpaid Taxes	\$	_____
Other Personal Property	\$	_____	(Describe in Section 6)		
(Describe in Section 5)			Other Liabilities	\$	_____
Other Assets	\$	_____	(Describe in Section 7)		
(Describe in Section 5)			Total Liabilities	\$	_____
Total	\$	_____	Net Worth	\$	_____
			Total	\$	_____

Section 1. Source of Income		Contingent Liabilities	
Salary	\$	As Endorser or Co-Maker	\$
Net Investment Income	\$	Legal Claims & Judgments	\$
Real Estate Income	\$	Provision for Federal Income Tax	\$
Other Income (Describe below)*	\$	Other Special Debt	\$

Description of Other Income in Section 1.

*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral



Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

Section 7. Other Liabilities. (Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: _____ Date: _____ Social Security Number: _____

Signature: _____ Date: _____ Social Security Number: _____

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. PLEASE DO NOT SEND FORMS TO OMB.