Place your logo here

YOUR COMPANY'S NAME

Street Address
City, State, Zip

Telephone Number
Fax Number
e-mail address
web-site

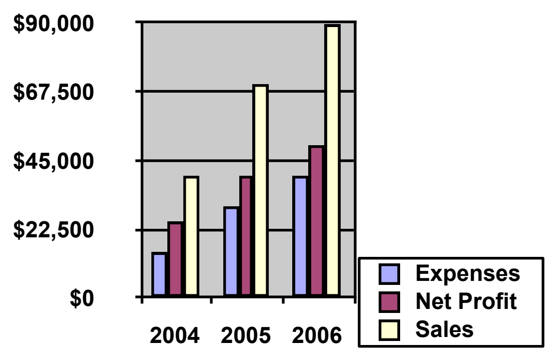
Table of Contents

IV. APPENDIX

I. EXECUTIVE SUMMARY:

1. *Write this last because it should summarize the most important points you have included in your business plan.*
2. *It should give a concise but positive description of your company. E.g., what it set out to do; how it has accomplished its goals to date; what lies ahead.*
3. *If your business is new, you should summarize what you intend to do; how you intend to do it, and when; how you believe you can overcome major obstacles, including competition.*
4. *If you think it will enhance your presentation, instead of summarizing key information within the Executive Summary, information can be presented under the following headings.*

<u>Highlights:</u> *List what you believe are the highlights of your business. For example, this could take the form of a chart showing sales, expenses and net profit for several years*



To adapt this chart to conform to your own data, click on "insert," click on "picture," click on "chart." You can also change the type and colors of this chart. To delete, click on chart and hit delete key

<u>Objectives:</u> *e.g., a time-line of the goals you hope to achieve*

<u>Mission Statement:</u> *Anything you wish to stress about your business that is not covered sufficiently in the Executive Summary.*

<u>Keys to Success:</u> *The unique or distinguishing factors that you believe will ensure the success of your business.*

II. <u>Description of Business:</u>

Provide a detailed description of your business – what it does, what is going to make it unique, competitive and successful. It should describe any special features that will make your business attractive to potential customers and should identify the goals and objectives of your company. Be positive, be concise, and be factual.

Company Ownership/Legal Entity:

Indicate whether your business is a sole proprietorship, corporation (type), or partnership.

If special licenses or permits are required, give description of what is needed and, if necessary, what you have to do (or have already done) to be in compliance.

If appropriate, define the type of business, e.g. manufacturing, merchandizing or service.

If not already included in the general description of the business above, indicate whether this is a new independent business, a takeover, a franchise or an expansion of a former business.

Location:

Location is supremely important to some types of business, not as vital in others.

If you have not yet acquired a location, indicate what criteria you must consider in order to meet your needs. What kind of space, and where? Is there a particular area that would be especially desirable from a demographic or marketing viewpoint? Must you have a ground-floor location? If so, must your location be easily accessible to public transportation?

If you are considering a specific site or comparing sites: How is the traffic flow, both foot and vehicular? Are the parking facilities adequate? Is the street lighting sufficient? Is it close to other businesses, facilities or venues that might aid in directing the type of clientele you seek to the vicinity?

If it is a storefront – does it attract attention or what must be done to make it attract the type of attention you need?

Are there any local ordinances concerning signs that might adversely affect you? What type of sign(s) would best serve your particular needs? Have you included the cost of such sign (s) in your start-up figures?

What other factors must you consider when deciding upon an appropriate location?

If you are not constrained by having particular location requirements, this could be an advantageous position that should be noted in your business plan.

If you have already chosen your location, describe the highlights, using some of the factors outlined above as a guide.

Interior

There are some businesses where the interior of the business premises is as important as the location. If the interior of your location is an important factor in your business, describe what makes yours 'work'.

How have you calculated the square footage you need?
Are there any special needs that you will have to install?
Do you need landlord or other permission to do so? *Have you done advance planning to ensure that you will get the most of your space, such as what will go where?*
How will you display your various products and does the layout have a flow that will add to the ambiance of the facility and perhaps induce customers to buy more than they have planned?
Describe any special features that you feel will give you a "competitive edge" over other similar businesses.

<u>Hours of Business</u>

Self-explanatory, but important for such businesses as retail stores or seasonal ventures

<u>Products and Services</u>: (*If you are providing* ***only*** *products or* ***only*** *services, delete the part of this heading that is inappropriate. If your products and/or services are more important than your location, copy and paste this heading so it precedes those for location and hours of business.)*

Describe what products you are selling or what services you are offering and why there is a demand for them. What is the potential market? How will customers benefit from your products or services? What is different about your particular products or services that will give you an edge over competition?

If you are selling several lines of products, describe the balance of what is included. How did you arrive at this balance of products? How do you adjust this balance in light of market demands?

Do you have or need inventory control so that you will know what is selling well and what is not? Do you have to consider "lead time" when re-ordering certain items that are not instantly available? Do you need an audit or security system to ensure that products do not "disappear," either from internal sources or by shoplifters?

<u>Suppliers:</u>

If information about the sources from whom you will be buying your supplies, materials or products, including your financial arrangements with them, plays an important part of your business, include the relevant information in this section.

Service:

Is the primary purpose of your business to perform a service? If so, describe the service or services you intend to provide.

By what means do you hope to make the service(s) you provide more effective and desirable than others of a similar nature?

If your business is primarily to provide or sell a specific profit or a line of products, how will you ensure that you also provide a high level of service, before, during and after the sale?

Manufacturing:

Is your business involved in the manufacturing, in whole or in part, a specific product or line of products?

Describe your facilities, any special type of machinery or equipment.

Without revealing any proprietary information, describe the manufacturing procedure

How will you sell the products you manufacture: Directly to the public? Through a wholesaler or distributor? Other?

How will you transport your products to others, domestically or internationally?

Management:

How will your own background or experience help you to make this business a success? How active will you be and what areas of management will you delegate to others? Describe the other people who will be/are managing your business. What are their qualifications and background? (Resumes can be included in the Appendix). What are their particular strengths or areas of expertise that should help your business become successful? What are their duties and are their responsibilities clearly defined (particularly important in partnership agreements)? What skills do you or your managers lack that must be supplied by outside sources or by hiring qualified employees?

If your business has employees, describe the chain-of-command. What training will you provide your employees? If you anticipate having many employees, will you provide a handbook that includes job descriptions, company policies, etc.? Will you provide any incentives to employees so that they will feel their ideas and services will enhance the growth of your company?

If your business is a franchise, what type of assistance can you expect, and for how long? Include information about the operating procedures, etc. that has been provided to you by the franchiser.

Financial Management:

How the finances of your company are managed can be the difference between success and failure.

The full details of your start-up and operating costs should be included in the Appendix. However, you can make reference to the appropriate table, chart or page number as you give a brief, anecdotal accounting of your start-up needs and how much you estimate this process will cost. This should include any one-time only purchases of major equipment or supplies, down-payments, deposits, etc.; legal and professional fees; licenses/permits; insurance; renovation or decoration of your location, etc.; personnel costs prior to opening; advertising or promotion

Once you are ready to open your business, you will need to establish an operating budget to help you prioritize your expenses. It should include the money you need to survive the first three to six months' of operation. It indicates how you intend to control the finances of your company and should include the following expenses: Rent; Utilities; Insurance; Payroll including taxes; Loan payments; Office supplies; Travel and entertainment; Legal and Accounting; Advertising and Promotion; Repairs and Maintenance; Depreciation…

Based on the particular products and services you intend to offer, explain how you expect to make your business profitable and within what period of time? Will your business provide you with a good cash flow or will you have to be concerned with sizeable Accounts Receivable and possible bad debts or collections?

You can also include information about the type of accounting and inventory control system you are using, intend to use, or, where applicable, what the franchiser expects you to use.

Start-up /Acquisition Summary

Describe any pertinent details concerning the starting or acquisition of your business that you feel need to be addressed. (If this is not applicable to your business, delete. Include your table of Start-Up or Acquisition Costs in the Appendix)

III. Marketing:

How well you market your business can play an important role in its ultimate success or failure. It is vital to know as much about your potential customers as possible – who they are, what they want, what their expectations may be, and what they don't want.

Market Analysis:

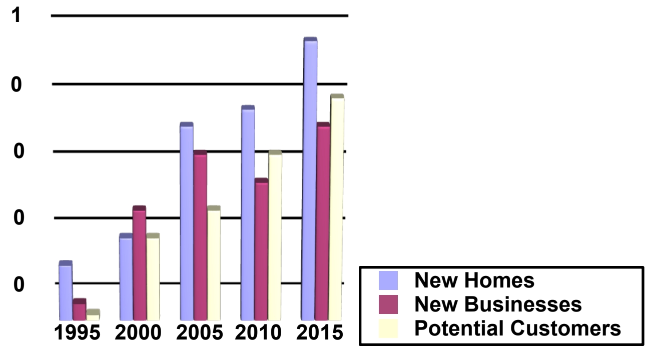
What is your target market? Who is most likely to buy your products or use your services?(Demographics). How many are there in your community?

Where are they? How are you going to let them know who and where you are and what you have to offer? How are you going to reach them?

If you believe that you have something new, innovative or isn't generally available: How do you know that there is a market for it, that people actually want to pay money for what you have to offer? How are you going to tell them?

Consider the market you are trying to reach: Is it growing, shrinking or static?

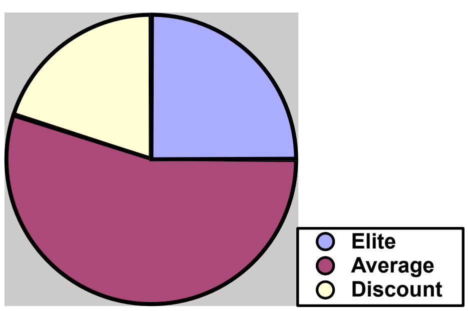
What percentage of the market do you think you will be able to reach? How will you be able to "grow" your percentage of the market?



Example of the type of chart that could be inserted here
Click on 'Insert,' click on 'Picture' then on 'Chart' and input your own data

<u>Market Segmentation:</u>

Is your target market segmented? Are there different levels within the same type of business, each offering a difference in quality, price, or range of products?
Is this market segmentation governed by geographic area, product lines, or general pricing?
Into which market segment will your business fall?
What percentage of the total market does this market segment reach?
What percentage of this segment of the market will your business reach?



Market Segments

Adapt the pie chart to include your own market segment analysis by clicking on 'Insert' and clicking on 'Picture,' then 'Chart'. Changing the data in the table that will appear on your screen changes the information included in the chart.

Competition:

Who else is doing what you are trying to do? Briefly describe several of your nearest and greatest competitors. What percentage of the market do you think each reaches? What are their strengths and weaknesses? What can you learn from the way they do business, from their pricing, advertising and general marketing plans? How do you expect to compete? How do you hope to do better?

What indirect competition will you face, e.g., from internet sales, department stores, international imports, etc.?

How will you keep abreast of technology, changing trends, etc that may impact your business in the future?

Pricing:

How have you evolved your pricing policy?
Which of the following pricing strategies might best suit your business? Retail cost and pricing; Competitive Position; Pricing below competition; Pricing above competition; Multiple pricing; Price lining; Pricing based on material, labor and overhead costs, plus mark-up?

What are your competitors' pricing policies and how does yours compare?
Are your prices in line with industry averages?
How will you monitor prices and overhead to ensure that your business will operate at a profit?
How do you plan to stay abreast of changes in the marketplace, to ensure that your profit margins are not adversely affected by new innovations or competition?

Advertising and Promotion:

How do you intend to advertise your business?
Which of the following advertising and promotion options offer you the best chances of successfully "growing" your business: Yellow Pages; Media – newspaper, magazine, television, radio; Direct Mail; Telephone solicitation; Seminars and public meetings; Joint advertising with other companies; Sales Representatives; Word-of-Mouth; Other?
How will you determine your advertising budget?
How will you track the results of your advertising and promotion efforts?
Will you advertise on a regular basis or will you be conducting seasonal campaigns?
How will your products be packaged? Have you done any research to see what type of packaging has maximum customer appeal? Have you done a cost analysis of different forms of packaging?

Strategy and Implementation Summary

Now that you have described the important elements of your business, you may need to summarize your strategy for their implementation. Try to prioritize the steps you must take to open your doors for business. Describe your objectives and how you intend to reach them and in what time parameters.

Planning is one of the most overlooked but most vital parts of your business to ensure that you are in control (as much as possible) of events and the direction in which your business moves. What planning methods will you utilize?

APPENDIX

-

Start-up Expenses

Business Licenses ....$
Incorporation Expenses...$
Deposits..$
Bank Account..$
Rent ....$
Interior Modifications ....$
Equipment/Machinery Required:
....$
....$
....$
....$
Total Equipment/Machinery ....$
Insurance ....$
Stationery/Business Cards ....$
Brochures ....$
Pre-Opening Advertising...$
Opening Inventory ....$
Other: (List)
....$
....$
....$

TOTAL START-UP EXPENSES (Estimated)...........$

Determining Start-Up Capital

1. *Begin by filling in the figures for the various types of expenses on the Cash-Flow Chart on page 17*
2. *Start your first month in the table below with a starting cash of $0*
3. *Encapsulating your "Cash Out" Expenses that you have determined on your Cash-Flow Chart on page 17 under the three main headings of Rent, Payroll and Other (including the amount of unpaid Start-Up Costs in "Other" in Month 1.*
4. *Continue the monthly projections in the following chart until the ending balances are consistently positive*
5. *Find the* ***largest negative balance*** *– this is the amount needed for Start-up Capital in order for the business to survive until the break-even point when all expenses will be covered by income*

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
STARTING CASH	0							
CASH IN: **Cash Sales** **Paid Receivables** **TOTAL CASH IN**								
CASH OUT: **Rent** **Payroll** **Other** **TOTAL CASH OUT**	*							
ENDING BALANCE								
CHANGE (Cash Flow)	$( )							

* Including Unpaid Start-up Cost

6. Continue by inserting the amount of needed Start-up capital into the Cash Flow Chart on Page 17 as the Starting Cash in Month 1

CASH FLOW

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
STARTING CASH												
CASH IN: CASH SALES RECEIVABLES												
TOTAL CASH INTAKE												
CASH OUT: **EXPENSES:**												
RENT												
UTILITIES												
PAYROLL INC. TAXES												
BENEFITS												
LOAN PYMTS												
TRAVEL												
INSURANCE												
ADVERTISING												
PROFESSIONAL FEES												
OFFICE SUPPLIES												
POSTAGE												
TELEPHONE												
INTERNET												
BANK FEES												
TOTAL CASH OUTGO:												
ENDING BALANCE:												

INCOME PROJECTION STATEMENT

	Ind. %	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept	Oct.	Nov.	Dec.	Annual Total	Annual %
Est. Net Sales															
Cost of Sales															
Gross Profit															
Controllable Expenses:															
Salaries/Wages															
Payroll Expenses															
Legal/Accounting															
Advertising															
Travel/Auto															
Dues/Subs.															
Utilities															
Misc.															
TOTAL CONTROL-LABLE EXPENSES															
Fixed Expenses:															
Rent															
Depreciation															
Utilities															
Permits/Licenses															
Loan Payments															
Misc.															
TOTAL FIXED EXPENSES															
TOTAL EXPENSES															
Net Profit/Loss Before Taxes															
Taxes															
Net Profit/Loss After Taxes															

The Income Projection Statement is another management tool to preview the amount of income generated each month based on reasonable predictions of the monthly level of sales, costs and expenses. As the monthly projections are developed and entered, these figures serve as goals to control operating expenses. As actual results occur, a comparison with the predicted amounts should produce warning bells if costs are getting out of line so that steps to correct problems can be taken.

The ***Industrial Percentage*** *is calculated on a formula of multiplying the costs/expenses by 100% and dividing the result by the total net sales. It indicates the total sales that are standard for a particular industry. This information may be obtained from trade associations, accountants, banks, or your Reference Librarian. Industry figures are a useful benchmark against which to compare the costs/expenses of your own business. Compare your annual percentage with the figure indicated in the industry percentage column.*

The following is an explanation for some of the terms used in the above charts:

Total Net Sales (Revenue): *This figure is determined by the total number of products or services that your business expects to sell each month, multiplied by the prices you expect to get. You should be as realistic as possible, taking into consideration seasonal trends, returns, allowances and markdowns.*

Cost of Sales: *To be realistic, this figure must include* ***all*** *the costs involved in making a sale. For example, where inventory is concerned, include the cost of transportation and shipping. Any direct labor cost should also be included.*

Gross Profit: *Subtract the cost of sales from the total net sales*

Gross Profit Margin: *This is an expression of a percentage of total sales and is calculated by dividing the gross profits figure by the total net sales figure.*

Controllable Expenses: *Salaries (base plus overtime); Payroll expenses including paid vacations, sick leave, health insurance, unemployment insurance and social security taxes; Cost of Outside Services, including subcontracts, overflow work and special or one-time services; Supplies, including all items and services purchased for use in the business; Repair and Maintenance includes both regular and periodic expenses such as painting; Advertising should include directory advertising expenses as well as display media ads; Travel and Auto, including business use of personal car, parking, business trips, etc.; Accounting and Legal, the cost of outside professional services.*

Fixed Expenses: *Rent (only for real estate used in business); Depreciation – the amortization of capital assets; Utilities – water, heat, light, trash collection, etc.; Insurance – Fire, Liability on property or products; Workers' compensation; Theft, etc.; Loan repayments – include the interest and principal payments on outstanding loans to the business; Miscellaneous – unspecified,* ***small*** *expenditures not included under other accounts or headings.*

Net Profit/Loss (Before Taxes): *Subtract Total Expenses from Gross Profit*
Taxes: *Inventory, Sales, Excise, Real Estate, Federal, State, etc.*

Net Profit/Loss (After Taxes): *Subtract taxes from Net Profit before taxes*

Annual Total: *Add all the monthly figures across the table for each sales and expense item*

Annual Percentage: *Multiply the Annual Total by 100% and divide the result by the Total Net Sales Figure. Compare to industry percentage in first column.*

Profit and Loss Statement

Profit and Loss, Budget vs. Actual

January 200- to July 200-

	Jan. 200- - July 200-	Budget	$ Over Budget
Income:			
Sales			
Other			
Total Income:			
Expenses:			
Salaries/Wages			
Payroll Expenses			
Legal/Accounting			
Advertising			
Travel/Auto			
Dues/Subs.			
Utilities			
Rent			
Depreciation			
Permits/Licenses			
Loan Repayments			
Misc.			
Total Expenses:			
Net Profit/Loss:			

Essentially contains the same basic information as the Income Projection Statement. Established businesses use this form of statement to give comparisons from period to another. Many lenders may require Profit and Loss Statements for the past three years of operations.

Instead of comparing actual income and expenses to an industrial average, this form of the Profit and Loss Statement compares each income and expense item to the amount that was budgeted for it. Most computerized book-keeping systems can generate a Profit and Loss Statement for the period(s) required, with or without budget comparison.

BALANCE SHEET

COMPANY NAME

As of _______________

ASSETS		**LIABILITIES**	
Current Assets:		Current Liabilities:	
Cash	$	Accounts Payable	$
Petty Cash	$	Notes Payable	$
Accounts Receivable	$	Interest Payable	$
Inventory	$		
Short-term Investment	$	Taxes Payable:	
Prepaid Expense	$	Federal Income Tax	$
		State Income Tax	$
Long-term Investments	$	Self-Employment Tax	$
		Sales Tax (SBE)	$
Fixed Assets:		Property Tax	$
Land	$	Payroll Accrual	$
Buildings	$		
Improvements	$	**Long-Term Liabilities**	$
Equipment	$	Notes Payable	$
Furniture	$	**Total Liabilities**	$
Automobiles/Vehicles	$		
Other Assets:			
1.	$		
2.	$		
3.	$	Net Worth/Owner's	
4.	$	Equity/Retained Earnings	$
TOTAL ASSETS:	$	TOTAL LIABILITIES	$

Note: Total Assets will always equal Total Liabilities plus Total Net Worth, i.e. the bottom-line figures for Total Assets and Total Liabilities will always be the same.

<u>Guidelines for what to include in the Balance Sheet: (For use in Established Businesses)</u>

Assets: *Anything of value that is owned or is legally due to a business. Total assets include all net values; the amounts that result from subtracting depreciation and amortization from the original cost when the asset was first acquired.*

Current Assets:

Cash *– Money in the bank whether in checking or savings accounts, or resources that can be converted into cash within 12 months of the date of the balance sheet.*
Petty Cash *– A fund of cash for small, miscellaneous expenditures*
Accounts Receivable *– Amounts due from clients for merchandize or services*
Inventory *– Raw materials on hand, work-in-progress and all finished goods, either manufactured or purchased for resale.*
Short-term Investments – *Interest or dividend yielding holdings expected to be converted to cash within a year; stocks, bonds, certificates of deposit and time-deposit savings accounts. These should be shown at either their cost or current market value, whichever is less. Short-term investments may also be called "temporary investments" or "marketable securities."*
Prepaid Expense *– Good, benefits or services that a business pays or rents in advance, such as office supplies, insurance or office- or floor-space.*

Long-term Investments: *Holdings that a business intends to retain for at least a year. Also known as Long-term Assets, these are usually interest or dividend paying stocks, bonds or savings accounts.*

Fixed Assets: *This term includes all resources that a business owns or acquires for use in its operations that are not intended for resale. They may be leased rather than owned and, depending upon the leasing arrangements, may have to be included both as an asset for the value and as a liability.*
Fixed Assets include: ***Land*** *(The original purchase price should be listed, without allowance for market value);* ***Buildings; Improvements; Equipment; Furniture; Automobiles/Vehicles.***

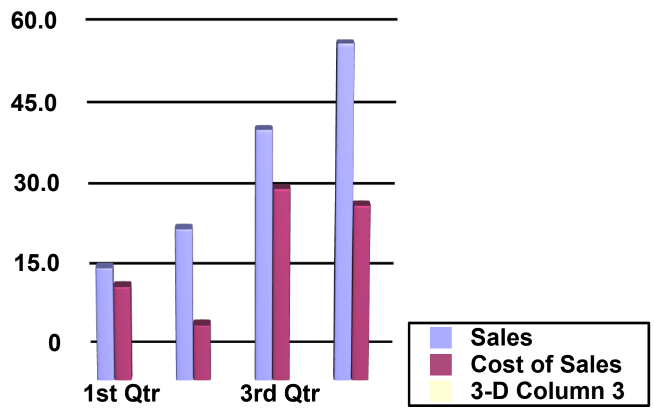
<u>Liabilities:</u>

Current Liabilities: *Include all debts, monetary obligations and claims payable within 12 months.*
Accounts Payable: *Amounts due to suppliers for goods and services purchased for the business*
Notes Payable: *The balance of the principal due on short-term debt, funds borrowed for the business. Also includes the current amount due on notes whose terms exceed 12 months.*
Interest Payable: *Accrued amounts due on both short and long-term borrowed capital and credit extended to the business.*
Taxes Payable: *Amounts incurrent during the accounting period covered by the Balance Sheet*
Payroll Accrual: *Salaries and wages current owed during the period covered by the Balance Sheet.*

Long-term Liabilities: *Notes, Contract Payments of Mortgage Payments due over a period exceeding 12 months. These should be listed by outstanding balance less the current position due.*
Net Worth: *Also called Owner's Equity. This is the amount of the claim of the owner(s) on the assets of the business. In a proprietorship or partnership, this equity is each owner's original investment plus any earnings after withdrawals.*

Most computerized book-keeping systems can generate a Balance Sheet for the period(s) required.

Sales Forecast



This information can be shown in graph or table form, either by months, quarters or years, to illustrate the anticipated growth of sales and the accompanying cost of sales. Convert this chart to indicate your own sales forecast by clicking on "insert," and then clicking on "picture" then "chart." You can change the captions and the input the figures for each period you wish to cover.

Milestones

This is a list of objectives that your business may be striving to reach, by start and completion dates, and by budget. It could also be presented in table or in graph or chart form.

Milestone	Start Date	Completion Date	Budget	Comments
Name me				
Name me				
Name me				

<u>BREAK-EVEN ANALYSIS</u>

Use this to evaluate your business profitability. It can measure how close you are to achieving that break-even point when your expenses are covered by the amount of your sales and are on the brink of profitability.

It can tell you what sales volume you are going to need in order to generate a profit. It can also be used as a guide in setting prices.

There are three basic ways to increase the profits of your business: generate more sales; raise prices and/or lower costs. All can impact on your business – if you raise prices, you may no longer be competitive; if you generate more sales you may need added personnel to service those sales which would increase your costs. Lowering the fixed costs your business must pay each month will have a greater impact on the profit margin than by changing variable costs.

Fixed costs: *Rent, insurance, salaries, etc.*
Variable costs: *the cost at which you buy your products*

Contribution Margin: *This is* ***the selling price minus the variable costs****. It measures the dollars available to pay the fixed costs and make a profit.*

Contribution Margin Ratio: *This is the amount of* ***total sales minus the variable costs, divided by the total sales****. It measures the percentage of each sales dollar to pay fixed costs and make a profit.*

Breakeven Point: *This is the amount when the* ***total sales equals the total expenses.*** *It represents the minimum sales dollar you need to reach before you make a profit*

Breakeven Point in Units: *This is the total of* ***Fixes Costs divided by the unit selling price minus the variable costs per unit.*** *It tells you have many units you need to see before you make a profit.*

Breakeven Point in Dollars: *This is the* ***total amount of fixed costs divided by the contribution margin ratio.*** *It is a method of calculating the minimum sales dollar to reach before you make a profit.*

If the sales dollars are below the breakeven point, your business is losing money.

Miscellaneous Records

In order to back up the statements you may have made in the first part of your Business Plan, you may need to include any or all of the following documents in your Appendix:

Personal Resumes
Personal Financial Statements
Credit Reports, Business and Personal
Copies of Leases
Letter of Reference
Contracts
Legal Documents
Personal and Business Tax Returns
Miscellaneous relevant documents.
Photographs