

Business Plan

Company Name & Logo

Prepared by:

Owners, Titles (*CEO, CFO, etc*)

Address

City, State, Zip Code

Telephone

E-Mail (*this should be a company email address*)

**When the plan is completed, it should be in full sentences and paragraphs. Delete all of the questions and comments, and leave only the section titles and the content.*

Mentor's note:

You will be working with your student group(s) in class for seven weeks to complete these plans. All of the research and writing may not be able to be completed in class. Please give students homework – research and revisions – to ensure that they complete their plan according to the schedule. You may assign due dates prior to the next class to allow yourself the opportunity to review and provide comments prior to your next in-person class meeting with the student group.

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Mentor's note:

These are the categories expected to be covered. Page numbers and formatting should be completed by the students. Company logo and name should be on the Table of Contents page. Page numbers should be on all pages

1.0 Executive Summary

- *Compose a draft of the “BIG” idea and a rough summary of what your business is.*
- *The final executive summary will be completed last, once you’ve tested out your ideas. Include everything that you would cover in a five minute interview. This is your opportunity to introduce your business to the investors and to get them excited!*

- *Explain what you and the business are all about. Show the investors that you are qualified to run this business, and that it will be successful.*

- *Make sure that you answer these questions in this section:*
 - *Who are you? Why did you come up with your idea?*
 - *What does your product/service accomplish? What gaps in the market are you filling or what problems are you solving? Who wants to buy it and why?*
 - *Why will you be successful? What is your competitive advantage? What skills and abilities do you have that will make this business successful?*
 - *How will you show value to donors/supporters? How will you prove to them that your business is a worthwhile investment?*
 - *How much are you seeking from the investors?*
 - *How will you utilize the investment?*

Mentor’s notes:

This section should be completed before your fourth visit. During class four, you will edit and review the entire business plan with the students. This is an opportunity to polish the plan and to add any last minute adjustments. If this is finalized before the end of class, students should begin putting this information into their PowerPoint.

- *This section should summarize the important aspects of the plan and serve as the primary information source for student’s PowerPoint presentations.*

2.0 Company Summary

Include the following:

- *Mission Statement – explain the reason(s) for the business’ existence and what the business’ guiding principles are*
- *What are your business’ goals?*
 - *Include at least three long and short term goals (three each) and be specific in terms of the timeframe. For example:*
 - *By March, we will have sold 10 pieces of jewelry.*
 - *By September, our jewelry will be sold in two local stores.*
- *What are two or three goals you must accomplish to be successful?*
- *What is important to you in your business?*
- *Who will you market to? Be specific!*
- *Legal form of ownership?*
 - *Every business will start as a DBA. It is possible to grow from here and develop another form of ownership, but for now all businesses will begin as a DBA.*

Mentor’s notes:

Students will have worked on this prior to your 1st visit. On your first visit, you will review this section, make suggestions, edit and ask for clarification.

- *Each business will need to develop their mission statement with your help. Students will probably be inclined to include all of the details of their business in the mission statement. They must take the 50,000-foot view and you will need to work with them on this concept.*
- *The goals can be one year or possibly three years but do not go beyond a three-year time period.*
- *Students need to identify two or three actions that they need to accomplish that would be critical to early stage success of their business.*

- *Take into consideration the student's school schedule, graduation year, continuation plan and exit strategy, if applicable.*
- *Business philosophy – students need to think of a bigger issue than “just making money”*
- *Every business will start as a DBA.*

3.0 Product/Service Description

Include the following:

- *What industry are you in?*
 - *Describe your industry—is it retail? Manufacturing? Something else?*

- *What is your product/service?*
 - *Describe it in detail! The more information, the better. You don't need to be wordy, but you do need to explain what you are doing.*
 - *What gaps are you filling or what problem are you solving? Why should people care?*

- *How will you make and sell your product? How will you deliver your service? Will you use a manufacturer? If so, how will you develop a prototype and afford a “run” at a manufacturer? What will you need to do first as it relates to developing your product and delivering your service?*

Mentor's notes:

Students will have worked on this before your first visit. On your first visit, you will review this section, make suggestions, edit and ask for clarification.

- *Students must include extensive detail about their product/service. This is a very important piece, which should get investors excited about the product/service. It should be as detailed as possible and explain how they will accomplish their goals.*

- *It is also important that students understand what industry they are in so they can better focus when it comes time to do their market research.*

- *Students may not need to make their product themselves – they may simply be in the business of marketing, selling, distribution, and the relationship with their customers. Other students may be in the business of product manufacturing and license the sales functions to retailers or others.*

4.0 Market Analysis Summary

Include the following:

- *Market Research:*
 - *Do both:*
 - *Primary Research (interviews, intuition, perceived needs)*
 - *What do you think the need is?*
 - *Talk to some potential customers about the product/service. What do they think?*
 - *Secondary Research (surveys, internet, published info)*
 - *Conduct a survey of your potential customers. Include results.*
 - *Conduct focus groups. Include results.*
 - *What information is online about your market or product?*
 - *Your market research will include:*
 - *Economics*
 - *What is the total size of your market?*
 - *Be specific! If you are selling purses, what does the purse market look like where you are hoping to sell them? How many purses are sold on an annual basis? What further information about your specific target market can you provide?*
 - *What are the trends in your market?*
 - *For example, if you are selling purses, go online and find trends in purse sales. Are sales up or down? Why?*
 - *Growth Potential*
 - *This will include your market size, possibilities of expanding the market, etc*
 - *What are the barriers to entry into your market?*
 - *What might stop you from launching your business?*
 - *How do you overcome the barriers?*
 - *What changes could affect your company in the future?*
 - *The economy? Market trends? New products? Seasonality?*

- *Product*
 - *Features and Benefits*
 - *Describe the most important features of your product? What is special about it?*
 - *Describe the benefits of your product? What will your product do for your customers?*

- *Customers*
 - *Who are your potential customers? Why will they want to buy your product or use your service? This needs to be compelling. If your case for customers being excited to take advantage of your product or service is weak, your business may fail.*
 - *Be specific. If you are targeting high school students in your local area, conduct research to find out more information about that target group. Go online and look up the size of your potential customer pool. Tell the investors how many high schools there are. Tell them how many students there are. Show them that you have a lot of potential customers.*
 - *Do your potential customers have any specific tastes or interests? Be as specific as possible. For example, if you are selling “funky” purses, your target market might be high school girls who enjoy expressing their style and being on the cutting edge of fashion.*

- *Competition*
 - *Who are your competitors?*
 - *Be specific. List out some. What do they do? You want to show the investors that you know that you have competition.*
 - *If you don't have direct competitors, list your indirect competitors. For example, maybe your purses are super unique; no one has made purses quite like you before. You don't have anyone selling exactly what you do, but there are other places that sell purses.*
 - *What are your competitive advantages?*

- *Why would someone buy your product over your competitors? What do you do that is different from your competitors? What value does your product or service add?*
- *Do a SWOT Analysis.*
 - *What are your business' strengths? Weaknesses? Opportunities? Threats?*

Mentor's notes:

Students will have worked on this before your 1st visit. On your first visit, you will review this section, make suggestions, edit and ask for clarification.

- *This section will need additional research with your suggestions. Please ensure that students have done sufficient research. If they have not, assign homework with specific goals in mind. Have them email you the completed homework prior to the next class.*
- *The research will be quantitative (mostly through the web) and intuitive based on how they see the product/service and how their friends/family see their product/service. This is okay, but students may need to be reminded to find specific numbers about their target market(s).*
- *The students will need to do their market research. How big is the market? Who are their competitors?*
- *Students need to do an analysis of features and benefits. We will be discussing this in class and they should have at least three specific points that they make.*
- *This section should product information that provides the reader with an understanding of the potential success of the business.*
- *A SWOT (Strength/Weakness, Opportunity/Threat) analysis is helpful but it is difficult for the students to complete due to their lack of business experience. Students will be working in class to develop a SWOT for one of the businesses so they can see how it is done. Please take some time to review their SWOT analysis with them. Remind the students that Strengths and Weaknesses are about the internal structure of their business while Opportunities and Threats refer to the external circumstances of their market.*

5.0 Strategy & Implementation

Tell the story of how you will accomplish what you are planning. Test the strategy and implement ideas in advance so this section is not forward-looking ideas but tested activities that demonstrate the potential for success.

Include the following:

- *Price*
 - *What does your product/service cost?*
 - *Be sure that you have thought through all of the potential costs associated—especially if you are making a product. What do all of the pieces cost? Have you spoken with a manufacturer (if applicable)? Have you thought about shipping? What are those additional costs? Have you factored in time and labor?*
 - *Explain your method for setting your price.*
 - *Compare your prices to your competition. Higher, lower, the same? Why?*
 - *Remember, don't refer to your product as "cheap." If it is less expensive, talk about it being less expensive. Also remember, being the least expensive is not always a good thing.*
 - *How important is price as a competitive factor?*
- *Place*
 - *Where will you operate your business? Be specific!*
 - *How will customers contact you?*
 - *You should have one main business email address, phone number, and address.*
 - *How will you deliver your product/service?*
- *Promotion*
 - *How will you get the word out to your customers?*
 - *Advertising?*
 - *Guerilla marketing?*
 - *Collateral material? (logo, brochures)*
 - *Please note: This should go beyond flyers and word of mouth. Really think about how you are going to get the word out to your customers. Do the research. If you are selling something*

that appeals to high school students and one of your ideas is to put posters up around schools, etc, call some schools—do they allow people to hang up posters? If they don't, that's not a good marketing strategy.

- *Consider where your customers go. What do they like to do? Where might they see your message? What are some creative ways to get the word out there?*
 - *For example, let's say that you are opening a hair salon. Maybe you have a contest, where the winner receives free haircuts for a year or a free "elegant hairstyle" (for prom, a formal event, etc). This gets the word out about your business!*
- *Also, remember that you might have multiple "customers."*
 - *For example, if you are intending to sell your product through an existing retail store and through a website you are marketing to BOTH the store and your target audience. Talk about how you are marketing to both and how you will cater your marketing strategy to each.*

Mentor's notes:

This will section will be started on your first visit. Ensure that students email you this completed section prior to the next class so that you have an opportunity to review and edit.

- *Pricing is interesting with young entrepreneurs. Many students are inclined to position themselves to be the “cheapest.” Help the students see that value is as, if not more, important than price.*
- *If there are competitive products/services they need to identify those price points.*
- *How customers will contact them and how they will deliver their products/service? The business should have only one email address, one phone number and one address. Since many of these businesses are partnerships, students are each inclined to provide their information, which makes it confusing for customers. Students must decide on one.*
- *The students will be working with volunteer graphic designers who will develop logos and marketing materials. Students will not have the funds for an extensive TV/print campaign, and will need to find more creative ways to spread the word about their business—however their marketing ideas and plans should go beyond word of mouth. Help them be creative and suggest various marketing activity ideas. Include public relations activities, sending press releases and getting media coverage*
- *The student's promotional plan will be heavily informed by their target market. Make sure the students are really clear on who their specific audiences are.*
- *Students do need to research this section. For example: if they plan to market by posting brochures all over town, they should contact a few places to see what the rules and regulations are about postings, etc.*

6.0 Management Summary

Include the following:

- *Prove how your business will succeed, based on your skills and abilities. Can you make this happen?*
- *Who are the owners of your business? What are their titles (CEO, CFO, CMO, etc)?*
- *What is your previous experience?*
 - *Maybe you don't have specific experience in this business, but why do you have a passion for this business? Do you have any leadership experience? Organizational skills?*
- *What unique skills do you bring to the enterprise?*
- *If there are multiple owners who is responsible for which aspect of the business?*
- *Who are your suppliers?*
- *What activity do you outsource?*
- *Who else is helping you? What networks are you able to utilize?*

Mentor's notes:

This section will be started during your second class visit and completed via email prior to the next class. We will be spending time to discussing this in class, but please review with the students their personal strengths, weaknesses, and what role they might best fit into.

- *In this section, the students talk about themselves and why, (based on their skills, experiences and interests) their business will be successful.*
- *If it is a team, each team member needs to have a CXX designation and responsibility – please review with the students their personal strengths, weaknesses, and what role they might best fit in to.*

7.0 Financials

Include the following charts. The numbers and information provided below are examples.

Cost of Supplies:

Please use the below chart. An example is provided. Please delete the example before filling in the chart

| Definition of One Unit: 1 necklace | | |
|---|---------------------------------|--|
| Item Description | Cost /qty | Cost per Unit (\$) |
| <i>Beads</i> | <i>\$2.50 for a case of 100</i> | <i>\$1.25 (50 beads needed per necklace)</i> |
| <i>Wire</i> | <i>\$10.00 for 100</i> | <i>\$.10 (1 needed per necklace)</i> |
| <i>Clasp</i> | <i>\$15.00 for 50</i> | <i>\$.30 (1 needed per necklace)</i> |
| <i>Packaging</i> | <i>\$.50</i> | <i>\$.50</i> |
| | TOTAL | \$2.15 |

Economics of One Unit

Please use the below chart. An example is provided. Please delete the example before filling in the chart. The letters in parenthesis are provided for reference. Please delete when you complete your chart.

| | |
|--|---------------------|
| Definition of One Unit | <i>1 necklace</i> |
| Selling Price per Unit | \$ 23.50 (A) |
| Labor Cost per unit (in wage/hours) | \$ 7.00 (B)* |
| How long (hours) to make one unit | <i>.5 hours (C)</i> |
| Labor cost per Unit (B*C) | \$ 3.50 (D) |
| Cost of Supplies for one unit | \$ 2.15 (E) |
| Total COGS (Cost of Goods Sold) (D+E) | \$ 5.65 (F) |
| Gross Profit Per Unit (A-F) | \$ 17.85 |

**please include minimum wage for your state in this section*

Monthly Sales Projections

In this section, be realistic about your sales. They will probably start low and gradually increase. An example is provided. Also think about how many sales you will realistically have before the investor panel, and make sure to include that information.

| Month | Units Sold | Month | Units Sold |
|--------------|-------------------|--------------|-------------------|
| January | 0 | July | 15 |
| February | 21 | August | 15 |
| March | 0 | September | 20 |
| April | 10 | October | 20 |
| May | 45 | November | 30 |
| June | 20 | December | 44 |

**in this example, I am selling jewelry that is for special occasions. My target market is high school girls. I sold some at a fair before the investor panel (the 21 in February), but will begin really selling in April. I estimate that my sales will go up in May for prom, and then down over the summer, because my customers won't have as many special events in the summer. They will go up again when school starts, and then really increase before the holidays.*

**Note how in this example the student has clearly displayed that she understand the trends in her market and has done thorough research in her field. Please do the same when determining your own monthly sales projections.*

Average Monthly Operating Costs

Below are some examples of fixed costs. This chart may or may not apply to your business.

| Type of Operating Cost | Monthly Cost |
|-------------------------------|---------------------|
| <i>Cell phone bill</i> | \$5.99 |
| <i>Internet service</i> | \$1.99 |
| [enter fixed cost] | \$ |
| [enter fixed cost] | \$ |
| TOTAL fixed costs | \$ |
| TOTAL variable costs* | \$ |
| TOTAL Operating Costs | \$ |

**These are monthly costs that may vary depending on how many items you are producing, etc. For example, if you have a cell phone in which you only pay for the calls that you receive that bill will vary depending on if you get 100 calls or 10 calls in a month.*

**Be sure that you are clear about which kinds of costs (fixed or variable) will largely determine the average monthly operating costs of your business and how you will prepare for those.*

Projected Monthly/Yearly Income Statement

An example is provided. To get the yearly units sold, add up your sales projections for the year. For your monthly units sold, divide your yearly projections by 12. Many of the other numbers (COGS, fixed costs, etc) come from previous charts.

| Projected Monthly Income Statement | | Projected Yearly Income Statement | |
|---|--|--|-----------|
| Units Sold | 20 | Units Sold | 240 |
| Selling Price per Unit | \$23.50 | Selling Price per Unit | \$23.50 |
| Total Sales | \$470.00 (units sold * selling price) | Total Sales | \$5640.00 |
| COGS per unit | \$5.65 (from economics of one unit chart) | COGS per unit | \$5.65 |
| Total COGS | \$113.00 (COGS per unit * units sold) | Total COGS | \$1356.00 |
| Gross Profit | \$357.00 (sales-COGS) | Gross Profit | \$4284.00 |
| Fixed Costs | \$7.98(from monthly operating costs chart) | Fixed Costs | \$95.76 |
| Variable Costs | \$0 (from same chart as fixed costs) | Variable Costs | \$0 |
| Total Operating Costs | \$7.98 (fixed + variable costs) | Total Operating Costs | \$95.76 |
| Profit before Taxes | \$349.02 (gross profit - operating costs) | Profit before Taxes | \$4188.24 |
| Estimated taxes @ 25% | \$87.26 (profit before taxes * 25%) | Estimated taxes @ 25% | \$1047.06 |
| Net Profit | \$261.76 (profit before taxes – taxes) | Net Profit | \$3141.18 |

Mentor's note:

Work with your student group to set pricing and sales goals to reach a net profit of approximately \$1200 per year as a minimum net profit. Also keep in mind that the

student's net profit should be at least 4 times the amount that they list as their required start up—this may require an increase in price, or in units sold.

Start Up Investment

Be sure to include the “required” items (\$75 for designer, \$75 for web developer, \$30 for DBA, \$50 for trade show). Don't forget to include some money for marketing, for initial supplies, etc. Do the research! Make sure that you really know how much everything costs, don't just guess. Think it through, but be reasonable too. Add extra lines to the chart if needed. An example is below

| <u>Item</u> | <u>Where I will buy this?</u> | <u>Cost of Item</u> |
|--------------------------|-------------------------------|---------------------|
| <i>Design materials</i> | <i>Joe Smith</i> | <i>\$75</i> |
| <i>Web Development</i> | <i>Jane Doe</i> | <i>\$75</i> |
| <i>DBA</i> | <i>County Clerk's Office</i> | <i>\$30</i> |
| <i>8 bead kits</i> | <i>JoAnn's Fabrics</i> | <i>\$20</i> |
| <i>8 packs of wire</i> | <i>JoAnn's Fabrics</i> | <i>\$80</i> |
| <i>8 packs of clasps</i> | <i>JoAnn's Fabrics</i> | <i>\$120</i> |
| <i>100 Posters</i> | <i>XYZ Printing</i> | <i>\$25.27</i> |
| <i>80 Packages</i> | <i>John's Packaging</i> | <i>\$40</i> |
| <i>Penny Saver Ad</i> | <i>Penny Saver</i> | <i>\$50</i> |

Total: \$565.27*

**Please note: Your start up investment should be no more than 25% of your annual profit.*

Financing Strategy

You should have some “skin in the game.. Ideally, that’s about 20% of what you need to start. If that isn’t possible, talk about all the time and effort that you put in. Be sure to subtract any money that you get from other sources from the amount that you are asking the investors for. In my example, I need \$565.27 to start up. Since I am putting in \$150 and some friends are putting in \$30, I am only asking the investors for \$385.27. Please see the example below:

| Source | Amount |
|------------------|---------------|
| Personal Savings | \$150 |
| Relative/Friend | \$30 |
| Investor | \$385.27 |
| Grant | \$0 |

Mentor’s notes:

During your third class visit, you will cover the economics of one unit, monthly sales projections and the cost of supplies.

- *Students need to research supply materials! Shipping and handling for any materials that need to be shipped should be considered!*
- *Many students get caught up in this section. They should keep it as simple as possible. Take a few minutes with them to determine everything that goes into making their item, and help them to do the research.*

During your fourth class visit, you will cover monthly operating costs, projected income statements, start up investment and financing strategy.

- *Please note: Added to the initial investment request should be \$75 for the cost of designed materials, \$75 for the cost of the web development, \$30 for filing their DBA, and \$50 for the Trade Show. These are not optional costs.*
- *The start-up asks should be modest (supplies to make 5 items, not 500, etc). In addition, the students should consider a phased approach for any large items. For example, if I am a student who makes t-shirts, I might want a heat press machine. To start out, however, it probably makes more sense to work with a*

company that has a heat press machine (my profit may be less to start, but I can start saving my profit, and eventually buy my own heat press machine).

- *Once these sections have been completed, reviewed and finalized, have the students revisit the pricing of their product to ensure that it is appropriate.*

The goal is to complete the business plan by class six. This will give you ample time to work with the students during class seven to finish all of the other Investor Panel items. During class five, you will begin working with students on their PowerPoint presentation and their speech cards, which they will use at the big Investor Panel presentation.

With the PowerPoint, help the students to realize that they should be highlighting key facts—not including paragraphs. All of the information for the PowerPoint should come directly from the business plan.

With the speech cards, help the students to realize that it is very important to clearly explain their product/service and why they started this business to begin with. What experience do they have, and what have they already done to help make the business successful? If they can hook the investors in the beginning, they have a great shot of receiving their funding request

