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# BUSINESS PLANS MADE E-Z™



***A complete step-by-step  
business planning system  
for any size or type business***

***Attract more capital—faster***

***Expand an existing  
business successfully***



***More than a reference...  
a complete do-it-yourself tool!***

B&L



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# Introduction to Business Plans Made E-Z™

As the number of new businesses increased at an unbelievable rate in the late 1970s, the number of business failures increased at an even greater rate. Moving into the new millennium, 80% of new business start-ups now fail. Because of this growth cycle, the *Business Plan* became the necessary tool for managing business finances and growth.

The business plan has since become a standard means of forecasting, tracking and adjusting operations. In effect the complete "road map" of the company, its importance in business financing takes on a whole new meaning. Now, as we look at a comprehensive business plan, we see all company data can be useful.

A properly prepared business plan presents an entire synopsis of a given company: where it has come from, what it is presently accomplishing, and where it is likely headed in the future.

Regardless of your type of business—planning to expand, correcting a losing trend, or launching a new business—a complete and well-prepared business plan will help you become successful.

Preparing a complete business plan is more than an overnight task. It is the smartest tool you can use to ensure the success of your business.



# Chapter 1

## What is a business plan?

# 1

### A road map of your business

If you are starting a new business, you need a business plan. A business plan is a document that describes your business and your goals. It is a road map that shows you how to achieve your goals. A business plan is a document that describes your business and your goals. It is a road map that shows you how to achieve your goals.

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# Chapter 1

## What is a business plan?

### What you'll find in this chapter:

- The importance of a business plan
- Why you need a business plan
- The components of a business plan
- Projecting the right image

## A road map of your business

If you are starting a new business, you may be more concerned with your product, or choosing your company logo, than with exactly how you plan to succeed. While these are important, one of the first things you must do is create a solid, complete, and comprehensive business plan. Simply put, a business plan is a complete overview of your business—a collection of information about your company—everything from philosophies to finances.

For the fledgling business, a business plan is a crucial component of the start-up process, as it not only provides a framework from which you build and develop your company, but also allows prospective investors and lenders to see why they should finance your business in the first place, without having to bear the cost of a complete audit. You have made a statement that you not only know what you want your business to do, but you also know how to do it.

A business plan is just as crucial for the existing business wishing to expand. All too often, a business grows more rapidly than its internally generated cash can support. When profits are not large enough to carry the forecasted growth, the business' growth must slow and allow internal cash to "catch up" and keep pace with the expansion or it will be forced to borrow working capital to stay alive. In either situation, a solid and comprehensive business plan is an essential business tool.

A clearly conceived, well documented business plan that establishes goals and includes the use of *pro forma* statements and budgets to ensure financial control, helps establish your credibility—you know what you want to do, and that you know how to accomplish it.

To be successful, you must understand and use financial planning in your business. Eight of ten new businesses fail—primarily because of the lack of sound financial planning.

## **What is a business plan?**

A *business plan* is a complete map of your equipment, products, finances, philosophies, commitments, and advertising and marketing data—a map which will prove to be the most valuable tool you can use to ensure the success of your business. It will also enable any prospective investor or lender to immediately and accurately evaluate your business and forecast its future.

If you use your business plan to arrange any type of financing it must explain, in great depth, what you plan to do with the borrowed money, and your plans to repay the debt.

Your business plan includes the sources of your business income and how it is used, a complete set of past and present financial statements, detailed budgets with projected outlooks and future directions, cash-flow analysis, income tax records and other supporting documentation.

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## **Why you nee**

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With the creation o on the ladder. You are business plan!

For the remainder of this guide, assume that you are a small-business person, whose primary purpose in creating a business plan is to obtain financing—either for expansion or start-up.

Before you create your “road map to success” you must carefully analyze:

- how much your business wants to borrow
- the term of the loan
- how your business will repay the loan
- your back-up plan
- security and/or collateral you can offer the lender

## **Why you need a business plan**

Financiers, money-lenders, and investors always look to place their money where it will bring them the greatest return. They look at a company's business plan as a quick reference guide to what the business has done in the past and where it is going in the future.

Careful screening of your company's business plan quickly discloses to the lender the data and trends of your business, and whether dollars should be risked with you and your company. The comprehensive business plan also indicates when a company—seemingly in financial peril—could be a sound investment. If that is your particular circumstance, then your business plan must also convey that message.

With the creation of your business plan you immediately climb up a rung on the ladder. You are no longer just another entrepreneur—you have a business plan!



Some dramatic lessons can be learned from those companies that, for one reason or another, failed to develop a business plan—or worse—did not follow the plan, once developed. For example:

*Laker International Airlines, poised to become a multi-billion dollar business as Sir Freddie Laker's SkyTrain, charged the lowest fares between New York and London. Unfortunately, when not making mental notes, Sir Freddie wrote his business plans on odd scraps of paper, and failed to alert his business managers of the company's direction. Finally, in the mid-80's Laker International Airlines went bankrupt.*

## **Projecting the right image**

Make your first impression a lasting one. Initially the prospective lender or investor will read your business plan for five minutes only. It must create a favorable impression on the lender during that first reading. Make sure every "i" is dotted, every "t" crossed, that no detail is omitted, and no figure forced. A wise lender can immediately pick out forced numbers—that is why he or she is a wise lender and you are looking at this person or institution to invest in your business.

Your business plan will be best received when you present it on high-quality stationery. Avoid patterned or "designer" papers. These actually tend to distract the reader and present a garish image opposed to the polished and professional look you want to present. Limit your paper choices to an eggshell or slightly off-white shade.

Type has proven easiest read in a serif font, such as *Times* at 12 point size. If you do not have a computer with a good word processing program and a quality printer, then have your business plan professionally typeset and printed. This is a very small price to pay for the results you expect to achieve.

Present the final pro  
spiral bound. This can be  
or copy stores.

Present the final product in a clear plastic binder or if large enough, even spiral bound. This can be accomplished quite reasonably at most office supply or copy stores.