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Executive Summary

Notes (not to be printed)

The executive summary is a crucial part of the business plan. Most business plan readers will make their decision either to continue reading the full business plan or to stop, based on their impressions from the executive summary.

This chapter should give the "five minute reader" a clear and short view of the main business and the business opportunity. Therefore the Executive Summary should deal with the following :

- 1. The Business Description*
- 2. The Products*
- 3. The Market & Business Opportunity*
- 4. The Financial Highlights*

The Business Description

Notes (not to be printed)

Describe briefly and clearly the business including the main activities, date of establishment, the owners, the market positioning, the main objectives.

- 1.
- 2.
- 3.

The Products and Services

Notes (not to be printed)

Describe in short the main products, product lines or services. Try to emphasize the main advantages of your product. Be aware that the potential investor needs to understand what differentiates your products. Do not forget that the potential investor is after a "winning product".

1.

2.

3.

The Market & Business Opportunities

Notes (not to be printed)

Give a short description of the target markets, the market size, your product's market share. Devote a few sentences to the business opportunity that the market offers.

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The Financial Highlights

Notes (not to be printed)

Give a short description of the projected financial highlights for the forecasting period. The financial highlights should present the projected sales, profit, cash flow, main financial indicators and the required investment.

The projected sales for the period 19xx-19xx are about xxx million dollars, which yield over xxx million dollars net profit (xx % return on sales). After the first x years, sales of xx million dollars and net profit of xx million dollars are expected.

The company plans to be profitable within xx years, and the expected Payback period is x years (based on xx million dollars investment).

The expected N.P.V. (Net Present Value - discounted by xx%) is about xx million dollars and the expected I.R.R. (Internal Rate of Return) over the period is above xx%.

*Use **B-Plan** Highlights report*

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The Financial Requirements

Notes (not to be printed)

Describe the future financial requirements to cover the expected needs. You may find the following table useful :

| | Period 1 | Period 2 |
|-------------------------------------|----------|----------|
| Equity | | |
| Owners Loans | | |
| Loans | | |
| Other | | |
| Total Financial Requirements | | |
| Fixed Assets | | |
| Research & Development | | |
| Working Capital | | |
| Contingency | | |
| Total Financial Needs | | |

The Company - History and Present

(for existing company only)

The Company's Main Business

Notes (not to be printed)

Describe the company's main business, company objectives, main products, target markets , major customers, product positioning in the market, market share and company facilities.

The Company's Owners

Notes (not to be printed)

Explain who are the company owners, what are their main businesses. note that one of the important questions that any investor asks is: " with who do I intend to do business?".

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The Financial Position and Past Performance

Notes (not to be printed)

One of the major elements that requires clear explanation is the financial situation and the last five years performance.

Therefore define the following:

- 1. The revenue over the last five years.*
- 2. The profits over the last five years.*
- 3. The total assets over the last five years.*
- 4. The total liabilities over the last five years.*
- 5. The main financial ratios over the last five years.*

| | 19XX | 19XX | 19XX |
|--------------|------|------|------|
| Revenue | | | |
| Net Profit | | | |
| % Profit | | | |
| Equity | | | |
| Total Assets | | | |

*Use **B-Plan** Previous Ratios Report*

The Products and Services

General

Notes (not to be printed)

*This chapter should present the main products, product lines or services that the business offers. "**How the Product meets the Market Needs**". It is well known that a winning product is one that satisfies market needs. To be a real winner your product should give the best solution to market needs,.*

Therefore you must explain very carefully the following :

- *What is the **market demand***
- *How your product satisfies **market needs***
- *The product main **advantages***

The Product Description and Specifications

Notes (not to be printed)

Describe the product's main features and specifications. The description should be clear and understandable. Describe the following:

- *A general description*
- *The main features*
- *The main specifications*
- *The operational method*

1.

2.

3.

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The Product Costing

Notes (not to be printed)

You are required to define the product costing by main features and main

inputs. The main product inputs are:

- Direct labor*
- Materials*
- Sub-contractors*
- Other*

If you estimate future trends in product costing, present the projected trends. If you are in the preliminary R&D stage, describe the expected variance range.

| Main Components | Labor Hours | Labor Cost | Material Cost | Other Cost | Total |
|-----------------|-------------|------------|---------------|------------|-------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| TOTAL | | | | | |

The Competitive Products

Notes (not to be printed)

List the major existing or anticipated competitor products and describe their advantages and disadvantages compared to your product, such as :

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- *Price*
 - *Performance*
 - *Quality*
 - *Support*
 - *Easy to use*
 - *Capacity*
 - *Life cycle*
- *It is very useful to present a comparative analysis as follows:*

Competitive Analysis

| | Competitor A | Competitor B | Planned Product |
|----------|--------------|--------------|-----------------|
| 1. Price | \$ | \$ | \$ |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |
| 7. | | | |
| 8. | | | |
| 9. | | | |

The Market Analysis

General

Notes (not to be printed)

Introduce the target market and explain the need and demand, major characteristics, market size and the business opportunity.

Segmentation

Notes (not to be printed)

In order to evaluate the market we need to divide the overall market to specific segments. The main segmentation keys are :

- 1. By geographical marketplace*
- 2. By customer type*
- 3. By application type*

1.

2.

3.

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The Market Size & Trends

Notes (not to be printed)

Evaluate the market size and trends per market segment. Table presentation is recommended.

| | 19xx | 19xx | | |
|---------|--------------|-------------|--------------|-------------|
| Segment | Market Share | Market Size | Market Share | Market Size |
| 1 | XX % | \$ XX M | XX % | \$ XX M |
| 2 | XX % | \$ XX M | XX % | \$ XX M |
| 3 | XX % | \$ XX M | XX % | \$ XX M |
| 4 | XX % | \$ XX M | XX % | \$ XX M |
| 5 | XX % | \$ XX M | XX % | \$ XX M |
| Total | 100 % | \$ XX M | 100 % | \$ XX M |

The Competition

Notes (not to be printed)

Describe your main competitors. The main aspects that you should discuss are:

- 1. Who is the competitor*
- 2. How strong is he in the market*
- 3. What is his market share*
- 4. What are the distribution channels*

| Competitor | Current Market | Current Sale | Growth Trends | Distribution Channels | Strength (Scale) |
|------------|----------------|--------------|---------------|-----------------------|------------------|
|------------|----------------|--------------|---------------|-----------------------|------------------|

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| | Share (%) | (\$M) | (%) | | 1 to 10) |
|----|--------------|-------|-----|--|----------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |

The Marketing Strategy and Plan

The Marketing Objectives

Notes (not to be printed)

Describe the main strategy and objectives. Main objectives to be considered are:

- 1. Profitability goals*
- 2. Sales targets*
- 3. Market share targets*
- 4. Product positioning*

1.

2.

3.

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The Marketing

Notes (not to be printed)

Describe your existing and planned marketing and sales activities including:

- 1 The marketing organization structure*
- 2. The main marketing and sales activities*
- 3. The sales and distribution channels*

The Marketing Setup Structure

Notes (not to be printed)

Describe the existing marketing and sales structure and how it operates. Then, explain how it will operate in the future. You should mention :

- The basic approach*
- Staff*
- Structure*
- Location*

The Basic Approach

Staff

Structure

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Location

Promotion Plan

Notes (not to be printed)

Present the promotion plan (what, how, when), including:

- Advertising*
- Public Relations*
- Exhibitions*
- Sales promotion material*
- Special events*
- Other activities*

Advertising

Exhibitions

Sales Promotion Material

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Special Events

Other Activities

Sales and Distribution Channels

Notes (not to be printed)

Describe the existing and the planned distribution channels and tactics ,and analyze why they fit the organization needs.

- 1.
- 2.
- 3.

The Pricing Policy

Notes (not to be printed)

Explain your pricing policy and quote your product sales price

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The Sales Plan

Notes (not to be printed)

Present your sales plan including sales quantities, sales price, revenues.

*Use **B-Plan** Sales report*

The Marketing Budget

Notes (not to be printed)

Prepare a marketing budget. The marketing budget includes :

- Salary*
- Commissions*
- Advertising*
- Public Relations*
- Travels*
- Exhibitions*
- Sales promotion material*
- Special events*

The convenient way to present the budget is by table.

*Use **B-Plan** marketing budget report*

The Research & Development Plan

General

Notes (not to be printed)

Business plan dealing with a new product requires an R&D plan. The R&D plan should deliver to the reader a clear picture about the plan and the risks involved. Give a short description of the goals , objectives and the main plan.

The Major Milestones and Timetable

Notes (not to be printed)

Present the main milestones and prepare a timetable covering the R&D plan period. Table presentation is recommended

| | | Months | | | | | | | | | | | |
|------------|------------|--------|---|---|---|---|---|---|---|---|----|----|----|
| Activities | Man Months | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1. | | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | | |
| 4. | | | | | | | | | | | | | |
| 5. | | | | | | | | | | | | | |
| 6. | | | | | | | | | | | | | |
| 7. | | | | | | | | | | | | | |
| 8. | | | | | | | | | | | | | |
| 9. | | | | | | | | | | | | | |

The R&D Budget

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*Use **B-Plan** R&D budget report*

Management & Organization

The Management

Notes (not to be printed)

The management is the key for success. Usually investors will consider the key personnel on the management team as a major success parameter. Your aim is to convince the reader that the you have a winning team. Describe briefly your key personnel:

- 1. Position*
- 2. Experience*
- 3. Education*

Brief resume :

Name:

Title :

Responsibilities:

Education :

Background & Experience :

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The Organization

Notes (not to be printed)

Draw up your organizational structure and describe the main sub-organization units such as: factories, departments, main production lines.

The Operational Plan

Notes (not to be printed)

If your business plan deals with manufacturing industry you should describe your production environment as follows:

- 1. The production structure*
- 2. The production process*
- 3. The special facilities and equipment*
- 4. The main subcontractors*
- 5. The main material suppliers*

If your business plan deals with the trade or services industry you should include in your operational plan :

- 1. The operational structure*
- 2. The services and activities*
- 3. The facilities and equipment*
- 4. The main suppliers*

Facilities and Equipment

Notes (not to be printed)

Describe your fixed assets investment plan. The plan should include

- 1. The main equipment, plant and other investments required.*
- 2. The cost, including set-up expenses*
- 3. The purchasing period*

*Use **B-Plan** Fixed Assets Budget report*

The Financial Plan

The Financial Highlights

Notes (not to be printed)

The financial highlights should draw the main projected financial picture based on the plan and the basic assumptions as presented in other chapters. It should also include: interest rates, depreciation, terms of payment.

The Projected sales for the period 19xx-19xx are about xxx million dollars, which yield over xxx million dollars net profit (20 % return on sales). After the first x years, sales of xx million dollars and net profit of xx million dollars are expected.

The company Plans to be profitable within x years, and the expected Payback period is x years (based on x million dollars investment).

The expected N.P.V. (Net Present Value - discounted by xx%) is about xx million dollars and the expected I.R.R. (Internal Rate of Return) over the period is above xx%.

*Use **B-Plan** Highlights report*

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Scenario Analysis

| | Pessimistic | Most Likely | Optimistic |
|-------------------------------|-------------|-------------|------------|
| Sales- quantities | | | |
| Sales price | | | |
| Sales & Profitability In 19xx | | | |
| Sales | | | |
| Net Profit | | | |
| Net Profit | | | |

Break Even Analysis

*Use **B-Plan** Break Even Analysis report*

Sensitivity Analysis

*Use **B-Plan** Sensitivity report*

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The Basic Assumptions

The financial projection is based among other things, on the following data and assumptions :

| | |
|------------------------|--------------|
| Discount rate | xx% |
| Interest rate - Debit | xx% |
| Interest rate - Credit | xx |
| Inventory cycle | xx Months |
| Production O/H | xx% of |
| Sales commissions | xx% of |
| Marketing Expenses | xx% of |
| G & A | xx% of |
| | |

Depreciation period (Straight line) in years :

| | |
|------------------|----|
| Plant | xx |
| Production line | xx |
| Office equipment | xx |
| Computers | xx |

Salary level (in \$ thousands per annum) :

| | |
|---------------------|----|
| Direct labor | xx |
| Indirect production | xx |
| R&D | xx |
| Engineering | xx |
| Marketing | xx |
| G&A | xx |

Proforma Profit & Loss report

*Use **B-Plan** Proforma P&L reports (5 Year Plan and 12 Month Budget)*

Proforma Cash Flow report

*Use **B-Plan** Proforma Cash Flow reports (5 Year Plan and 12 Month Budget)*

Proforma Balance Sheet report

*Use **B-Plan** Proforma Balance Sheet reports (5 Years Plan and 12 Month Budget)*