# Business Plan

**[Your Name], Owner**

**Purdue Global**

**Date**

## 1. EXECUTIVE SUMMARY

### 1.1 Product

### 1.2 Customers

### 1.3 What Drives Us

### 2. COMPANY DESCRIPTION

### 2.1 Mission and Vision Statements

**2.2 Principal Members at Startup (In Unit 7 you will expand on this section to include medium and long term personnel plans for all team members, including the line staff.)**

2.2.1 Using chapter 10 of your text, write the plan, using the section in Chapter 10 that shows how to introduce each team member and describe their background and responsibilities. You will start with the leaders and managers, then discuss other employees as needed for your company to grow.

2.2.2 Use this spreadsheet to show the planning

| **Leaders/managers (unit 1)** | **When needed (number of months/years after opening)** |  |  |  | **Outside Services Needed** |
| --- | --- | --- | --- | --- | --- |
| **Key Functions** |
|  |  |  |  |  |  |
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|  |  |  |  |  |  |
|  |  |  |  |  |  |
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|  |  |  |  |  |  |
| Add line staff (Unit 7) |  |  |  |  |  |
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### 2.3 Legal Structure

## 3. MARKET RESEARCH

**3.1 Industry (**[**from SBA**](https://www.sba.gov/managing-business/business-guides-industry)**, Business Guides by Industry, and** [**Bureau of Labor Statistics**](https://www.bls.gov/iag/tgs/iag51.htm)**)**

3.1.1 Industry description

3.2.1 Resources used

**3.2 Customers (from SBA site fill in worksheet, then use text for spreadsheets and follow-up explanations)**

Add SBA part here:

Then, fill in spreadsheet using this example from the text:

| **Housewife:** | | **Married Couple:** | |
| --- | --- | --- | --- |
| Age: | 35–65 | Age: | 35–55 |
| Income: | Fixed | Income: | Medium to high |
| Sex: | Female | Sex: | Male or Female |
| Family: | Children living at home | Family: | 0 to 2 children |
| Geographic: | Suburban | Geographic: | Suburban |
| Occupation: | Housewife | Occupation: | Varies |
| Attitude: | Security minded | Attitude: | Security minded, energy conscious |
| **Older Couple:** | | **Elderly:** | |
| Age: | 55–75 | Age: | 70+ |
| Income: | High or fixed | Income: | Fixed |
| Sex: | Male or Female | Sex: | Male or Female |
| Family: | Empty nest | Family: | Empty nest |
| Geographic: | Suburban | Geographic: | Suburban |
| Occupation: | White-collar or retired | Occupation: | Retired |
| Attitude: | Security minded, energy conscious | Attitude: | Security minded, energy conscious |

Explain who you are targeting and where they are located. Insert information here using these guidelines:

**Information About Your Target Market** – Narrow your target market to a manageable size. Many businesses make the mistake of trying to appeal to too many target markets. Research and include the following information about your market:

**Distinguishing characteristics** – What are the critical needs of your potential customers? Are those needs being met?  What are the demographics of the group and where are they located? Are there any seasonal or cyclical purchasing trends that may impact your business?

**Size of the primary target market** – In addition to the size of your market, what data can you include about the annual purchases your market makes in your industry? What is the forecasted market growth for this group? For more information, see the [market research guide](https://www.sba.gov/content/do-your-market-research) for tips and free government resources that can help you build a market profile.

**How much market share can you gain?** – What is the market share percentage and number of customers you expect to obtain in a defined geographic area? Explain the logic behind your calculation.

**3.3 Competitors (from SBA site fill in worksheet, then use text for spreadsheets and follow-up explanation)**

Then:

Fill in spreadsheet using this example from the text:

|  |  |  |
| --- | --- | --- |
| **Estimated Market Share** | **Competition 60%** | **Home Improvements Inc. 30%** |
| Product Line | 4 | 5 |
| Quality | 4 | 5 |
| Technology | 4 | 5 |
| Advertising | 2 | 5 |
| Sales Force | 3 | 5 |
| Distribution | 3 | 4 |
| Price | 4 | 4 |
| Installation | 4 | 5 |
| Ease of Use | 4 | 5 |
| Appearance | 3 | 5 |
| Design | 4 | 5 |
| Useful Life | 4 | 4 |
| Responsiveness | 3 | 5 |
| Availability | 1 | 5 |
| Technical Expertise | 4 | 5 |
| Repair Service | 3 | 5 |
| Efficiency | 3 | 5 |
| Guarantee/Warranty | 5 | 5 |
| On Time Capability | 4 | 5 |
| Industry Reputation | 3 | 5 |
|  |  |  |

Write an explanation of your findings using information from the spreadsheet using these guidelines:

* Market share
* Strengths and weaknesses
* How important is your target market to your competitors?
* Are there any barriers that may hinder you as you enter the market?
* What is your window of opportunity to enter the market?
* Are there any indirect or secondary competitors who may impact your success?
* What barriers to market are there (e.g., changing technology, high investment cost, lack of quality personnel)?

### 3.4 Competitive Advantage

**Read: Sustainable competitive advantage or temporary competitive advantage: Improving understanding of an important strategy construct.**

**3.5 Regulation (use SBA site to fill in blanks, and use** [**SBA regulations**](https://www.sba.gov/managing-business/business-law-regulations) **as a resource)**

## 4. PRODUCT/SERVICE LINE

**4.1 Product or Service**

### 4.2 Pricing Structure

### 4.3 Product/Service Life Cycle

### 4.4 Intellectual Property Rights

### 4.5 Research & Development

## 5. MARKETING and SALES

5.1 Growth Strategy

* A market penetration strategy.
* A growth strategy. This strategy for building your business might include: an internal strategy such as how to increase your human resources, an acquisition strategy such as buying another business, a franchise strategy for branching out, a horizontal strategy where you would provide the same type of products to different users, or a vertical strategy where you would continue providing the same products but would offer them at different levels of the distribution chain.
* Channels of distribution strategy. Choices for distribution channels could include original equipment manufacturers (OEMs), an internal sales force, distributors, or retailers.
* Communication strategy. How are you going to reach your customers? Usually a combination of the following tactics works the best: promotions, advertising, public relations, personal selling, and printed materials such as brochures, catalogs, flyers, etc.

After you have developed a comprehensive marketing strategy, you can then define your sales strategy. This covers how you plan to actually sell your product.

5.2 Your **overall sales strategy** should include two primary elements:

* A sales force strategy. If you are going to have a sales force, do you plan to use internal or independent representatives? How many salespeople will you recruit for your sales force? What type of recruitment strategies will you use? How will you train your sales force? What about compensation for your sales force?
* Your sales activities. When you are defining your sales strategy, it is important that you break it down into activities. For instance, you need to identify your prospects. Once you have made a list of your prospects, you need to prioritize the contacts, selecting the leads with the highest potential to buy first. Next, identify the number of sales calls you will make over a certain period of time. From there, you need to determine the average number of sales calls you will need to make per sale, the average dollar size per sale, and the average dollar size per vendor.

### 5.3 Communication Strategy

5.3.1 Internet Strategy (from the text)

5.3.1 Tracking ROI form website

5.3.2 Discuss how you will assure ethical practices are being used in your marketing and selling.

### 6. FINANCIAL PROJECTIONS

### 6.1 Profit & Loss

| 6.1 Profit & Loss | Year 1 | Year 2 | Year 3 |
| --- | --- | --- | --- |
| Sales |  |  |  |
| Costs/Goods Sold |  |  |  |
| **GROSS PROFIT**  **OPERATING EXPENSES** |  |  |  |
| Salary (Office & Overhead) |  |  |  |
| Payroll (taxes, etc.) |  |  |  |
| Outside Services |  |  |  |
| Supplies (Office & Operation) |  |  |  |
| Repairs & Maintenance |  |  |  |
| Advertising |  |  |  |
| Car, Delivery & Travel |  |  |  |
| Accounting & Legal |  |  |  |
| Rent |  |  |  |
| Telephone |  |  |  |
| Utilities |  |  |  |
| Insurance |  |  |  |
| Taxes (Real Estate, etc.) |  |  |  |
| Interest |  |  |  |
| Depreciation |  |  |  |
| Other Expenses |  |  |  |
| **TOTAL EXPENSES** |  |  |  |
| **NET PROFIT BEFORE TAXES** | Year 1 | Year 2 | Year 3 |
| Income Taxes |  |  |  |
| **NET PROFIT AFTER TAX** |  |  |  |
| Owner Draw/Dividends |  |  |  |
| **ADJUSTED TO RETAINED** |  |  |  |
|  |  |  |  |

### 6.2 Cash Flow Complete section 6.3 of your business plan outline

| **Cash Flow** | Pre-Startup  ESTIMATE | Year 1 | Year 2 | Year 3 |
| --- | --- | --- | --- | --- |
| Cash on Hand |  |  |  |  |
| **CASH RECEIPTS** |  |  |  |  |
| Cash Sales |  |  |  |  |
| Collections from CR Accounts |  |  |  |  |
| Loan/Cash Injection |  |  |  |  |
| **TOTAL CASH RECEIPTS** |  |  |  |  |
| **TOTAL CASH AVAILABLE** |  |  |  |  |
| **CASH PAID OUT** |  |  |  |  |
| Purchases |  |  |  |  |
| Gross Wages |  |  |  |  |
| Outside Services |  |  |  |  |
| Supplies |  |  |  |  |
| Repairs & Maintenance |  |  |  |  |
| Advertising |  |  |  |  |
| Car, Delivery & Travel |  |  |  |  |
| Accounting & Legal |  |  |  |  |
| Rent |  |  |  |  |
| Telephone |  |  |  |  |
| Utilities |  |  |  |  |
| Insurance |  |  |  |  |
| Taxes (Real Estate, etc.) |  |  |  |  |
| Interest |  |  |  |  |
| Other Expenses |  |  |  |  |
| **SUBTOTAL** |  |  |  |  |
| Loan Principal Payment |  |  |  |  |
| Capital Purchase |  |  |  |  |
| Other Startup Costs |  |  |  |  |
| Reserve and/or Escrow |  |  |  |  |
| Others Withdrawal |  |  |  |  |
| **TOTAL CASH PAID OUT** |  |  |  |  |
| **CASH POSITION** |  |  |  |  |

### 6.3 Balance Sheet

| **Assets** | Start Date: | End Date: |
| --- | --- | --- |
| **CURRENT ASSETS** |  |  |
| Cash in Bank |  |  |
| Accounts Receivable |  |  |
| Inventory |  |  |
| Prepaid Expenses |  |  |
| Other Current Assets |  |  |
| **TOTAL CURRENT ASSETS** |  |  |
| **FIXED ASSETS** |  |  |
| Machinery & Equipment |  |  |
| Furniture & Fixtures |  |  |
| Leaseholder Improvements |  |  |
| Land & Buildings |  |  |
| Other Fixed Assets |  |  |
| **TOTAL FIXED ASSETS**  (net of depreciation) |  |  |
| **OTHER ASSETS** |  |  |
| Intangibles |  |  |
| Deposits |  |  |
| Other |  |  |
| **TOTAL OTHER ASSETS** |  |  |
| **TOTAL ASSETS** |  |  |

|  |  |  |
| --- | --- | --- |
| **Liabilities & Equity** | **Start Date** | **End Date** |
| **CURRENT LIABILITIES** |  |  |
| Accounts Payable |  |  |
| Interest Payable |  |  |
| Taxes Payable |  |  |
| Notes, Short Term (due in 12 months) |  |  |
| Current Part, Long-Term Debt |  |  |
| **TOTAL CURRENT LIABILITIES** |  |  |
| **LONG TERM DEBT** |  |  |
| Bank Loans Payable |  |  |
| Notes Payable to Stockholders |  |  |
| LESS: Short-Term Portion |  |  |
| Other Long-Term Debt |  |  |
| **TOTAL LONG-TERM DEBT** |  |  |
| **TOTAL LIABILITIES** |  |  |
| **OWNER'S EQUITY** |  |  |
| Invested Capital |  |  |
| Retained Earnings |  |  |
| **TOTAL OWNERS EQUITY** |  |  |
|  |  |  |
| **TOTAL LIABILITIES & EQUITY** |  |  |

### 6.4 Break-Even Analysis

| **DIRECT COSTS** | **Fixed Costs ($)** | **Variable Costs (%)** |
| --- | --- | --- |
| Cost of Goods Sold |  |  |
| Inventory |  |  |
| Raw Materials |  |  |
| Direct Labor |  |  |
| **INDIRECT COSTS** |  |  |
| Salaries |  |  |
| Supplies |  |  |
| Repairs & Maintenance |  |  |
| Advertising |  |  |
| Car, Delivery & Travel |  |  |
| Rent |  |  |
| Telephone |  |  |
| Utilities |  |  |
| Insurance |  |  |
| Taxes |  |  |
| Interest |  |  |
| Depreciation |  |  |
| Other Costs |  |  |
| **Total Fixed Costs** |  |  |
| **Total Variable Costs** |  |  |
| **BREAK-EVEN SALES LEVEL:** |  |  |

**6.5 Financial Assumptions**

**6.5.1 Assumptions for Profit and Loss Projections**

**6.5.2 Assumptions for Cash Flow Analysis**

### 6.5.3 Assumptions for Balance Sheet

### 6.5.4 Assumptions for Break-Even Analysis