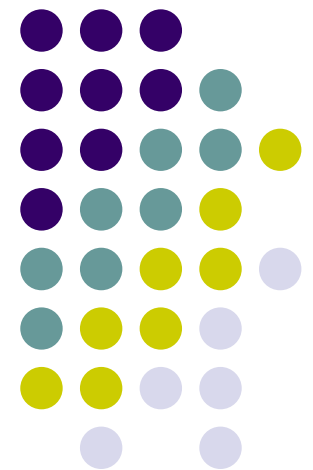


NC REAL Enterprises

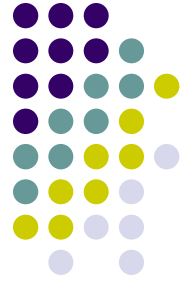
HOW TO WRITE A BUSINESS PLAN

OR

*WHAT A GOOD BUSINESS
PLAN LOOKS LIKE*



A MODEL BUSINESS



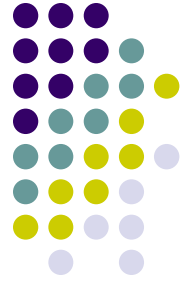
- ⇔ **No investment**
- ⇔ **No competition**
- ⇔ **No product or fashion obsolescence or physical perishability**
- ⇔ **Dependable suppliers**
- ⇔ **Receptive, established distribution system**
- ⇔ **No liability risk**
- ⇔ **Impervious to weather**
- ⇔ **Absolute proprietary rights**
- ⇔ **No legal entanglements**
- ⇔ **Recognized, measurable, established market**
- ⇔ **100 percent gross margin**
- ⇔ **Business has great news value**
- ⇔ **Favorable tax treatment**
- ⇔ **Perceived need for the product / service**
- ⇔ **Buyers purchase frequently**
- ⇔ **Customers pay in advance**
- ⇔ **Exit potential**



A Good Plan will show where the owner wants to go and how s/he will get there



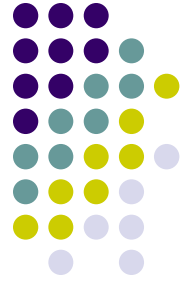
- Clarifies the vision
- Helps to focus on important details
- Understand the realities of business
- Anticipates risks and challenges
- Is realistic, thorough and dynamic



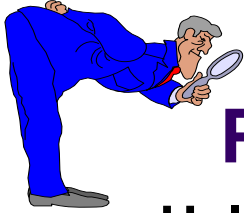
A Business Plan Demonstrates

- **Business will be profitable**
- **What the owner will do**
- **How it will be done**
- **How much equipment, money, supplies, etc. is needed**
- **How loan will be repaid**
- **Owner is serious, committed, diligent and has done homework**

A GOOD BUSINESS PLAN COVERS EVERYTHING THE LENDER/INVESTOR NEEDS TO KNOW ABOUT THE

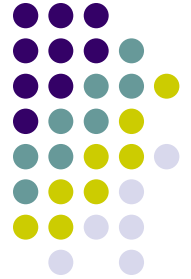


- **Owner**
- **Business**
- **Market**
- **Industry**
- **Competition**
- **Financial Forecast**



PHASE ONE - *MARKET RESEARCH*

Helps you determine if there is substantial demand for the product/service. Almost all other sections of the business plan are based on information in this section, including sales estimates, which directly influence the marketing plan and the capital needed to finance the business.

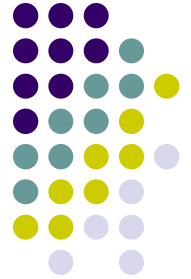


Demographics of Marketplace

- **Is there a market?**
- **How big is the market?**
- **Is the market growing, static, declining?**
- **Who and where are the customers?**
 - **Why will they buy?**
 - **How often will they buy?**



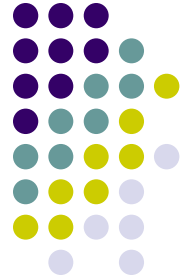
COVERING ALL BASES



- **Industry**
 - Current conditions (growing, changing, declining?)
 - Trends and how they affect the business
- **Competition**
 - Strengths, weaknesses
 - Competitive edge
- **Location**
- **Pricing**
- **Legal Issues**
- **Start-up Expenses**
- **Government regulations**

BUSINESS PLAN OUTLINE

- **Cover Sheet, including confidentiality statement**
- **Table of Contents**
- **Executive Summary**
- **Business Description**
- **Products/Services**
- **Industry Analysis**
- **Market Analysis**
- **Marketing and Promotion**
- **Operations**
- **Management**
- **Financials**
- **Risks**
- **Conclusion**
- **Supporting Documents**



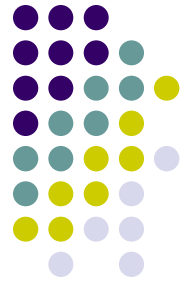
PHASE TWO - WRITING THE PLAN

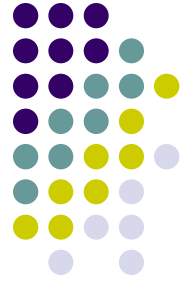
The Executive Summary

- Plan in miniature
- Should stand alone
- Most important section
- Must be clear, logical, interesting
- 2-3 pages
- Usually written last

Describes

- Mission Statement and Goals
- Owners and Structure
- Products and Services
- Target Markets
- Competition
- Proposed Transaction



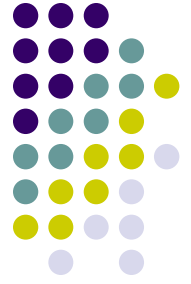


Description of the Business

- **Start-up, Purchase, or Expansion***
- **Legal Structure**
- **Products and Services**
 - *What Business Am I Really In?*
- **Production and Distribution Process**
- **Location and Facilities**
- **Competitive Niche/Special Features**

Expansion: History and Current Status

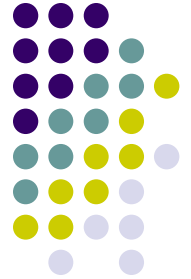




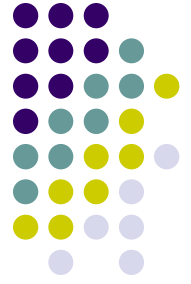
Products and Services

- **Describe Features, Benefits**
- **Distinguish Product/Service from the Competition**
- **Pricing Methods**

Market and Industry Information



- **Demonstrate existing, growing market**
- **Demonstrate knowledge of**
 - **The Community**
 - **Target Market and Customers**
 - **Buying Patterns and Market Share**
 - **Industry History and Trends**
- **Demonstrate appreciation of**
 - **Competition**
 - **direct and indirect**
 - **strengths and weaknesses**
 - **Risks**



Marketing Plan

How will they reach their customer base?

- **Image**
- **Competitive Edge**
- **Promotion strategies**
- **Advertising strategies**
- **Strategic alliances**
- **Budgets**

Operations

- **Management**
 - Key Personnel
 - Employees
 - Duties / Salaries / Benefits
 - Training
 - Recordkeeping
- **Location**
 - Facilities
 - Hours
 - Customer Service Policies
- **Suppliers**
- **Key Advisors**
- **Insurance**





Financials

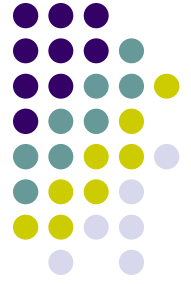


*Most Important Section of the Plan**

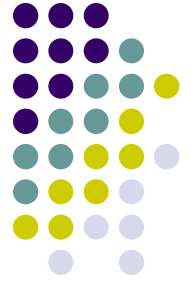
- **Include**
 - **Startup and Operating Budgets**
 - **Cash Flow Projections**
 - **Profit/Loss Statement**
 - **Balance Sheet**
 - **Personal financial Statement**
 - **Assumptions**



Cash Flow Projections



- Shows how money moves through the business
- Usually monthly projections
- 1-3 years
- Must be realistic, conservative
- Include assumptions



CONCLUSION

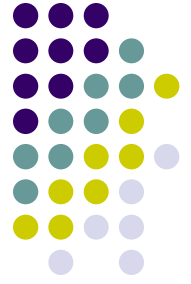
- **Why you wrote the Plan**
 - enthusiastic, well-organized summary
 - include key next action steps
- **Ask for what you need**

Supporting Documents



- Resumes
- Credit Report
- Quotes, Estimates
- List of Collateral, including present market value
- Lists of Equipment, Inventory
- Letters of Reference, Support
- Leases and Contracts
- Photographs
- Survey
- Tax returns for existing businesses

CHECKLIST

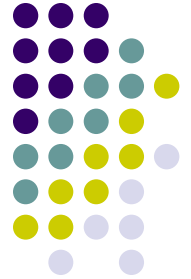


Does the Plan explain or demonstrate:

- ✓ **how loan proceeds will be used?**
- ✓ **the need the product/service satisfies?**
- ✓ **what group uses, buys or influences the consumption of the product/service?**
- ✓ **the stability of the market and number of potential clients/buyers/customers?**
- ✓ **what is unique about the product/service?**
- ✓ **pricing, marketing and advertising strategies**
- ✓ **the availability and reliability of suppliers, labor and facilities?**
- ✓ **risks and contingency plans ?**
- ✓ **key management experience?**

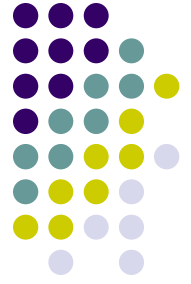


MISTAKES TO AVOID



- **Outdated Information**
- **Misspelled Words**
- **Unsubstantiated Facts or Assumptions**
- **Unrealistic Projections**
- **No Owner Investment**
- **Unrealistic Loan or Term Demand**
- **Unprofessional Presentation**

FINAL POINTERS



- **Anticipate Questions**
- **Recheck arithmetic**
- **Emphasize results, not methods**
- **Avoid acronyms and slang**
- **Get Feedback**
- **Limit Access**
 - **“Confidential and Proprietary”**
 - **Number each copy**
 - **Get receipts**



TOOLS AND RESOURCES



- www/toolkit.cch.com
- www.businessownersideacafe.com
- www.score.org
- www.sba.gov
- www.bplans.com
- www.easidemographics.com
- www.fedstats.gov
- www.ospl.state.nc.us/demog
- www.census.gov
- www.nolo.com
- www.demog.state.nc.us



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