



## Headwaters RC&D Area, Inc.

### Small Business Development Center

### Business Plan Template - Narrative

Version 1.0 – June 9, 2011

## Introduction

A Business Plan consists of two major sections. The first is a narrative section describing various aspects of your business such as a description of the business, management team, products or services offered, the market, competition, sales and marketing strategies, legal and environmental issues and an operational plan.

The second section is the financial plan which is based on your research, assumptions and strategies developed in the narrative portion of the Business Plan. This section of the plan converts your vision into financial results. The financial plan is presented in the form of pro forma (projected) Balance Sheets, Profit & Loss Statements and Cash Flow Statements for a minimum of three (3) years. All financial information is supported by written assumptions explaining how you developed your pro forma financial statements.

The narrative portion of the Business Plan can be developed in any order that you like, except for the *Executive Summary*, which should be done last. Not all sections of the plan may be pertinent to your type of business so some topics may be omitted from the plan. When you are finished writing your first draft, you'll have a collection of small essays addressing various topics as outlined in the Business Plan's Table of Contents. Further Drafts will be necessary to hone the wording, concepts and assumptions in order to achieve a smooth-flowing narrative.

The real value of creating a business plan is not in having the finished product in hand. The real value lies in the process of researching, testing assumptions and strategies and thinking about your business in a very systematic way. This process forces you to evaluate various courses of action thoroughly, study and research if you are not sure of the facts, and look at your ideas critically, especially from a financial point of view. The time invested now writing an effective Business Plan will help avoid costly or perhaps financially disastrous mistakes later.

The Business Plan that follows is a generic model designed to be suitable for a variety of businesses. As a result, you should feel free to modify this plan to suit your particular business.

Don't be concerned about how much time it is taking to complete the Business Plan. A well written and researched plan will take 300 - 400 hours to complete. Most of that time is spent researching, testing assumptions and strategies. But, that's the value of the business plan process. So don't rush through the process because you'll then need to allow more time at the end of the process to do what you should have done throughout the process. Those who do, never regret the extra effort.

### **INSTRUCTIONS - Narrative Section**

1. There is **Red** text contained in each of the business plan sections describing what information should be contained in each section. It is **Hidden** & can only be viewed when you click on the “¶” button contained on Word's tool bar. **The red text will not print.** You can search Word's Help for specific instructions on how to enable Hidden text for your version of Word.
2. Your information should be entered in the “InsertTextHere” prompt under each section.
3. Page numbers in the Table of Contents (TOC) are inserted automatically but will need to be updated as you create your plan. You will have to refer to Word's Help for specific instructions on how to update the TOC because it is different depending on what version of Word you are using.
4. You may have to make some formatting changes or deleted/add spaces after you complete the plan in order to get the pagination correct so no Section headings are left hanging.
5. This Blue text box is **not Hidden** and will print. You must delete the first two pages before printing your final version of the Business Plan.
6. After completing the narrative portion of the plan, you will be ready to start the financial portion of the plan. Refer to the Business Plan Template - Financial to guide through this process.

**Business Name**

Tag Line

## **BUSINESS PLAN**

### **Business Plan Prepared By**

Entrepreneur's Name

Entrepreneur's Title

Company Name

Company Address

City, State Zip Code

Phone, Fax Numbers

E-Mail, Web Address

**Date Prepared**

Month Year

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InsertTextHere.....

## **Executive Summary**

### **Company Description**

InsertTextHere

### **Management & Organization**

InsertTextHere

### **Market**

InsertTextHere

### **Financial Plan**

InsertTextHere

### **Financing Request**

InsertTextHere

## **Business Description**

### **Describe the Business**

InsertTextHere

### **Form & Ownership**

InsertTextHere

## **Mission**

InsertTextHere

## **Company Goals & Objectives**

InsertTextHere

## **Customers**

InsertTextHere

## **Industry Trends**

InsertTextHere

## **Company Strengths**

InsertTextHere

## **Management & Organization Plan**

### **Management Team**

InsertTextHere

## **Organization Chart**

InsertTextHere

## **Owner & Key Management Compensation**

InsertTextHere

## **Professional & Advisory Support**

InsertTextHere

## **Products and/or Services**

### **Describe Products/Services**

InsertTextHere

### **Features & Benefits**

InsertTextHere

### **Stage of Development**

InsertTextHere

### **Product/Service Limitations**

InsertTextHere

## **Product/Service Liability**

InsertTextHere

## **Related Products/Service and Spin-offs**

InsertTextHere

## **Life Cycles/Seasonality**

InsertTextHere

## **Trademarks, Patents, Copyrights, Licenses, Royalties**

InsertTextHere

## **Government Approvals**

InsertTextHere

## **Market**

### **Industry Profile**

#### ***Current Size***

InsertTextHere

#### ***Current & Future Trends***

InsertTextHere

***Growth Potential***

InsertTextHere

***Distribution Channels***

InsertTextHere

***Business Fit***

InsertTextHere

**Target Market(s)**

***Target Market Profile***

InsertTextHere

***Customer Profile***

InsertTextHere

***Future Markets***

InsertTextHere

**Target Market Competitive Analysis**

**Competition**

***Direct Competition***

InsertTextHere

***Indirect Competition***

InsertTextHere

***Future Competition***

InsertTextHere

***Pricing Strategies Employed***

InsertTextHere

***Market Needs Fulfilled***

InsertTextHere

***Competitive Analysis Matrix***

InsertTextHere

**Comparison to Target Market Competition**

***Competitive Advantages***

InsertTextHere

***Competitive Disadvantages***

InsertTextHere

***Managing Competitive Disadvantages***

InsertTextHere

***Differentiation from Competition***

InsertTextHere

***Target Market Potential***

InsertTextHere

***Capitalizing on Potential***

InsertTextHere

***Pricing Policies & Strategies***

InsertTextHere

***Products/Services Price, Cost, Gross Margins***

InsertTextHere

### ***Break-even Analysis***

Fixed costs during the first full year of operation, including salaries, rent, and insurance are estimated to be \$xx,xxx. Variable costs are estimated to be XX% of total annual costs. Based on this estimated cost structure, annual break-even sales are estimated to be \$xxx,xxx.

## **Sales & Marketing Strategy**

### **Company Image**

InsertTextHere

### **Customer Service**

InsertTextHere

### **Location**

InsertTextHere

### **Direct Sales Force**

InsertTextHere

### **Sales Representatives**

InsertTextHere

### **Licensing or Distributors**

InsertTextHere

## **Advertising and Promotion**

InsertTextHere

## **Fall Back Strategy**

InsertTextHere

## **Operational Plan**

### **Production Facilities**

InsertTextHere

### **Production Procedures & Controls**

InsertTextHere

### **Suppliers**

InsertTextHere

### **Personnel**

InsertTextHere

### **Risk Management**

InsertTextHere

### **Recordkeeping**

InsertTextHere

***Receiving Orders***

InsertTextHere

***Billing Customers***

InsertTextHere

***Customer Credit & Collection Policies***

InsertTextHere

***Managing Accounts Payable***

InsertTextHere

***Inventory Control***

InsertTextHere

***Monitoring Budgets***

InsertTextHere

***Monitoring Cash Flow***

InsertTextHere

***Financial Reporting to Management***

InsertTextHere

**Legal**

InsertTextHere

**Environmental**

InsertTextHere

## **Financial Plan**

### **Detail Startup Source and Use of Funds**

#### **Pro Forma Financial Statements**

*Pro Forma Annual Cash Flow*

*Pro Forma Monthly Cash Flow*

*Major Pro Forma Monthly Cash Flow Assumptions*

*Pro Forma Annual Profit & Loss Statement*

*Pro Forma Monthly Profit & Loss Statement*

*Major Pro Forma Monthly Profit & Loss Assumptions*

*Pro Forma Annual Balance Sheet*

*Major Pro Forma Balance Sheet Assumptions*

#### **Selected Financial Metrics**

#### **Loan Amortization Schedule(s)**

## **Appendix**