



**Dear Entrepreneur,**

Writing a business plan is necessary for anyone who is starting a business or has been in business less than 3 years and seeking financing.

**Why do I have to write a business plan?**

Your business plan is your road map, it sets a course of direction for the business. You absolutely need a business plan to borrow money to start your business or to grow a young existing business.

**Your business plan has to be well thought out, neat and clean.**

This plan is a reflection on you, your ideas, and your vision. It takes time and work to put it together. Making your business plan look crisp and snappy is a way to look successful and to grab the attention and interest of those who can fund your business and its' growth.

**Do you need help in writing your business plan?**

As a lender, CEDF does not write business plans. However, we will be happy to refer you to an organization who does assist entrepreneurs with this task. Please give us a call at (203) 235-2333 or toll free 888-835-2333.

We are excited for you and your new business. Your dream is our passion. Once you have your business plan and are ready to get funding for your business, we are here to help you.

**Strengthening Connecticut's Neighborhood Economies for more than 20 Years.**

[Draw your reader in with an engaging abstract. It is typically a short summary of the document. When you're ready to add your content, just click here and start typing.]

# ABC Company Business Plan

Plan prepared (date) by Your Name

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# Business Plan Outline

Using this outline, you can prepare your business plan, section by section, step by step. **Remember**, your goal here is to look at each part as a small step in completing your business plan. Don't let it overwhelm you.

## Intro Section

- Cover Sheet
- Statement of Purpose
- Executive Summary

## Business Section

- Description of the Business
- Location and hours of the Business
- Products and Services
- Marketing Analysis/Competition
- Marketing Plan
- Management
- Personnel

## Financial Section:

- Sources and Uses of Funds
- Pro-Forma Income Projections (profit and loss statement)
- Pro-Forma Cash Flow Projections
- Break-even Analysis
- Financial Assumptions

## Supporting Documents Section:

Resumes, tax returns, personal financial statements, letters of intent or reference, copies of leases, contracts, or other legal documents, and anything else that is relevant to the plan.

These are the parts of the business plan. Each piece is different. You'll find that it's like painting a portrait. As each piece is finished, you'll see a clearer picture of your business. Let's get started on a plan aimed at getting financing for you're business and go through the different parts.

# Business Plan Outline

The following are the explanations of the different sections of the Business Plan. These are guidelines that can help you. If you get stuck on one area, then stop and move to another area and come back later. If you really get stuck, then seek help. Once you start, you'll see your business start to take shape on paper.

## COVER SHEET

This is simply a sheet of paper with the name and address of the business, the name of the owner(s), and contact information such as, telephone number, fax number (if any) and e-mail address (if any). You should also type or stamp the word CONFIDENTIAL on the bottom left hand corner of the page.

## STATEMENT OF PURPOSE

Tell the reader exactly why you wrote the plan. “The company is seeking a loan in the amount of \$\_\_\_\_\_ to be used to purchase \_\_\_\_\_ as part of an expansion (or start up) of the company’s dry cleaning business.” This sentence can be used as your opening line on your Executive Summary if it is short enough.

## EXECUTIVE SUMMARY

This is your most important section of the business plan. It should be written last because you'll be pulling the best of information from the other sections to create highlights of your plan. This is the only section where you'll be able to share **your vision of the business, tell why you're the person or team to implement the plan, and why you will be successful.** If your executive summary doesn't capture the attention of your reader, he or she may never read the nuts and bolts of the rest of your plan. Try not to go over two pages unless you have some extraordinary information that needs to be shown.

This is simply the sections of the business plan (the outline) listed with the page numbers after each section to make it easier for people to turn to specific places in the plan.

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## **Description of the Business**

This section describes your business and the industry you're in. It should include:

- status of the business (start-up, existing, or acquisition)
- the business structure (sole-proprietor, partnership, limited liability company corporation)
- ownership structure include list all owners and their percentage ownership in the business
- location, property description, geographical information on foot traffic, closeness to highway etc. hours of operation and days
- products and services (features and benefits)
- company's development stage and achievements to date

## **Industry Analysis and Trends**

This section is one of the most important. You must demonstrate that you are knowledgeable not only about your business but also the industry in general. First, describe the industry and any trends in the industry. You will need to research this info in trade publications, on the Internet, or from your experience.

## **The Target Market and The Competition**

Talk about your target customers. Who are they? Who'll be most likely to buy from you? What is the size of your market area and how many potential customers do you think are in it. Lastly, identify your competitors, explain why you are better or how you are different, and tell why you think their customers will do business with you.

## **Marketing Plan and Sales Strategy**

Here you will explain how you can get these customers to buy from you. Write about how you will reach these customers. Will you use advertising brochures that you send to them (direct mail)? Will you use social media, radio, telemarketing, newspapers, e-commerce, or something else? How much will it cost? How many customers you think you'll be able to reach? Are there special customers (niche markets) that you're looking to reach? Will this advertising reach them?

## Management and Personnel

A business is only as strong as the people running it. You need to show who will be running the business, their qualifications (background and experience), and their responsibilities. Include the resumes of owners and key personnel. If you have other employees, list their responsibilities and cost to you. You will also want to include those professionals who will be helping you. Attorneys, Accountants, Counselors, etc. are people that you should identify as part of your team.

## The Operation and Technology Plan

Provide a day-to-day overview of the strategy for the overall operation. It is important to discuss technology needed to help manage the process. Talk about the cost relevant to the operation plan. Depending on the business this list could be short or very long.

## The Financials

This is the most important part of your business plan. This section will show how your business is going to perform. This can be the most difficult part of your plan to do well. It takes a lot of thought about your business and honest evaluation of your sales and expenses. The finished product will show you whether you'll have enough money to run your business and whether you can make enough money to make a living.

## Sources and Uses of Funds

This section is brief, you simply list where monies are coming from to fund the project or start-up of the business ("Sources") and how you will spend the Sources to complete the Project or start up the business ("Uses"). Use the following chart as a guide (your chart may be very different). **The totals of both sides must be equal.** Working Capital is the money you have left over after totaling all of the specific Uses and subtracting that total from the Sources total. The Working Capital number will be used in month 1 of your Cash Flow Budget Worksheet. Sources: Uses:

Cash from business and owner	\$	Remodel Space	\$
Investor Contribution	\$	Equipment	\$
Loan Proceeds	\$	Rent Deposit	\$
		Utilities Deposit	\$
<b>Total</b>	\$	Office Supplies	\$
		Initial Inventory	\$
		Other (Identify)	\$
		<b>Working Capital</b>	\$
		<b>Total</b>	\$

## **Pro-Forma Income Projections (profit and loss statement)**

This section requires you to project (estimate) future sales/income and expenses based on the business plan going forward. Existing businesses can use their historical financial information as a starting point to project future sales and expenses. If you are a start-up, you won't have any prior numbers to work from. You'll have to give your best estimate on what they will be. Be realistic. Do some research to support your estimates. Get quotes for expense items to make sure your estimates are reasonable. This is a guideline for your business's ability to be profitable. The business may not show profitability in its' first year. However, it should be profitable within a reasonable amount of time or it may be showing you that the business can't support you. Use the attached Projected Profit and Loss Worksheet to help you calculate your first year. Other years do not need to be broken down month by month. They can be done in a single column listing the same categories that were used on the worksheet.

## **Pro-Forma Cash Flow Projections**

This section is the most important for you. (Its' importance can't be stressed enough). Cash Flow Projections tell you whether you'll have enough cash to allow your business to continue running during the critical beginning stages or heavy growth stages. The government estimates that most small businesses that file for bankruptcy are actually profitable when they file. These businesses just run out of money needed to run day-to-day operations. Use the attached Cash Flow Budget Worksheet to calculate your cash flow. Since there are technically no sales in your first month of business (there are sales but they don't get registered until month number two), you'll start Month 1 Beginning Cash Balance with the Working Capital amount you calculated in the Sources & Uses Section. Add the appropriate expenses underneath and you'll be able to calculate how much money will be left for the start of month two. Remember, you'll have to buy inventory or materials to replace what you sold in the previous month, so that amount will have to be plugged into the next month. Keep doing each month's calculation until you finish the first year. Each month you'll take the Available Cash Balance and subtract all the expenses from it, which will give you the Beginning Cash Balance for the next month. This tells you if you have enough cash on hand to keep your business running smoothly.



## Break-even Analysis

This section will show you what level of sales will be needed so that you're making is enough to cover all your fixed expenses. This will tell you at what point you start to produce profits. It requires you to determine two numbers. The first is your fixed cost. These are expenses you must pay every month regardless of your sales volume. Fixed costs include rent, insurance, interest, office supplies, maintenance fees, administrative costs, etc. Total your Fixed Costs and divide the total by your Average Gross Profit Margin. Simply put, your Gross Profit is the amount of profit you make on a sale. The Gross Profit Margin is your Gross Profit shown as a percentage of your total sales. For example, you sell an item for \$25.00. The item cost you \$15.00. Your Gross Profit is \$10.00 (\$25.00 sale minus \$15.00 cost). Your Gross Profit Margin is calculated by dividing Gross Profits by Sales Price. In this example, the Gross Profit Margin is 40% ( $\$10 \div \$25$ ). Your Average Gross Profit Margin is the average estimated gross Profit Margin on all sales of all products. This is also expressed as a percentage. Now that you know your Fixed Costs and your Average Gross Profit Margin, you can complete your break-even analysis. The formula is follows:

Fixed Costs -----= Break-even  
Point Profit Margin

For example, if you have \$1000 per month in Fixed Cost and your Average Gross Profit Margin is 40%, then your Break-even point would be \$1000 divided by .40 or \$2500. This means that you have to sell \$2500.00 to break even for the month.

## Financial Assumptions

This section explains how you came up with the numbers you used in your financial projections. The numbers that you are using can't be just made up. They must come from your research. Any part of the financial projections that is not obvious to the reader should be explained.

Here are some examples of assumptions a business owner may make when creating financial projections.

**GROSS SALES** - Projected sales are based on the sale of 20 (product) per week at \$63 each as my research (copy enclosed) has indicated. The sales are projected from industry research in markets with my demographic size.

**COST of GOODS SOLD** -The cost of goods sold is based on a 60% markup on inventory. **PAYROLL**- Payroll expense is calculated by the owner's salary of \$24,000 and 3 part time people working 15 hours a week at \$7.00 per hour.

At the end of your assumptions, discuss the potential risks that your business could face (new technologies, new competitors, etc.) and how you plan to deal with it.

### **Supporting Documents**

This section should contain any other relevant information regarding your business. Incorporation papers, owner resumes and any letters of recommendation, copies of leases or contracts, owners personal financial statements, two years of owners tax returns, or anything else to support your business plan.

## Cash Flow Budget

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Beginning Cash Balance</b>													
<b>Cash Inflows (Income):</b>													
Accts. Rec. Collections													
Loan Proceeds													
Sales & Receipts													
Other:													
<b>Total Cash Inflows</b>													
<b>Available Cash Balance</b>													
<b>Cash Outflows (Expenses):</b>													
Advertising													
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance													
Insurance													
Interest													
Inventory Purchases													
Miscellaneous													
Office													
Payroll													
Payroll Taxes (10%)													
Professional Fees													
Rent or Lease													
Subscriptions & Dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone													
Other:													
<b>Subtotal</b>													
<b>Other Cash Out Flows:</b>													
Start Up Expenses													
Capital Purchases													
Term Loan Payment													
Credit Line Payment													
Owner's Draw													
Other:													
<b>Subtotal</b>													
<b>Total Cash Outflows</b>													
<b>Ending Cash Balance</b>													

## Projected Profit and Loss Statement

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Gross Sales													
Less Sales Returns													
<b>Net Sales</b>													
Materials													
Labor													
Other Direct Expenses													
<b>Total Cost of Goods Sold</b>													
<b>Gross Profit</b>													
Advertising													
Taxes - Other													
Telephone													
Travel													
Utilities													
Delivery Expenses													
Depreciation/ Amortization													
Dues and Subscriptions													
Employee Benefits													
Equipment Rental													
Insurance													
Interest													
Maintenance													
Miscellaneous													
Office Expense													
Officer Salary													
Operating Supplies													
Payroll													
Payroll Taxes													
Permits and Licenses													
Postage													
Rent													
Taxes - Other													
Telephone													
Travel													
Utilities													
<b>Total Operating Expenses</b>													
<b>Net Operating Income</b>													
Other Income (expense)													
<b>Net Income Before Tax</b>													