

## **THE BUSINESS PLANNING WORKBOOK**

This Workbook is intended to help you prepare for Starting Your Own Business. In this workbook you will find a series of questions in five separate sections, each section dealing with an important phase of the start up process.

- Section 1. Your Idea
- Section 2. Your Self-Assessment
- Section 3. Operational Considerations
- Section 4. Marketing Perspectives
- Section 5. Financial Assumptions

As you go through these five sections do the best job you can to answer all the questions that are applicable to your business. Not all questions apply to all businesses, so you may decide to not answer some questions. However, when you find that you are not prepared to answer a given question that does apply to your business, keep in mind that each question needs to be addressed before you start your business. Each time you are unprepared to answer a question it means that you need to do some more research.

The best way to use this workbook is to start with Section One “Your Idea” and work your way through each section one by one answering as many questions as you can. Then review the workbook and see where you need to gather more data or make some decisions. This will be a reiterative process as some decisions may change other inputs that were made previously. Once you have completed this workbook you will find that you have all the necessary information to prepare your business plan.

SCORE counselors are available to help you each step along this process so don't hesitate to call for assistance or to review your progress in the workbook. If you desire you can have a SCORE counselor look over the individual sections as you complete them or the total workbook after its complete.

SCORE and the SBA is here to help you succeed so use our services.

## Section 1

### YOUR BUSINESS IDEA

Every new business starts with a great idea. Either the budding entrepreneur thinks they have identified a business that is unique in the product or service that they are planning to offer or they believe they see an opportunity where they can provide a product or service better, faster or cheaper. Either way it pays to ask yourself some questions about your business idea just to make sure you are realistically evaluating the potential of the business.

**Briefly describe the product or service you plan to provide.** Be as specific as you can be. For example, rather than stating that you are planning to open a shoe store, specify exactly what kind of shoe store it will be; a shoe store catering to perfectly fitting children up to age 12, or a high-end exotic leather shoes for businessmen and women, etc. \_\_\_\_\_

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What is unique about your product or service? Your Niche \_\_\_\_\_

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Does your product or service have a patent or trademark and therefore no competition? \_\_\_\_\_

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How is your idea for a business different from your competitors? \_\_\_\_\_

How feasible is your idea? \_\_\_\_\_

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What customer Need or Desire does your product or service satisfy? \_\_\_\_\_

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State why you think there is a sufficient customer base for your product or service. \_\_\_\_\_

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## Section 2

### YOUR SELF ASSESSMENT

Owning and managing a Small Business is hard work. It requires personal commitment, is extremely demanding of your time and challenges your skills from management to customer satisfaction. Completing an accurate self-assessment of your capabilities and commitment better prepares you to meet the challenges that you may encounter while identifying where you may need assistance. Don't worry if you don't possess all the skills that are identified, as these are areas where you may decide to seek outside services.

#### **Do you have the skills you need to have a successful business?**

	Yes	No
Are you willing to work long hours for extended periods?	___	___
Are you willing to risk your personal finances?	___	___
Do you have the physical stamina for the workload?	___	___
Do you have the self-discipline to stay the course?	___	___
Does your family understand and support your business?	___	___
Are you a leader?	___	___
Do you make decisions quickly?	___	___
Do you enjoy planning?	___	___
Do you have any management experience?	___	___
Do you get along well with others?	___	___
Do you enjoy competition?	___	___
Do you have previous experience in this business?	___	___
Do you have marketing skills?	___	___
Do you have sales experience?	___	___
Do you have bookkeeping skills?	___	___
Are you familiar with financial reports?	___	___
Are you prepared to hire employees, or services?	___	___
Are you prepared to negotiate with suppliers?	___	___
Do you have the necessary financial resources?		
At least 20 to 25% of the amount required?	___	___
100% collateral coverage of the loan value?	___	___

## Section 3

# OPERATIONAL CONSIDERATIONS

Now it's time to make some decisions about where, when and how you are going to run your Business. The questions below all need to be addressed before you can complete the rest of the workbook as they impact your approach to marketing and the financial needs of your business. So even though some of the answers may be your best assumptions at this point in your business planning, they should be addressed as soon as possible and if necessary modified later. Keep in mind however, that as you modify operational decisions you need to look through the other sections of the workbook to determine if other assumptions need to be modified as well.

What exactly is the **Focus** of your Product or Service? \_\_\_\_\_

\_\_\_\_\_

What image do you want your customer to have about your business?

\_\_\_\_\_

List the name you have selected for your business and the necessary forms you will be required to file with the government? EIN, Fictitious name, etc.

\_\_\_\_\_

Does the name of your business contribute to the image of your business?

\_\_\_\_\_

What type of legal structure are you going to use for your business? Why? Sole Proprietor? Partnership? Limited Liability Company? Etc. \_\_\_\_\_

\_\_\_\_\_

If you plan to have partners, have you prepared a partnership agreement?

\_\_\_\_\_

Where will your business be located? \_\_\_\_\_

Is the location of your business convenient to your customer? \_\_\_\_\_

Is your business seasonal? What will be the variance rate on sales or revenue by month? \_\_\_\_\_

What will your business hours be? Will you be open weekends? \_\_\_\_\_

\_\_\_\_\_

Do you intend to purchase property or lease? \_\_\_\_\_

What licenses or permits will be required for this location? \_\_\_\_\_

Are you aware of the regulations that may affect your business? \_\_\_\_\_  
Hazardous Materials? Local Ordinances? Federal Tax Codes? Etc. \_\_\_\_\_

Have you considered your Business Insurance requirements? Liability?  
Workmen's Compensation? Etc. \_\_\_\_\_

Will you require professional services? Lawyer? Accountant? Insurance  
Agent? \_\_\_\_\_

Will you need to refurbish your business location before moving in? How  
much time and effort will be required? \_\_\_\_\_

Do you need to purchase furniture and fixtures? \_\_\_\_\_

Who will manage your business? How will it be organized? \_\_\_\_\_

How many employees will be required? \_\_\_\_\_

What skill and salary levels will be required? \_\_\_\_\_

Have you prepared an employee handbook? \_\_\_\_\_

Are there Key personnel required for your business? Have you identified  
them by name? \_\_\_\_\_

Will you have a Board of Advisors? Who will you utilize? \_\_\_\_\_

Who will be your suppliers? Do you have estimates for their services? \_\_\_\_\_

Do you plan to sell on credit? If so, on what terms? \_\_\_\_\_

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## Section 4

# MARKETING PERSPECTIVES

Marketing is one of the most important aspects of any business. The key to structuring a sound marketing plan is doing your homework and understanding your industry, your competitors, and especially your customers. Once you fully appreciate your customer needs and desires you can determine what your message should be, the best way to communicate it, and where it should be placed. Answer the following questions and find out how well you are prepared to complete your marketing plan. Some of these questions may not seem appropriate for your business. Think about the question carefully and if it isn't applicable to your business then move on.

### **Knowing Your Industry**

Have you investigated the trade associations involved with your industry?

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Is your industry shrinking or growing? \_\_\_\_\_

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Are there trends in technology that could affect your industry? \_\_\_\_\_

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Are there laws pending that could affect your industry? \_\_\_\_\_

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Could changes in economic conditions affect your industry? \_\_\_\_\_

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Are there demographic trends that could affect your product or service?

Aging population? \_\_\_\_\_

Income? \_\_\_\_\_

Occupation? \_\_\_\_\_

Employment? \_\_\_\_\_

**Knowing your Competition.**

Do your competitors provide unique attributes with their product or service?

	Competitor		
	#1	#2	#3
Unique Products or Services Features			
Packaging design and graphics			
Performance			
Customer Service			
Status / Brand Recognition			
Bundling of products or services			
Customization			
Quality of product or service			
Location			
Size/Marketing Share			
Broad Line			
Years in business			
Hours of service			
Knowledge and information			
Price			
Special Payment / Credit Terms			
Return or replacement policies			
Guarantees			
Long-term maintenance costs			
Parts / service contracts			
Availability of technical support			
Advertising and promotion			
Image			
Staff attitudes			
Special Sales approach			
Special Distribution method			
Convenience of use			
Convenience of installation			
Convenience of purchase			
Personalization			
Patents and trademarks			

**Who is your Customer?**

Gender \_\_\_\_\_

Race \_\_\_\_\_

Nationality \_\_\_\_\_

Religion \_\_\_\_\_

Age \_\_\_\_\_

Income level \_\_\_\_\_

How they spend their money \_\_\_\_\_

Education level \_\_\_\_\_

Marital Status \_\_\_\_\_

Family size and status \_\_\_\_\_

Where does he/she live? \_\_\_\_\_

Where does he/she work? \_\_\_\_\_

Where do they shop? \_\_\_\_\_

What do they read? \_\_\_\_\_

What do they watch? \_\_\_\_\_

Where do they seek entertainment? \_\_\_\_\_

Do they have a unique personality type? \_\_\_\_\_

How do they use the product or service? \_\_\_\_\_

What benefits do they desire most? \_\_\_\_\_

What attributes of the product or service are most important? \_\_\_\_\_

What causes them the most pain? \_\_\_\_\_

What will make their life easier? \_\_\_\_\_

What experiences have they had with similar products? \_\_\_\_\_

What are your customers needs or desires that you intend to satisfy with your product or service? \_\_\_\_\_

\_\_\_\_\_

How do you intend to price your product or service?

High end image? \_\_\_\_\_

Competitively? \_\_\_\_\_

Exceptional Value? \_\_\_\_\_

What are the key features of your product or service and what benefits do they provide to your customers?

Key Features	Benefits

How do the benefits of your product or service satisfy your customers Needs or Desires?

Benefits	Need / Desires

What Image do you want your customer to have about?

Your product or service \_\_\_\_\_

Your Company \_\_\_\_\_

Your Employees \_\_\_\_\_

Your Suppliers \_\_\_\_\_

What advertising message do you want to send to your customer? \_\_\_\_\_

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**Which promotional method best suits your customer?**

Print ads	Posters	Association leadership
Radio/TV commercials	Portfolio	Business lunches
Direct-mail	Mascot	Telemarketing
Hand bills	Displays	Banners
Billboard ads	Trade shows	Magnets, pens, pencils
Transit ads	Employee uniforms	Advertising specialties
Program ads	Company car	Seminars
Phone call follow-ups	Directory ads	Workshops
Co-op ads	Personal letters	Free demonstrations
Classified ads	Sales letters	By lined articles
Yellow page ads	Catalogs	Article reprints
Online ads	CD-ROM catalogs	Newspaper columns
Movie ads	Internet	Media appearances
Directory listings	Storefront signs	Auction donations
Newspaper inserts	Sidewalk signs	Point of purchase signs
Logos	Special events	Public radio sponsorships
Business cards	In-store displays	Public TV sponsorships
Letterhead	Airplane banners	Team sponsorships
Fax sheets	Art's underwriting	Special events
Postcards	Self introductions	Brochures
Press releases	Rebates	Assoc./vendor directories
Association membership	Voice mail messages	Internet site sponsorship
Organizational bulletins	Invoices	Conferences
Conventions	Networking	Press kits
Newsletters	Online networking	Press reprints
Pamphlets	Referrals	Coupons
Packaging	Sales calls	Samples
Gift certificates	Flyers	Hot air balloons
Sweepstakes and contests	Internet Referral links	Price reduction (10% off)



**Start up costs** Start up costs are the expenses that you will incur before you open your door for the first time. Each business has its own unique requirements for getting started so use the list below to pick those items that are applicable to your business. If something is not listed below that you know should be included, add it in the other box and also include additional funds for unknowns. Also determine how long it will take you to from the time you first start investing funds in start up expenses until you will be ready for your first customer. If for example you will need several months to renovate a building before you will be open for business, establish a calendar of expenditures by month.

	Month	- 6	- 5	- 4	- 3	- 2	- 1	Start up
How long will your start up take? (In months)		_____	_____	_____	_____	_____	_____	
Accounting Services Expenses (pre-opening)		_____	_____	_____	_____	_____	_____	
Administration Expenses		_____	_____	_____	_____	_____	_____	
Advertising (pre-opening)		_____	_____	_____	_____	_____	_____	
Automobile Expenses		_____	_____	_____	_____	_____	_____	
Decorating Costs		_____	_____	_____	_____	_____	_____	
Furniture and fixtures Costs		_____	_____	_____	_____	_____	_____	
Installation costs		_____	_____	_____	_____	_____	_____	
Insurance fees (pre-opening)		_____	_____	_____	_____	_____	_____	
Lay In Inventory Required		_____	_____	_____	_____	_____	_____	
Lease deposits		_____	_____	_____	_____	_____	_____	
Leasehold Improvements Expenses		_____	_____	_____	_____	_____	_____	
Legal Expenses (pre-opening)		_____	_____	_____	_____	_____	_____	
Licenses and Permits Expenses		_____	_____	_____	_____	_____	_____	
Materials (Paint, Drapes, etc.)		_____	_____	_____	_____	_____	_____	
Miscellaneous Expenses (petty cash, shipping, etc.)		_____	_____	_____	_____	_____	_____	
Office Equipment		_____	_____	_____	_____	_____	_____	
Other Professional Services Fees		_____	_____	_____	_____	_____	_____	
Owners Salaries		_____	_____	_____	_____	_____	_____	
Payroll Expenses (Benefits and taxes)		_____	_____	_____	_____	_____	_____	
Planning Expenses		_____	_____	_____	_____	_____	_____	
Production Equipment		_____	_____	_____	_____	_____	_____	
Real Estate Costs		_____	_____	_____	_____	_____	_____	
Remodeling / Repair Expenses		_____	_____	_____	_____	_____	_____	
Rent (Deposit and start up period)		_____	_____	_____	_____	_____	_____	
Repairs and Maintenance		_____	_____	_____	_____	_____	_____	
Salaries of Office and Management Staff (Start Up Period)		_____	_____	_____	_____	_____	_____	
Signs		_____	_____	_____	_____	_____	_____	
Subcontractors expense		_____	_____	_____	_____	_____	_____	
Supplies		_____	_____	_____	_____	_____	_____	
Telephone		_____	_____	_____	_____	_____	_____	
Travel		_____	_____	_____	_____	_____	_____	
Utilities		_____	_____	_____	_____	_____	_____	
Utility Deposit		_____	_____	_____	_____	_____	_____	
Loan Payment (Principle)		_____	_____	_____	_____	_____	_____	
Loan Payment (Interest)		_____	_____	_____	_____	_____	_____	
Other		_____	_____	_____	_____	_____	_____	
Unknown		_____	_____	_____	_____	_____	_____	
<b>Total Costs per month</b>		_____	_____	_____	_____	_____	_____	

Do you plan to borrow money to start your business? If yes how much? \_\_\_\_\_

At what interest rate? \_\_\_\_\_

How much do the owners plan to invest in the business? \_\_\_\_\_

**Cost of Producing the Service or Product** In this section of the financial assumptions you will need to determine how much it costs to produce each product or service sold. These costs only occur when the product or service is produced so if there were no sales in a given month, no Costs of producing the product or service would be incurred. Using a restaurant as an example, costs of producing the product or service would be the cost of food, labor costs to prepare the food and all other costs involved in serving, cleaning, linens, etc. Listed below are some categories of typical production and or service costs.

	Per unit costs
Inventory used (Food, Parts, Supplies, Wholesale merchandise)	_____
Production Wages (including benefits)	_____
Raw materials (boxes, nuts & bolts, etc.)	_____
Shipping Expenses (to deliver goods sold)	_____
Supplies	_____
Consumables	_____
Subcontractor expenses	_____
Transportation Expenses (such as cost per mile for sale)	_____
Other	_____
Total	_____

Once you have determined how much cost you will incur for each product or service delivered, multiply this number by the number of sales you expect to generate each month. Subtract this amount from the sales revenue forecast by month and you will have the gross profit you expect by month.

Using the cost of producing the service or product you can multiply this number by the number of sales you are expecting each month to calculate the total costs of producing the services or products for the month. This is known as Costs of Goods Sold.

$$\text{Revenue Forecast by month} - \text{Costs of good sold by month} = \text{Gross profit by month}$$

**Operating Expenses** The next step in our financial forecast is determining the other costs of operating the business month by month. To accomplish this task list the costs the business will incur just being open regardless of if there are sales or not. These operating costs should be projected in the month they will occur such as insurance payments, etc. Listed below are some categories of operating expenses. Once again these are just to help you think of the expense you might run into. If you are aware of costs not listed here you need to add them.

Month	1	2	3	4	5	6	7	8	9	10	11	12
Advertising Expenses	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Sales Expenses (commissions)	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Marketing Expenses	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Salaries including benefits	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Administration	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Management Salaries & benefits, payroll taxes	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Insurance	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Accounting Services	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Legal Services	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Telephone	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Electricity	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Heating costs	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Travel & Entertainment	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Repairs & Maintenance	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Office Supplies	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Postage / Fed Ex	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Internet fees	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Bad Debts	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Losses	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Rent	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Lease payments	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Licenses renewals	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Services (trash, cleaning)	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Interest on debt	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

**Additional Assets required after Start up**

Equipment	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Furniture & fixtures	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Automobiles	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Inventory	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

**Congratulations!** You have now completed your financial forecast for your first year of operations. With the information you have listed in this workbook you will be able to calculate your cash flow forecast, anticipated first year balance sheet, income statement and your break-even projection.

**You are ready to complete your business plan and start your business.**  
**Always remember that SCORE is here to help you be successful.**

## **Suggested Outline for a Business Plan**

### **Cover Sheet**

Name, address, telephone number and any logo of the business.

Indicate the purpose of the Business Plan

Names of the principals or owners

### **Executive Summary**

This section of the Business Plan is a one or two page summary of the entire business plan. It is the part that the lenders will read to determine if they are interested in your business.

### **The Operational Section**

#### **General Business Description:**

- The status of the business, Start Up, purchase of existing business,
- If this is a franchise, give details of franchise agreement.
- State the Company's goals and objectives (Mission Statement)
- State the form of ownership: Corporation, Limited Liability Corp, Etc?
- Fully describe your business philosophy: What factors will make you succeed, when will the business will begin operations, the hours of operation, if the business is seasonal.
- Describe the location of the business, zoning permits required, licenses,
- Define the facilities you will be using, weather you will purchase, lease, any remodeling required.

#### **Management and Organization**

- Define who will manage the business. Identify any key personnel. Define what related skills management and key personnel have. Identify the number of employees you plan to employ in the first year. Include an organizational chart if appropriate.
- List key advisors: board of directors, attorneys, accountants, insurance brokers.

#### **Products and Services:**

- Describe in depth your products and or services. State any unique product or service features.
- Include brand-name information, trademarks, and proprietary features.
- Identify inventory requirements and how they will be managed.
- Identify proposed key suppliers and any arrangement you plan to have with them.
- Describe equipment you will require to operate your business and where will you obtain the equipment.

## **The Marketing Section**

### **The Industry**

- Describe the industry of your business. Is it new? Growing? Established? In a state of change?
- Describe the current demand and trends in the target market.
- Describe any trade associations that you plan to join.

### **The Competition**

- Describe your competitors, define any advantages and or disadvantages you will have over them.
- Why will the customer patronize you over your competitors?
- Describe your pricing strategy and how it compares to your competitors. Define what percentage of the market you expect to capture.

### **The Customer**

- Describe your customer target market, age, gender, race, demographics, characteristics, etc.
- Describe the geographical area your market includes?
- Describe what customer need or desire you intend to fulfill.
- Summarize your marketing strategy and how you plan to contact your customer.
- Describe how you will promote your product or service.
- Describe your marketing budget for promotions and advertising.

### **Sales Forecast**

- If you plan to sell on credit define the terms you will offer and how you will manage the credit.
- **Finally provide a Sales forecast by month that you expect to achieve for the first year of operation and by quarter for the next two years.**

## **The Financial Section**

### **Start Up Costs**

- Include a itemized listing of all your anticipated start up costs by month that you will incur before you are ready to open for business. The financial workbook just completed can be used as a guide to identify potential requirements.

### **Costs of producing the Product or Service Sold**

- Include a listing of all variable costs you will incur to produce your product or service. This listing should only include those costs that result from producing the product or service such as: raw materials, purchased parts, shipping costs, labor and associated fringe benefits of the production workers, etc. The Costs of goods sold table included in this workbook is a good start in completing this section.

### **Operational Expenses**

- Include in this section all expenses your business will incur by month as a result of being in business. This includes management salaries, rent, utilities, maintenance, etc.. The financial section of this workbook is a good listing of potential expenses your business might incur. Use this listing to complete this section.

### **Cash Flow Analysis**

- From the data collected above prepare a Cash Flow analysis reflecting the sales revenue and other revenue coming in to your business and the production and operations expenses taking money out.
- If you plan to borrow funds include the amount to be borrowed and the length of time for repayment.

### **Break-Even Analysis**

- Include a break-even analysis chart depicting when your business will be in a positive cash flow position. This chart should include the revenue, startup costs, variable costs and fixed costs over time.

### **Performa Income Statement**

- Include a projected income statement for the first year of operations. This income statement will reflect projected profit or losses.

### **Performa Balance Sheet**

- Include in this section a projected balance sheet at the completion of the first year of operations. This balance sheet will include all assets the company owns and all debt and liabilities the company owes. The difference in the two numbers provides the owners equity that remains after the first year of operations.

### **Personal Financial Statement**

- Include a personal financial statement for each owner or major stockholder showing assets and liabilities held outside the business and net worth.