



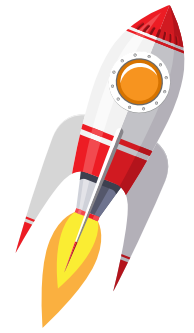
GUIDE TO WRITING A BUSINESS PLAN



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What is a business plan?

Have you ever been on a long road trip? I'm sure you've used maps and guides that have helped you along your journey to include stops, where to get gas, where to eat, etc. A business plan is similar. It describes an idea for a product or service and how it will make you money. Many business plans include a marketing plan, but some do not go heavily into the marketing plan because they create a separate marketing plan. This is what we will be doing here.



Business plans also helps keep you from making unnecessary mistakes by thinking about the day-to-day operations of the business and costs associated before you actually go into business. And if you are looking at securing funding, they will definitely be looking for some sort of business plan to show that you've done your homework and know what you are talking about.

In this guide, we will briefly review what is included in a business plan to give you a better understanding of how to put one together. The decision will be up to you on whether or not you feel you need to create one. I've included two templates by SBA and SCORE that will help you create a full business plan.

SBA Business Plan Template
<https://startabiz.org/downloads/SBA.pdf>

SCORE Business Plan Template
<https://startabiz.org/downloads/SCORE.docx>

What is your idea?

Is your business idea a product? Or is it a service? Explain it in detail here.

What makes your business idea unique? After looking at the competition, what do they not offer that you will? Basically, why will people buy your product or service and not the competition? We will go into detail on this later, so write what comes to mind.



Let's look into marketing

Who will buy the product you are selling or service you are providing? Think about if they are adults, teens, children, men, women? Where do they live? What do they do for fun? Try to describe your target customer with as much thought and detail as possible.



How do you plan to market your product or service when you are ready to launch? Will you use social media? What about email? Will you use direct mail?

How will you sell your product or service? Will it be strictly online? Will you offer it locally to shops and businesses?

What is the name of your business? Have you considered whether or not it will be easily read and received? Is it easy to pronounce?





Now the financial part

As far as startup costs go, how much will it cost to launch your business? Will you need to buy any equipment or materials? Will you need to purchase a domain, hosting, an SSL certificate to sell online? Will you need to buy any licenses or be required to pay for access to software? What about advertising, how much do you need to get started and then think about how much will be needed monthly?

How will you pay for the start-up costs? Will you be using savings? Do you plan on borrowing from family? Will you take a loan?



Let's discuss pricing

In the case of selling product, we need to determine the cost per unit. This is basically the cost of making each product or providing each hour of service. To find this cost per unit, we list each expense and divide the total expenses by the number of products we will make or number of hours we will work for the service. Below is a simple formula:

For a product: $\text{Cost per product} = \text{total expenses} / \text{number of products that can be made}$

For a service: $\text{Cost per hour of service} = \text{total expenses} / \text{number of hours of work}$



Now that you have the cost per unit, you can determine the price that you will charge. Use this amount to compare to what others are charging for the same product or service.

Is your price above or below the competitors? If the price is above, consider ways to find your product or service at a lower price point. Perhaps you can buy in bulk? Or maybe you can negotiate better terms. You may not always be the lowest, but you can make up for that in other ways. This is often referred to as your Unique Selling Proposition (USP).

Some examples of USPs from two well known businesses are below:

M&Ms - Sure there are plenty of candy brands out there, but M&Ms USP is “the milk chocolate melts in your mouth, not in your hands.”

Avis - This one is by far my favorite. With all the car rental companies out there, Avis decided that their USP would be very simple knowing they are not the leader. They say “We’re number two. We try harder.”

What would be your USP?

What will be your profit?

No matter how much you love doing what you are doing, you need to make a profit in order for you to continue doing what you love. You may start this as a side business, which is highly recommended, but in order to be able to justify spending all your free time, you would need to show that what you are doing is not draining your savings account.

To figure out your profit, you need to know how much you will make on each sale after you subtract your expenses. The formula for this is below:

$$\text{Profit} = \text{Income} - \text{Expenses}$$

Sale Price of Item/Service:	<input type="text"/>
Cost of Item/Service:	- <input type="text"/>
Profit:	= <input type="text"/>



