Business Plan Template

The following business plan template can be customized for your company. You may want to work through this plan as you review each chapter, as some of the business plan section topics are covered in more depth.

Business Plan Outline

Section 1: Cover Sheet

- 1a. Name of Business
- 1b. Contact Information

Section 2: Executive Summary

- 2a. Plan Highlights
- 2b. Keys to Success

Section 3: Company Summary

- 3a. Vision
- 3b. Mission
- 3c. Legal Structure
- 3d. Management and Personnel Plan
- 3e. Proposed Location
- 3f. Facilities Requirements
- 3g. Operational Hours

Section 4: Products and/or Service

- 4a. Product and/or Service Description
- 4b. Vendors
- 4c. Technology
- 4d. Expansion Opportunities

Section 5: Market Analysis

- 5a. Target Market Definition
- 5b. Market Needs
- 5c. Market Trends
- 5d. Market Growth
- 5e. Competitive Comparison

Section 6: Marketing Strategy

- 6a. Value Proposition
- 6b. Competitive Edge
- 6c. Pricing Strategy
- 6d. Promotion Strategy
- 6e. Marketing Programs

Section 7: Financial Plan

- 7a. Sales Forecast and Assumptions
- 7b. Profit and Loss Pro Forma
- 7c. Source of Financing

Note: You may also refer to the Financial Management chapter for additional financial documents such as a balance sheet, income statement, and statement of cash flows. The profit and loss pro forma is a good tool for newly-established businesses to determine how much revenue is needed to break even.

Section 1: Cover Sheet

The cover sheet should contain the name of the business, address, phone number, fax number, email address, and contact name. Some cover sheets also contain a confidentiality statement.

Section 2: Executive Summary

A business plan normally starts with an executive summary, which should be concise and interesting. This summary includes the highlights of your plan and serves as an introduction to the rest of your plan. Topics in your executive summary should include, but not be limited to, the following:

- ✓ Business name
- ✓ Business location
- ✓ Product or service offered
- ✓ Purpose of the plan
- ✓ Projected sales
- ✓ Profitability
- ✓ Keys to success

The executive summary should only be a page or two long. Although the executive summary appears first in the printed document, most business plan developers do not write it until after the plan is complete.

Section 3: Company Summary

1. **Vision and Mission:** Include a vision and mission statement for your company. The vision should be a short statement about the company's aspirations for the future. The mission describes the company's primary business purpose or goal. These statements outline the business concept and provide a concise definition of where your company fits in the market.
2. **Legal Structure:** Define the legal structure of your company (i.e., sole proprietorship, partnership, corporation, or limited liability company). Explain why you chose this structure and the benefits it will provide to you and your company. Legal structure is covered in Chapter 2.
3. **Management:** Outline the key management personnel needed to run your business. Can you run the business yourself or do you need to hire managers to help run the operations? What are the job responsibilities of these managers?
4. **Employees:** How many employees do you require? What are the job responsibilities of the employees?
5. **Location:** Describe the location of your business. You do not need to provide a specific address if you do not have one, but identify the area (e.g., downtown location, at home, in a rural area). Explain why this location will provide you with the best opportunity for success.
6. **Facility Requirements:** Identify your facility requirements. Do you need office space, a production area, storage space, or mobile storage? You may want to draw a diagram of the space.
7. **Hours of Operation:** What are your hours of operation? Explain how these hours will provide the maximum benefit to your customer. How will you handle emergency situations that arise outside of normal working hours?

Section 4: Product or Service Description

Defining your product or service (or both) may seem simple. You must describe not only your product or service but how you will provide it to your customers. For example, you may be a general contractor, but without reliable

subcontractors and suppliers, you may not be able to complete your projects in the time frame promised to the customer.

1. **Product or Service Description:** Write a summary explaining your specialty. For example, are you a general contractor, plumbing contractor, etc.?
2. **Legal Requirements:** Do you have any licensing or registration requirements? Are there any legal requirements for practicing your trade or running your business?
3. **Subcontractors and Suppliers:** Who will be your primary subcontractors and suppliers? What process will you use to evaluate subcontractors and suppliers?
4. **Technology Trends:** Summarize how technology will affect your business. Are there efficiencies that can be gained through technology? For example, can you integrate scheduling or estimating systems into your business processes?
5. **Growth Opportunities:** What expansion opportunities exist in the future after your company is established? Can you offer additional products or services, or expand your customer base to other locations?

Section 5: Market Analysis

A market analysis is often performed as one of the first tasks in researching and formulating a business plan. Understanding your customers, the demand for your work, and your competition is important to the future success of your business.

1. **Target Market:** Define the target market for your product or service. Describe the key characteristics of your customers. For example, do your primary customers include families, retired adults, or businesses?
2. **Product or Service Description:** Describe the need your product or service will be filling for your customers. If you will provide both products and services, describe how these will benefit your customers.
3. **Trends:** Describe how your product or service aligns with the consumer trends of your customers. What are the construction trends for your trade and how do these fit your customer's needs?
4. **Growth Opportunities:** Outline growth opportunities that exist within your target market. For example, if you are a pool builder and your target market is young families, you may want to concentrate on single-family homes rather than commercial projects.
5. **Competition:** List your major competitors. Are they local, regional, or national?

Section 6: Marketing Strategy

A marketing strategy is easily formulated by using the "4 P's:" Product, Price, Promotion, and Place. Product is not just your product or service, but how it will benefit your customer. Price refers to your pricing strategy, which can vary based on the market, your goals, and your competition. Promotion deals with marketing in a traditional sense. Your customers will find out about your business through your promotional efforts. Place defines your distribution strategy. In the construction industry, distribution defines the type of customers you want to target. For example, you may decide to differentiate yourself by specializing in certain types of construction.

1. **Value Proposition:** Describe the value that your company will provide your customers. What benefits of using your company will you promote to your customers? For example, you may promote your level of quality or service.
2. **Competitive Edge:** Describe what makes your product or service unique and how you have differentiated yourself from your competitors.

3. **Pricing Strategy:** What pricing strategy will you use? Some options include:
   - ✓ *Cost-plus pricing, where you determine a markup percentage and add it to the cost of the job.*
   - ✓ *Consistency with competition, where your pricing reflects what the competition is charging.*
   - ✓ *Value pricing, where you try to undercut your competition with lower prices.*
4. **Promotion:** How will you familiarize potential customers with your business? Will you promote your product in special venues (i.e., trade shows or special events)? Are there any businesses you can build a co-op relationship with so you can cross-promote each other? For example, you might partner with another trade or supplier to promote each other.
5. **Advertising:** How will you advertise? Will you use media such as radio, TV, newspapers, and the Internet? How often will you advertise?
6. **Sales:** Will you hire sales representatives to promote your company? If so, how many? How will the sales force be divided up? By area or region?

Section 7: Financial Plan

A financial plan can include several aspects of the potential financial health of the company. At a minimum, it should include projected profits over a specific period. This template, for example, shows the first three years of operation. The financial plan should also explain projected cash flow and identify any additional capital required from outside investors or loans.

The profit-and-loss statement is a tabulation of the gross sales income for the company from which all attributed costs must be deducted. A *pro forma* is a "best guess" at these sales numbers and the associated costs. From this pro forma, you can see your profit or loss based on the numbers you projected and adjust your budget accordingly. A blank profit-and-loss form is located at the end of this section, if you are unable to use the form on the **NASCLAforms.org** website. If you use the spreadsheet located on the website, it will automatically calculate gross profit and net income.These calculations were derived from the following formulas:

Income – Cost of Goods Sold = Gross Profit

Gross Profit – Expenses = Net Income

You learn more about financial calculations in the financial management chapter (Chapter 14).

Sales/Income

Use the following points to help you make your sales and expense projections.

You need to determine the average price of the jobs you perform and the number of customers you are projecting for the year. This is your "best guess," but if you have any historical sales data, you may want to use this information in your calculations to determine how your business sales will grow over time.

However you determine your sales, you must list your assumptions so the person reviewing your business plan will understand the numbers presented in your plan.

Projected sales numbers

	Sales (in dollars)
Year 1	
Year 2	
Year 3	

Transfer sales numbers into the profit-and-loss worksheet.

Cost of Goods Sold (COGS)

Cost of goods sold shows the cost of materials and production of the goods a business sells. For each year, enter your inventory cost and the cost to produce the final product for the customer and add together to show the totals. This total represents the cost of goods sold.

	Year 1	Year 2	Year 3
Inventory			
Production Payroll			
Total			

Transfer COGS numbers into the profit-and-loss worksheet.

Management Salaries

Determine how many managers or supervisors you will need to operate your business. A published salary survey will help you estimate what they earn in your type of business and in your region. Determine if you will need to add managers or supervisors in years two and three if you have an increase in business.

	Number of Managers	Manager Annual Salary	Total Management Salaries
Year 1			
Year 2			
Year 3			

Enter the total management salaries in the respective boxes on your spreadsheet.

Payroll Taxes

Payroll taxes are calculated at approximately 13% of the salaries listed on your spreadsheet. A formula has been entered to calculate that amount automatically.

Payroll taxes include the following items:

- ✓ Social Security, also known as FICA (a set percentage deducted from an employee's check and EMPLOYER MATCHED)
- ✓ Medicare, also called FICA Medicare (a set percentage deducted from an employee's check and EMPLOYER MATCHED)
- ✓ FUTA - Federal Unemployment Tax Act, authorizes the IRS to use monies for job service and training funded through the federal employment agency; EMPLOYER PAID ONLY
- ✓ SUTA - State Unemployment Tax Act, authorizes the state to use monies for job service/training and retraining of displaced workers; EMPLOYER-PAID ONLY
- ✓ FUI - Federal Unemployment Insurance; EMPLOYER-PAID ONLY
- ✓ SUI - State Unemployment Insurance; EMPLOYER-PAID ONLY

More details on payroll taxes are provided in Chapter 15.

Outside Services

These services apply to people or businesses who provide services to your company not directly related to the sales or income of the company. They would not appear on your payroll. Estimate your annual expenses for the following outside services. Keep in mind that the cost may be higher in the first year due to start-up needs. The cost may drop in the second year and then level off in the third year.

	Year 1	Year 2	Year 3
Lawyer			
Accountant			
Technology Consultant			
Total			

Enter the year totals into the spreadsheet.

Advertising and Promotion

Consider the type of marketing you will need. If you are creating a radio, print media, online, social media, or TV ad, get an estimate on what that would cost. Don't forget to calculate the frequency of advertising you will do. For example, let's say a magazine ad costs $1,000 for a quarter-page ad and the magazine comes out monthly. Your advertising cost would be $12,000 a year. You may want to advertise by printing flyers and mailing them out. Calculate the printing costs as well as the postage to send out the flyers.

	Year 1	Year 2	Year 3
Radio			
TV			
Newspaper			
Magazine			
Flyers			
Direct Mail			
Special Events			
Online Ads			
Other (eg., social media) Please Specify:			
Total			

Enter the year totals into the spreadsheet.

Rent

If you rent a facility, determine the rental costs per year. If you have not decided on a location, you may want to look at a few locations and calculate an average rent cost to determine a figure for this category. Keep in mind the square footage requirements that you have set out.

	Annual Rent
Location #1	
Location #2	
Location #3	
Average of all three locations	

If you are going to stay in one location, your rent should remain fixed over three years. If you plan on expanding in years two and three, you may want to increase rent accordingly.

Enter the average of all three locations in the rent column on your spreadsheet.

Office Supplies

Office supplies include items such as paper, pens, printer cartridges, tape, and other materials as well as cleaning supplies. As your business increases, the consumption of these supplies may increase accordingly.

	Year 1	Year 2	Year 3
Office Supplies			
Cleaning Supplies			
Total			

Enter the year totals into the spreadsheet.

Dues, Subscriptions, and Licenses

You may want to join a Chamber of Commerce or trade group or subscribe to trade publications. Your business may also need a license to operate. For example, if you are starting a plumbing company, you may be required to get a contractor's license.

	Year 1	Year 2	Year 3
Chamber of Commerce Membership			
Business Organization Membership (i.e., National Homebuilders Association)			
Magazine/Newspaper Subscriptions			
Business License Fees			
Total			

Enter the year totals into the spreadsheet.

Travel

Does your business require you to travel to meet with customers? Will you travel locally, regionally, or nationally? What are the air travel, rental car, and hotel costs for this travel requirement? Note that the spreadsheet has a separate section for automobile expenses, where you enter costs such as gasoline or repairs. Use the automobile expense section for trips that will be taken in a company or personal vehicle.

	Year 1	Year 2	Year 3
Air Travel			
Rental Cars			
Hotel			
Other Please Specify:			
Total			

Enter the year totals into the spreadsheet.

Meals and Entertainment

Determine if you will be providing meals or taking your clients and vendors out for entertainment.

Keep in mind that the IRS allows you to take only a 50 percent deduction on meals and entertainment. It is not considered a 100 percent business expense. Although you enter the full amount on your profit-and-loss statement, your tax accountant will make the proper adjustments on your tax return at the end of the year.

	Year 1	Year 2	Year 3
Meals			
Entertainment			
Total			

Enter the year totals into the spreadsheet.

Automobile Expense

Determine if you will need one or more automobiles or trucks to operate your business. The cost to purchase each vehicle appears under "Assets" on your balance sheet, and the cost to operate the vehicles appears under automobile expense on the profit-and-loss statement.

	Year 1	Year 2	Year 3
Gasoline			
Oil Changes			
Car Washes			
Other (Repairs) Please Specify:			
Total			

Enter the annual totals into the spreadsheet.

Utilities and Telephone

Determine what your utilities and telephone costs will be for the first three years your business is operational. To arrive at this estimate, you will need to determine how many telephone lines and cell phones you need. You should also itemize Internet service and record these totals under this line item.

	Year 1	Year 2	Year 3
Electric			
Water			
Garbage			
Telephone			
Internet Service			
Other Please Specify:			
Total			

Enter the annual totals into the spreadsheet.

Auto Insurance

If you have business vehicles, you will need to carry insurance on them. If you increase the number of vehicles in years two and three, insurance expenses will increase as well. Certain vehicles may also cost more to insure than others. For example, if you have delivery trucks, the insurance will probably be more expensive than a mid-size car.

	Year 1	Year 2	Year 3
Vehicle #1			
Vehicle #2			
Vehicle #3			
Total			

Enter the annual totals into the spreadsheet.

Group Medical Insurance

You may want to carry medical, dental, or life insurance for your employees as a benefit and to increase employee retention.

	Year 1	Year 2	Year 3
Medical			
Dental			
Life			
Total			

Enter the annual totals into the spreadsheet.

Business Insurance

By law, businesses are required to carry workers' compensation insurance. Business liability insurance protects your business against accidents such as fire, flooding, burglary, etc. Business liability insurance is not required by law but by contract. For example, most landlords require you to carry business liability insurance, as do banks and governmental agencies with which you have a contract. Insurance and risk management are covered in more detail in the managing risk chapter (Chapter 4).

	Year 1	Year 2	Year 3
Workers' Compensation			
Business Liability			
Total			

Enter the annual totals into the spreadsheet.

Worksheet

This is a scratch sheet for entering estimates and data that can then be entered in the spreadsheet.

	Year 1	Year 2	Year 3
Income			
Sales			
Total Income	0.00	0.00	0.00
Cost of Goods Sold			
Inventory Cost			
Production Payroll Cost			
Total COGS	0.00	0.00	0.00
Gross Profit	0.00	0.00	0.00
Expense			
Management Salaries			
Payroll Taxes	0.00	0.00	0.00
Outside Services			
Advertising and Promotion			
Rent			
Office Supplies			
Dues, Subscriptions, and Licenses			
Travel			
Meals and Entertainment			
Automobile Expense			
Utilities/Telephone			
Insurance Auto			
Insurance Group Medical			
Business Insurance			
Total Expense	0.00	0.00	0.00
Net Income	**0.00**	**0.00**	**0.00**