

Creating a Business Plan

By covering the points below you are essentially writing a business plan. Let's get started!

- **Executive Summary** – Highlight key points of the plan.
- **Introduction**
- **State business goals** – What are the major milestones to be reached within the next 3 –5 years?
Some options may include:
 - a. Find and secure additional funding
 - b. Create additional product lines
 - c. Expand geographically
 - d. Improve delivery of products and services
 - e. Franchise the business
- **Business Description** – Provide a description of the business
 1. What is the name of your business and where is it located?
 2. What type of business is the plan for? Is it ...
 - a. A new start-up independent business.
 - b. An existing business started _____.
 - c. A franchise business.
 3. What general industry is your business in? Some choices may include:
 - a. Retail
 - b. Wholesale
 - c. Manufacturing
 - d. Service
 - e. Transportation
 - f. Construction
 4. Explain the form of ownership
 - a. Sole Proprietorship – business or financial venture that is carried on by a single person and is not a Trust or Corporation. A sole proprietor has unlimited liability.
 - b. General Partnership – organization of two or more persons who pool some or all of their money, abilities, and skill in a business and divide profit or loss in predetermined proportions. Partners are individually responsible for debts of the partnership.
 - c. Limited Partnership – entity in which one or more persons with unlimited liability, called general partners, manage the partnership, while one or more other persons contribute only capital. This latter group called Limited Partners, have no right to participate in the management and operation of the business and assume no liability beyond capital contributed.
 - d. Corporation – legal entity, chartered by a state or the federal government, and separate and distinct from the persons who own it. It has four (4) chief distinguishing features (1) limited liability (owners can lose only what they invest); (2) easy transfer of ownership through sale of shares of stock; (3) continuity of existence; and (4) centralized management.
 - e. S Corporation – A form of corporation, allowed by the IRS for most companies with 75 or fewer shareholders, which enables the company to enjoy the benefits of incorporation but be taxed as if it were a partnership.
 - f. C Corporation – A business which is a completely separate entity from its owners, unlike a partnership.

- g. Professional Corporation – A corporation formed for the purpose of engaging in one of the learned professions, such as law, medicine, or architecture. All shareholders must be members of the profession.
 - h. Limited Liability Partnership (LLP) - Organization in which the individual partners are protected from the liabilities of the other partners.
 - i. Limited Liability Company (LLC) – Organization form that may be treated as a partnership for federal tax purposes and has limited liability protection for the owners at the state level. The entity may be subject to the state franchise tax as a Corporation.
5. Mission Statement. What business are you in and what do you stand for?
 6. Story of the Business – What is the reason for the existence of the business? What basic value does your business provide, what need does it fill, or what problem does it solve?
 - a. For a start-up business, you might describe how you came up with the idea or what marketplace need or problem you are attempting to solve.
 - b. For an existing business, you might explain how and why the business was formed, what critical obstacles it has overcome and what successes it has experienced.
- **Product and Services Description** – Describe your product or service.
 1. What do you sell?
 - a. What does your product do?
 - b. What need does your product address?
 - c. What are its features and benefits?
 - d. How is it produced?
 2. What service do you deliver?
 - a. What services do you offer?
 - b. How do they work?
 - c. What material or equipment is needed?
 - d. What are your labor needs to provide these services?
 - e. What are your days and hours of operation?
 - **The Market and Competition** – Describe the market and competition. Detail marketing and operating strategies including pricing and delivery of products or services.
 1. The Market
 - a. Explain who your customers are.
 - b. Define your customer by type; (consumer or business and industrial), demographic factors; (e.g., age, gender, education, etc.), and /or psychographic factors; (e.g., beliefs, opinions, interests, etc.).
 - c. Which target market will you serve? Is the market scope narrow focused vs. broad markets?
 - d. What is the size of this market in numbers, in dollars?

2. The Competition

- a. Identify direct and indirect competition.
- b. How are they similar and different from your business?
- c. Are their businesses steady? Increasing?, Decreasing?
- d. What are their strengths and weaknesses?
- e. List five advantages your company has over its competitors.
- f. What will you do differently and why?

3. Marketing

- a. What is the demand for your product or service?
- b. How will the product or service be delivered?
- c. How will the product or service be promoted?
- d. What are the steps in your service process and the benefits you offer your clients?
- e. What idea are you trying to sell?
- f. What message will you deliver to your customers?
- g. What media channels will you use in delivering your message?

4. Operations

- a. Who are the key people that will manage the business on a day-to-day basis? Detail their education, background, skill, capabilities and compensation.
- b. What are the personnel needs of the business?
- c. Explain your plans for quality control, inventory control, and customer service.
- e. Identify insurance, lease or rent agreements pertinent to the business.
- f. What systems will you use to account for the operations of the business?

5. Pricing

- a. How are your products and services priced?
- b. What are you trying to achieve with your pricing strategy? Are you a low cost leader or differentiated?
- c. What exact methods will be used in determining your prices?
Some options may include fixed pricing, customary pricing, prestige pricing, keystone pricing, etc.
- d. Will you use ancillary pricing strategies (e.g., quantity discounts, seasonal discounts, promotional allowances, etc.)
- e. Identify price and cost levels to maximize profit or price levels that enable your company to yield targeted return on investments.

▪ Financials

1. Explain your source and amount of initial equity capital.
2. Develop a monthly operating budget for the first year.
3. Provide two years of projected quarterly balance sheets and profit/loss statements. Start-up companies should provide expected start-up costs and projected financial statements for three years.
4. Project monthly cash flow statements that tie to other statements for a two-year period. Start up companies should provide statements for three years.
5. Determine your break-even point (sales volume at a given price required to cover total cost).
6. Prepare your personal balance sheet and method of compensation (salary, bonus, and dividends).
7. Provide "what if" statements to demonstrate alternative solutions to potential problems (for example, insufficient sales growth or economic slowdown).
8. Provide assumptions to support projections.

9. Detail loan requests (if applicable) by providing the amount needed, purpose of funds (whether it is for inventory, equipment, furniture and fixtures, etc.), and when monies will be needed.

Whether you need financing or not, your banker is an excellent resource to share your plan with and obtain feedback. Once you're comfortable with your outline, bring it to one of our Business Banking Center locations and together we'll get to work making your business a success!

More Resources – Get more advice from these valuable sources

U.S. Small Business Administration (SBA)	(808)	541-2990
Service Corps of Retired Executives (SCORE)	(808)	522-8130
Pacific Business Center Program	(808)	956-6286
Hawaii Small Business Development Center (SBDC)	(808)	974-7515