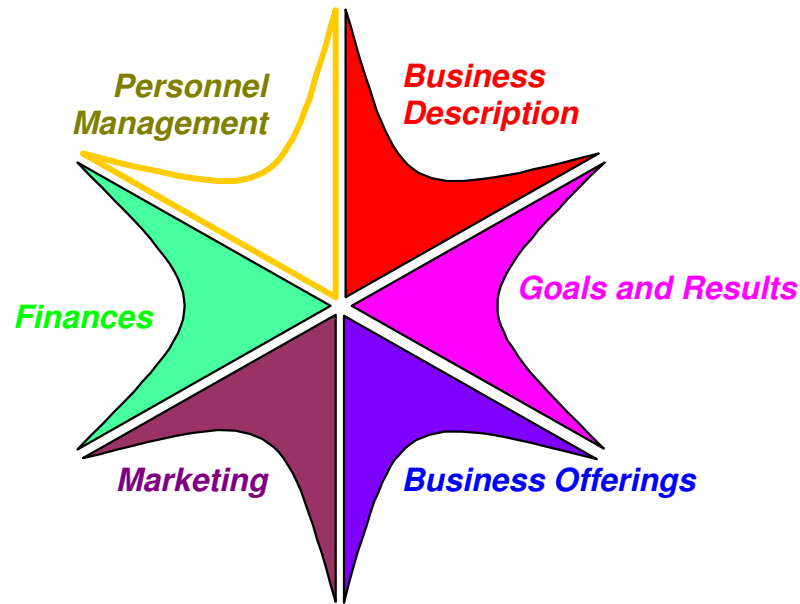


# The Business Plan



Learn Today... Profit Today

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## General uses of the business plan

The business owner or manager uses the internal business plan in at least four ways:

### 1. *To predict expenses*

There are two kinds of expenses: *fixed costs* and *variable costs*. These costs need to be estimated for the year.

#### For example

Before starting a new venture or project, it is necessary to estimate all the fixed costs and variable costs that will be associated with that venture or project.

It will then be known what minimum amount of gross profit is necessary to offset operating expenses before any additional profit is made by the business.

### 2. *To set goals and results (objectives)*

Goals are general statements that describe what you intend to do this year. They are used to focus your business and they provide direction to the business for the following year.

#### These could include:

Developing a new venture or project

Marketing new products or services

Increasing production capabilities

Achieving a specific gross sales result (objective)

Creating a new image (business, products, services)

Developing a new niche market

Venturing into a new market

Building a different kind of client base

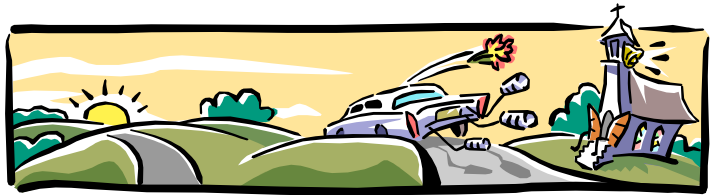
## Two Kinds of Business Plans

Business plans can be divided into two kinds: internal and external.

### Internal Business Plan

The internal business plan is one that is used by the business owner or manager for managing the business. It is usually developed each year and it identifies the core business activities and goals for the year. The internal business plan is a living and working document. It guides the business owner or manager in their decisions throughout the year.

The business plan is like planning and completing a trip. When you decide to take a trip to an unknown place, you research the trip, decide on the length of it, estimate how much it will cost, what you will do and see, and what you need to take with you.



If you go by car, you probably get out the road maps and 'map out' the route. You may even take a highlighter (yellow) and draw a line along the route so that you can see it better. You estimate the length of each travelling day, book hotels, and set dates for the various stages of the trip. You plan the trip.

As you travel to your destination, you constantly refer to the map and its yellow line. You use the map to monitor your progress, checking the route—calculating distance travelled, and distances yet to go. You may make notes on the map for future use. You constantly refer to your travel plans (written or memorized). If you need to, you can modify or change the travel plans.

The internal business plan uses a similar format. After you have planned the next business year, you need to monitor your progress throughout the year. If the business is developing as you planned, you can be confident that if you stay on course, you will reach your goals and results. If, however, things are not going well, you can make mid-course corrections or change your goals.



**Check your business plans frequently during the year to monitor your progress.**

## **Manufacturers' profile**

Refer back to the supply chain and you will notice that the manufacturer begins the supply chain. So, it may be appropriate for you to begin your research of your product or product lines with the manufacturer.

The **market** profile of the manufacturers and the **products** your business handles are important. You need to know your various manufacturers' profiles even if you are not directly purchasing from them.

Read the following information and then research the various manufacturers whose product lines you expect to be carrying. It is better to learn about the manufacturers before you purchase any products from them.

Three topics that should be included in your research about manufacturers are:

1. Instant customer recognition
2. Cooperative advertising programs
3. To either handle a name brand or not

These topics can be viewed as a bouquet of flowers. Each topic is a separate flower but they form an integral part of research about the manufacturer's profile.

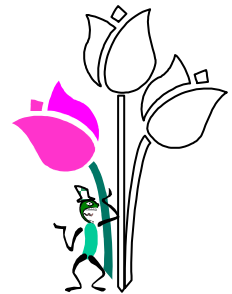
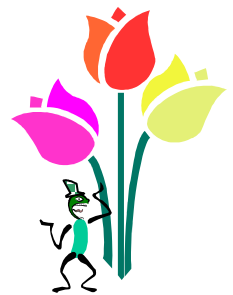
### **1. Instant Customer Recognition**

Nationally known and well-advertised products will often have instant customer recognition. You could say that the products would sell themselves because the customer already accepts the products and the standard of quality or performance they represent.

Describe the instant customer recognition programs of the various manufacturers of your product lines.

If there is a choice of manufacturers for your product line, which one will you choose? Why will you choose them?

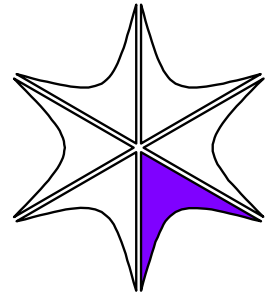
How will their instant customer recognition programs assist you in your business?



## Product and Sources of Supply—part 2

Because the *product* and sources of supply section of the business *offerings* is very long, therefore, we have divided it into two parts. If you began with part one, you have completed the supply chain, the manufacturer's profile, and the product mix.

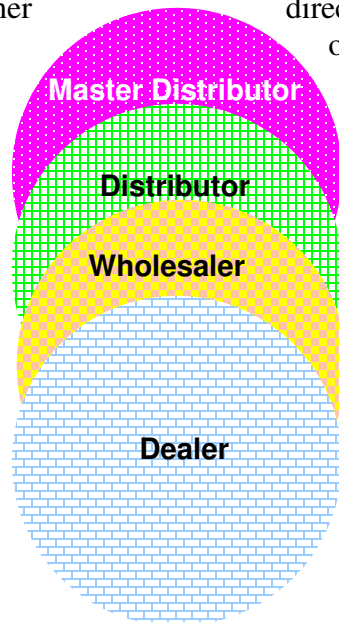
This part has one subheading: the product, and source of supply.



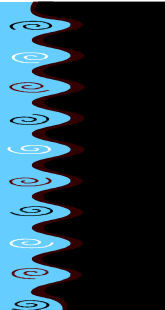
### Supplier Profiles

You have researched the various manufacturers with whom you expect to be doing business either directly or indirectly—now it is time to research the other suppliers. You need to know who they are and how your business fits into this chain.

Let's review the supply chain again. We have modified it to indicate the several layers and to show the kinds of suppliers there may be. It has been suggested that you modify this business' supply chain to fit your specific supply chain. Depending on your specific supply chain and your place in it, you will need to decide which ones to research.



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**For example**

**Are you as a dealer or a wholesaler?**

**How many kinds of suppliers are above you and, what is their relationship to your business?**

**How will each influence or affect your business?**

**How many are there below you and, how will you impact on them?**

To assist you in your research of the various kinds of suppliers, we have divided the topic into nine areas. These topics will assist you in your research of each supplier or each kind of supplier. As you complete each topic, summarize your research.

## Appendix

The Appendix is divided into seven major headings with subheadings. Each of the subheadings is color coded to assist you in locating the material that you are looking for.

Major headings	Countries	Regions, provinces, states	Cities	Information' subheadings
1. International				
2. Government				
3. National				
4. Regional				
5. Local				
6. Municipal				
7. Industry				

### International

#### Standard and Poor's Register of Corporations, Directors and Executives

[www.standardandpoors.com](http://www.standardandpoors.com)

An alphabetical listing of U.S. and Canadian companies with brief descriptions, lists of company directors and executives. Indexes by geographic location and by SIC number (Standard Industrial Classification)

#### Post's Pulp and Paper Directory

An industry guide to North American pulp and paper mills, equipment, grades, production, capacity and personnel

#### Franchise Annual

<http://infonews.com/franchise.handbook>

A directory of North American and overseas franchisors. Includes a section on how to obtain a franchise, and what to look for in a franchisor, plus sample franchise contract clauses.

### **Shelton's Retail Directory of the United States and Canada**

Listings of chain and independent, department, junior department and specialty stores by U.S. State and city and Canadian province and city. Gives department buyers, general and divisional merchandising managers, etc.

### **Trade Shows**

#### **Directory of North American Fairs, Festivals and Expositions**

A comprehensive guide to these events in the U.S. and Canada with data on attendance, management, budgets, attractions offered, exhibit specifications and a chronological cross-reference.

#### **International Association of Fairs and Exhibitions**

[www.iafenet.org](http://www.iafenet.org)

An international listing of fairs and exhibitions

#### **World Wide Chamber of Commerce**

A complete list of U.S. Chambers of Commerce, regional Canadian Chambers and foreign Chambers in principal cities. Also some listings of consulates and embassies

#### **World Wide Web Chamber of Commerce**

[www.webchamber.com](http://www.webchamber.com)

An international organization of companies doing business on the Internet

#### **Maple Square**

[www.maplesquare.com](http://www.maplesquare.com)

This is essentially a search engine that provides links to many other business directories. They are owned by Terra Technologies Corp [www.atterra.com](http://www.atterra.com)