



A Guide to Building a Business Plan for Your New Small Business

Your dream to buy or build a small business needs a plan to bring it to fruition - a business plan. We understand both the excitement and the concerns in creating a new business. Your business plan can help us better understand the potential in what you are planning to do - and help guide you in finding the right loan. Below are the elements, organized by section, to help you identify the information you'll need to collect, organize and document to sell your vision to your lender.

Summary



This executive-level summary allows your lender to understand what you are trying to do and why you will be successful in a more high level or “at-a-glance” way - and in the best, yet realistic light. For this section, you’ll want to include:

- A succinct description of the business, including whether you are buying an existing business or building a new one.
- Do you have a mission statement? If so, include it in the summary.
- A brief introduction to your leadership team and their roles (this is summary level - you’ll give more in-depth details later).
- High-level demographics and market potential for this business and location.
- Financial summary with overarching growth plans.
- You’ll want to round out the summary with what amount you are looking for the lender to finance.

Having a strong, clear summary sets the stage for potentially positive responses to your business plan.

To learn more about our *Small Business Loans*, please call 800-562-6896

Detailed Business Description



This is where you are going to dig in and describe your new business in detail. You'll need to describe how your organization is going to be structured and how you plan to serve your market. You will want to include the following subsections and/or elements:

- More detailed biographies for your leadership team and their roles in the new business.
- Type of tax entity (single proprietor; LLC; etc.).
- How many employees, their roles and the planned costs you anticipate for each (salary and any benefits). If you are buying an existing business, delineate which staff you may be inheriting and whether you intend to keep - or not.

- Describe the types of products and services you are planning to offer.
- Who do you anticipate will be your customers? If you are buying an existing business, define who the current customers are and how the change in ownership may affect their buying patterns.

Paint a picture with details that can help the lender better see your vision realized.

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Market Potential and Location Analysis



Small businesses tend to serve specific markets both geographically, as well as demographically. You'll want to provide details about the depth and breadth of that local market and potential customer base. If you are looking to purchase an existing business, you'll want to include more detail about current customer demographics.

This is also your opportunity to answer questions about the competition. Be realistic, answering questions about the level and types of competition - and your plans for optimizing your opportunity to earn business. This is key to helping the lender see that you've thought through the issues - and have a potentially effective plan to address.

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Sales and Marketing Strategy



You outlined the competitive landscape in the prior section - now you'll need to lay out the details for attracting, retaining and growing the wallet share of customers. Lay out your marketing plans, including:

- Strategies, campaigns and tactics. This includes the full gamut of your plans, from referral approaches from other organizations to getting attention from drive-by/walk by traffic. Describe in detail your traditional and digital approaches to attract, engage and get people into your business.
- Costs associated with potential ROI in number of customers/clients and dollars. Define the specific value of each new customer/client and the cost to acquire.
- Timeline for your plan and when costs occur—and when results begin.

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Funds Request and Financial Projections



Time to get down to the nitty-gritty of asking for exactly what you need to fund your dream, how you plan to use those funds, plus how the dollars you are requesting relates to earning potential and the capability to repay the loan. You'll want to provide:

- Initial or one-time investment requirements, including those for capital acquisitions, physical assets, and if an existing structure, any renovation costs.
- If you are acquiring an existing business, the costs/value of the assets you are acquiring - and any associated risks/liabilities and how you plan to mitigate.
- Operating expense estimates for the first five years. This includes costs for everything that you need to run the business: inventory; technology/system; employee salaries and benefits; merchandising and marketing; and facility maintenance, utilities, licensing and taxes. You'll want to breakdown the first year's expected operating expenses into more specific timeframes - months and/or quarters.
- Your short-term and longer-term revenue projections, broken out by months/quarters/years- and at what point revenue exceeds costs.
- The ask details: dollars you have, the collateral you have, the amount you need to borrow, how you want the loan structured and related terms.
- Include your strategic financial plans for the business, including future expansion, franchising and/or exit plan.

Clearly defined details and documentation are the core of a successful small business plan. Providing some of it in graphs and charts can make it easier for your lenders to understand the plan.

Additional Materials



Depending on your particular opportunity, there are additional appendices you'll want to include with copies of:

- Licenses
- Resumes, credit histories and references for principals
- Letters of reference
- Architectural plans and/or permits
- For acquisition of an existing business, include: any current agreements with partners, vendors or property owners, and financial documents for at least prior three years

Ultimately, you want to lay out the details and show how the money you are borrowing will be leveraged to create a successful business.

Have questions?

Call us at 800-562-6896

Our team has Small Business expertise to provide you with the insight and information you need to achieve your goals- and fund your dream.



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