



## Southwest Wisconsin SBDC (Small Business Development Center)

Counties: Crawford, Grant, Green, Iowa, Lafayette, and Richland  
Register: [tinyurl.com/SWWISBDC](http://tinyurl.com/SWWISBDC) (Free and confidential consulting)  
Email / Web: [swwisbdc@uwex.edu](mailto:swwisbdc@uwex.edu) / [www.wisconsinsbdc.org/swwi](http://www.wisconsinsbdc.org/swwi)



## ***Business Plan Questions***

### **What is this document?**

This is a supporting document that will provide you with help needed to fill out the “*Southwest Wisconsin - SBDC - Business Plan Template.*” This document is meant to support in the creation of the template, which is a separate document. Throughout this document the business owner or client will be referred to as “you”.

### **What is a business plan’s purpose?**

A business plan is a working blueprint for the business operations. A business plan has four essential purposes: (1) assist the you and others to analyze the feasibility of the business; (2) provide a guide for operational purposes; (3) be used as a financing tool; and (4) help management evaluate the business and provide insight for future direction. The form of a business plan will vary and often depends on the nature of business operations and whether the plan will be considered by others (*e.g.*, financial institutions, etc.) to make financial or other decisions.

### **What business informational documents are needed to get lending?**

The Southwest Wisconsin Small Business Development Center (SW WI SBDC) focuses on helping you with two critical elements that are difficult for people to complete on their own, both of which are typically needed to attain lender financing.

The first document is business financial projections utilizing our “*SBDC Business Financial Excel Template.*” We enter the numbers you provide to understand if the business can be profitable and if not what can be done to make it profitable. The SW WI SBDC starts with these projections because if the numbers do not work there is not a need to do a business plan. Additionally, by creating projections the SBDC business consultant is able to help you learn and understand assumptions that you are making. This is important so that we can think about how you can test these assumptions.

The second needed document is a business plan. The business plan demonstrates the vision and details for a business. It also lists financial and business assumptions you are making and ties these assumptions out to the financial projections. This is why it is important to have already done the financial projections.

### **How long does the business plan need to be?**

There is no set minimum or maximum. Business plans are business communications, not high school English papers. The point is to communicate needed information in as efficient a manner as is possible. You want to communicate all needed information, but not repeat information.

### **In what tense should a business plan be written?**



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A formal business plan must be written in the third person (he/she/it/they).

### What should not be included in the business plan?

Items that are extras particular to your business can be attached and don't need to be included. For instance resumes, menus, letters of support, memorandums of understanding, feasibility studies, and more can be added to the package sent to the lender, but should not be in the business plan document.

### Where can I see a glossary of terms used in business planning?

On our website we have provided a list that was created by the Small Business Administration (SBA):  
<http://wisconsinbdc.org/sites/default/files/Glossary%20of%20Business%20Financial%20Terms%20-%20From%20SBA%20-%20Southwest%20Wisconsin%20SBDC%20-%202018-08-30.pdf>

### How do I get help with the preparation of the business plan or with someone to review my work?

The Southwest Wisconsin SBDC provides free, confidential consulting. We have helped hundreds of clients create financial projections and business plans. It doesn't matter if they have been in business for many year or are just starting out. To register complete our online registration:

<https://tinyurl.com/SWWISBDC>

## ***Business Plan Sections***

These items are in the order they should appear in a finished business plan. Some sections like the cover page, table of contents and executive summary should actually be created later in the process. These sections are noted with an asterisk (\*).

### ***1) Cover Page\****

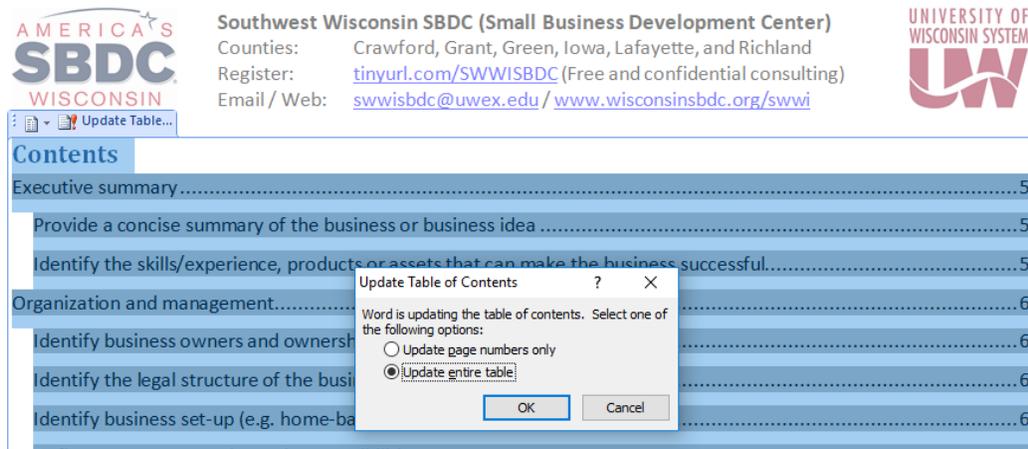
The cover page is your visual introduction to your business plan which also includes details about your business. It should have the following components and should only be one page:

- Full formal name of company
- Images (one of more of the following)
  - A business logo is preferred
  - Location pictures or rendering of business
- Legal ownership status
  - Sole Proprietorship, Partnership, S-corporation, LLC, etc.
- Full street address
  - Also mailing address if different
- Phone, Fax, e-mail, web site, etc.

- Principal contact name and title
- Date the plan

## 2) Table of Contents\*

List of all key topics and where to find them, which includes sections and page numbers. Our Microsoft Word allows for this to be updated easily. To do this left click “Contents” on page 2, then select “Update Table”. This will show a pop-up box (see below). Choose “Update entire table” and select “ok”. Make sure to do this as the last step before sending document to lenders or other parties.



## 3) Executive summary\*

This section is the most important section in the Business Plan in that it is read first and provides the reader with a comprehensive overview of your business. Briefly tell your reader what your company is and why it will be successful. Include your mission statement, your product or service, and basic information about your company’s leadership team, employees, and location. You should also include financial information and high-level growth plans if you plan to ask for financing. Information discussed in this section will be explained in greater depth within other parts of the plan, so be sure to stick to the high points in this section. Complete all other sections of your Business Plan before you write the Executive Summary, as it should contain a synopsis of the other sections, telling your story in a clear and logical fashion. The Executive Summary should not require more than two pages.

Sub-sections:

- Provide a concise summary of the business or business idea
- Identify the skills/experience, products or assets that can make the business successful

## 4) Organization and management

Tell your reader how your company will be structured and who will run it. Describe the legal structure of your business. State whether you have or intend to incorporate your business as a C or an S corporation, form a general or limited partnership, or if you're a sole proprietor or LLC. Use an organizational chart to lay out who's in charge of what in your company. Show how each person's unique experience will contribute to the success of your venture. Consider attaching resumes or work histories of key members of your team to the business plan. Make sure to show in this section that the management team has planned for contingencies and changes to the vision.

Sub-sections:

- Identify business owners and ownership splits
- Identify the legal structure of the business (e.g. LLC, partnership)
- Identify business set-up (e.g. home-based, leased/owned space, location)
- Define management roles and responsibilities
- Detail owners/managers skills and experience
- Detail contingency plans for changes in ownership or illness/death

## 5) Company information

It is important that a company solves a problem. Detail the problem you are solving and the need you are fulfilling focusing on why customers are interested in your idea. Be specific, and list out the consumers, organization, or businesses your company plans to serve. Use your company description to provide detailed information about your company including your company culture and mission. Describe what you sell or what service you offer. Explain how it benefits your customers and what the product lifecycle looks like. Share your plans for intellectual property, like copyright or patent filings. If you're doing research and development for your service or product, explain it in detail. Make sure you explain your ultimate goal and the way you will measure success. It is also important that you begin with the end in mind. Not doing this is like running a race without knowing whether it is a 100 yard dash or a marathon. If you do not know how long the race is and what type of ending you are expecting, it is hard to make the right decisions along the way. It doesn't mean the course won't change on you. But it helps when you set your pace and understand your strategy.

Sub-sections:

- Problem you are solving
- Company description
- Product and/or services offered
- Discuss your ultimate goal or success as you see it
- Discuss your exit strategy or transition plan

## 6) Industry analysis

It is important to understand the key trends and events happening in the industry you want to start your business in. You also need to know how large the industry is and what events will change the industry in the coming years.

Sub-sections:

- Identify the business' primary industry
- Identify the size of primary industry
- Summarize the current situation and outlook for primary industry

## 7) Target Markets

You'll need a good understanding of your target market. In your market research, look for trends and themes. According to the [SBA website](#) "It's crucial to understand your consumer base from the outset. Market research lets you reduce risks even while your business is still just a gleam in your eye. Gather demographic information to better understand opportunities and limitations for gaining customers. This could include population data on age, wealth, family, interests, or anything else that's relevant for your business. Then answer these questions to get a good sense of your market.

1. Demand: Is there a desire for your product or service?
2. Market size: How many people would be interested in your offering?
3. Economic indicators: What is the income range and employment rate?
4. Location: Where do your customers live and where can your business reach?
5. Market saturation: How many similar options are already available to consumers?
6. Pricing: What do potential customers pay for these alternatives?"

Sub-sections:

- Identify target markets for the business
- Identify target market characteristics (e.g. demographics, geographic location)
- Identify size of target markets

## 8) Competitive analysis

From the [SBA website](#) "Competitive analysis helps you learn from businesses competing for your potential customers. This is key to defining a competitive edge that creates sustainable revenue. Your competitive analysis should identify your competition by product line or service and market segment. Assess the following characteristics of the competitive landscape:

1. Market share
2. Strengths and weaknesses
3. Your window of opportunity to enter the market
4. The importance of your target market to your competitors
5. Any barriers that may hinder you as you enter the market
6. Indirect or secondary competitors who may impact your success”

Explain the competitive advantages that will make your business a success. Are there experts on your team? Have you found the perfect location for your business? Look broadly at all competitors, but be specific about who you think are most likely to compete directly with.

Sub-sections:

- List principal competitors
- Identify competitors' strengths and weaknesses (e.g. reputation, personnel, intellectual property)
- Explain competitive positioning

## 9) Marketing plan

There's no single way to approach a marketing strategy. Your strategy should evolve and change to fit your unique needs. Your goal in this section is to describe how you'll attract and retain customers. You'll also describe how a sale will actually happen. You'll refer to this section later when you make financial projections, so make sure to thoroughly describe your complete marketing and sales strategies. Make sure to explain how assumptions were made.

Sub-sections:

- Explain your customer segments and value proposition for each customer segment
- Define marketing objectives (aka customer relationships - get/keep/grow)
- Identify promotional plan (e.g. advertising, brochures, promotions, direct sales)
- Discuss your pricing strategy – price or value and where it puts you in the market
- List assumptions used in sales forecasts (e.g. market share, industry trends, production level)

## 10) Operational information

The operation section of the business plan allows you to show how you will run the business once it is started. It is best to fill this in closer to the end of the process. It is important to understand the answers to these questions. The reason is that without these answers it is impossible to know that a business model can work and it is difficult to create accurate financial statements.



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### Sub-sections:

- Site specific operational needs and considerations
- Employee needs for first three years and key position descriptions
- Plan for finding and hiring employees
- Employee handbook, expectations, reviews, incentives, and warning processes
- List your advisors and their expected contributions to the plan
- List key vendors, suppliers, and other partners
- List the most important contracts your business will have
- List software and other systems do you plan to utilize and the financial case for doing so

## 11) Financial information

If you're asking for funding, this is where you'll outline your funding requirements. Your goal is to clearly explain how much funding you'll need over the next three years and what you'll use it for. Specify whether you want debt or equity, the terms you would like applied, and the length of time your request will cover. Give a detailed description of how you will use your funds. Specify if you need funds to buy equipment or materials, pay salaries, or cover specific bills until revenue increases. Always include a description of your future strategic financial plans, for instance paying off debt or selling your business.

Supplement your funding request with financial projections. Your goal is to convince the reader that your business is stable and will be a financial success. If your business is already established, include income statements, balance sheets, and cash flow statements for the last three to five years. If you have other collateral you could put against a loan, make sure to list it now. Provide a prospective financial outlook for the next three years. Include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, be even more specific and use quarterly — or even monthly — projections. Make sure to clearly explain your projections, and match them to your funding requests. This is a great place to use graphs and charts to tell the financial story of your business.

### Sub-sections:

- List financial assumptions (Financial statements need to be consistent with each other and with remainder of the plan. Identify the source of all equity and loans included in the financial statement.)
  - Explain start-up costs and uses of funding assumptions and research, plus useful life of equipment and tools
  - Explain sources of funding assumptions and research
  - Explain revenue assumptions and research (not already listed in sales forecast section)
  - Explain the accounts receivable collection plan

- Explain variable costs assumptions and research
- Explain employee costs assumptions and research
- Explain fixed / monthly costs assumptions and research
- Include projected monthly cash flow statements for one year of operation
- Include projected balance sheets at the beginning and end of one year of operation
- Include projected annual income statements for three years of operation

## 12) Business risk

Understanding the risks to your business is a critical part of the business planning process. You cannot always prevent risks, but you need to know the most likely risks and have a plan to prevent the potential for the most serious risks. You also need plans in place to handle risks that cannot be avoided. Lenders will pay particular attention to this section because it shows how well you understand your business model. It also helps them know that their investment will be safe because you have a plan for risks and are less likely to be surprised. You are likely to see real value in working with an SBDC Consultant for this section of the business plan because of our wide ranging experience and risk management experience.

Sub-sections:

- Identify barriers or potential problems
  - List the most likely reason the business will fail or be prevented from being successful
  - Employee, customer, owner and other company specific risks
  - Please explain any safety, environmental, transport, and other compliance/regulatory risks
  - Legal risks
  - Insurance analysis and needs
  - Macroeconomic risks (economy, technology change, and so on)
- Describe contingency plans if problems arrive

## 13) Appendix

Use your appendix to provide supporting documents or other materials were specially requested. Common items to include are credit histories, resumes, product pictures, letters of reference, licenses, permits, or patents, legal documents, permits, and other contracts.

Sub-sections:

- List of attachments