

**KANSAS SMALL BUSINESS DEVELOPMENT CENTER  
PITTSBURG STATE UNIVERSITY  
PITTSBURG, KS 66762  
PHONE: 620-235-4920; FAX: 620-235-4919  
e-mail: [ksbdc@pittstate.edu](mailto:ksbdc@pittstate.edu)**

**WHY WRITE A BUSINESS PLAN?**

A business plan is a roadmap for the development of your company. It includes a written description of your business and corresponding financial data. The goals of a business plan are:

1. To assist you in obtaining money from lenders (to get a loan) or investors (sell some ownership in your company to someone else).
2. To develop and implement your ideas into actual business practices, products, or services.
3. To identify the strengths and weaknesses of your company and its competitors, and to provide a strategy to further your company's growth.
4. To develop guidelines for the operation of your company.

The following outline has been prepared to help you identify the various questions that need to be addressed in the developing a plan for your business.

The KSBDC at Pittsburg State University is available to assist you with the development of a business plan or other aspects related to the startup or expansion of your business. Please feel free to give us a call to find out more about the services of the KSBDC and discuss how we might be able to assist you.

Kathryn Richard  
KSBDC Regional Director



**BUSINESS PLAN OUTLINE**

1. **COVER:** Your business plans should be typed and bound for presentation. The name, address, and phone number of your business should be on the cover. Also show the date of issue of the plan and type "Copy Number \_\_\_\_" so you can number and control copies of the document.
2. **TABLE OF CONTENTS:** One page showing the topics and page references.
3. **STATEMENT OF FUNDING PROCEEDS:** A brief review of the intended use for the funding sought, followed by a detailed listing of each expenditure.
4. **EXECUTIVE SUMMARY:** Do this last! Summarize key facts and figures from sections 5 through 13. It should be a maximum of *three pages*.
  - A. What is the purpose of this plan?
    - an operating guide
    - a loan request
    - a prospectus for investors

- B. Who requests the funds?
- C. For what purposes are the funds being requested? What are the expected benefits to your company?
- D. How will the funds be repaid?
- E. How much are you investing in this venture?
- F. What collateral will be used to secure a loan (i.e. inventory, equipment, building, etc.)
- G. Summarize financial projections--yearly gross profit, net profit, break-even, return on investment, and cash flow). Indicate major financial milestones--note when cash flow turns positive, when break-even is achieved, etc.)

5. **DESCRIPTION OF THE BUSINESS:**

- A. What is the status of the venture: start-up, expansion, purchase of an existing business?
- B. Describe your products(s)/service(s)
- C. Who are the principals and what are their proportions of ownership?
- D. What is the legal structure of your business? Is it a sole proprietorship, partnership, limited liability company, S corporation, C corporation? Include copies of supporting documentation in the appendix.
- E. If you will be doing contract work, what are the terms? Reference any firm contracts and include copies as supporting documents in the appendix.
- F. Do you have any letters of intent from prospective suppliers? What support will they give your company? Include copies as supporting documents in the appendix.

If you are purchasing an existing business, address the following questions:

- G. What is the history of the business?
- H. How will your management make the business more profitable? What changes do you plan to make in the business?
- I. What is the purchase price? Identify the value versus the selling price of building, improvements, equipment, inventory, and goodwill.

6. **THE MARKET:**

- A. What is the geographical area that you intend to serve?
- B. How many potential customers are in that area? Document the sources of your estimates.
- C. What percent of the market do you have now? How much do you think you will have in the future? How quickly will you reach that percentage? Document the sources of your estimates.
- D. Describe your target customer (ages, sex, occupation, lifestyle, income, geography, reading and viewing habits, likes, dislikes, etc.)
- E. Who are your competitors? What are their strengths and weaknesses?
- F. Identify competitive or substitute products/services?
- G. Is your business seasonal? Explain.

**NOTE:** If yours is a seasonal business, make sure the seasonality is reflected in your financial projections with appropriate footnotes.

- H. What is the trend in the business and industry--are revenues growing, stable, or in decline? Include copies of supporting documents in the appendix.

7. **MARKETING STRATEGY:**

- A. What makes your product/service unique?
- B. What features or services will you offer that will justify your prices compared to competitors' prices?
- C. How will you attract and keep your segment of this market? Explain all that apply.
- customer service
  - product quality
  - price
  - location
  - promotion
  - persuasion - personal selling
  - satisfaction guarantee/product warranty
  - distribution
  - extend credit (If yes, what is your credit policy and payment terms?)
  - accept credit cards
  - accept checks

8. **BUSINESS LOCATION:**

- A. What is your business address and why did you choose that location?
- B. Will the building be rented, leased, or owned?
- C. What are the terms of the contract? Include copies of supporting documents in the appendix.
- D. What renovations will be needed and at what cost? How will they impact your lease?
- E. Describe the neighborhood (i.e. stable, changing, improving, deteriorating). What is the traffic count, parking, accessibility for customers/suppliers?
- F. What other kinds of businesses are in the neighborhood?
- G. How much can your business expand before you will be forced to move or add on to the present building?
- H. Will your building pass and ADA (Americans with Disabilities Act) inspection? If not, what modifications must be done, and at what cost?

9. **LICENSES/PERMITS/REGISTRATIONS:**

- A. What licenses or permits are you required to obtain? How long does it take to get the needed licenses/permits?
- B. Do you have a registered trademark for the name of your company to protect it against being used by another company? Include copies of supporting documents in the appendix.
- C. Is your business affected by zoning regulations?

10. **INSURANCE/BONDING/EMPLOYEE BENEFITS:**

- A. Describe the insurance coverage (i.e. liability, property, workers compensation, etc.) you have to protect both the company and yourself.
- B. Will you/your employees need to be bonded?
- C. Will your company provide employee benefits for you and/or your employees? Explain, and include copies of supporting documents in the appendix.

11. **MANAGEMENT:** You may wish to support this section with a resume that explains the business manager's background in detail.

- A. Who will have day-to-day responsibility to manage the business?
- B. What is your business background?
- C. Do you have business management experience?
- D. What formal and informal training have you had that contributes to your managerial abilities?
- E. Are you physically suited to the job?

12. **PERSONNEL:**

- A. If you will have employees, indicate how many and include a brief description of who does what. Include an organizational chart if necessary.
- B. List proposed salaries and wages. Are they consistent with industry norms?
- C. What skills must your employees have? Will you train the people, or will you hire an outside trainer? Will you hire only already skilled workers?
- D. Can you use part-time help to meet changing sales volume?
- E. What are your anticipated personnel needs for the next three years?
- F. If you will be using independent contractors, have you discussed this with the Kansas Department of Revenue and/or the IRS to make sure they are not considered employees?
- G. What management assistance resources are available to you (e.g. accountant, lawyer, outside consultant, SBA, SBDC, SCORE)? List by name.

13. **FINANCIAL DATA:**

- A. Projected income statement/ Cash Flow (see worksheet)
  - detail by month, first year
  - yearly summaries for second and third years
  - notes of explanation and assumption
- B. Projected balance sheet
  - notes of explanation and assumptions
  - key financial ratios (quick ratio, inventory turnover, etc.)
- C. Break-even analysis (the level of sales where your gross profit equals your gross operational costs)

**If purchasing an existing business, you should supply:**

- A. Current balance sheet and income statement (less than 60 days old)
- B. Year End Profit & Loss statements for the past three years
- C. Balance sheets and/or tax returns for the past three years
- D. A Capital Equipment list, complete with purchase price and depreciated values
- E. A detailed inventory listing with unit costs included
- F. Aged accounts receivable and accounts payable

**14. *APPENDIX OF SUPPORTING DOCUMENTS:***

- A. Personal resumes for all principals, partners, officers
- B. Personal financial statements for all principals, partners, and anyone owning 20% or more of the company
- C. Letters of intent from prospective suppliers or customers
- D. Copies of all leases, contracts, or agreements, deeds, certificates, or other legal documents
- E. Any visuals of your product that may help (i.e. photos of your product, exterior/interior of the store or plant)



**CHECKLIST OF SECTIONS COMPLETED**

- COVER
- TABLE OF CONTENTS
- STATEMENT OF FUNDING PROCEEDS
- EXECUTIVE SUMMARY
- DESCRIPTION OF THE BUSINESS
- THE MARKET
- MARKETING STRATEGY
- BUSINESS LOCATION
- LICENSES/PERMITS/REGISTRATIONS
- INSURANCE/BONDING/EMPLOYEE BENEFITS
- MANAGEMENT
- PERSONNEL
- FINANCIAL DATA
- APPENDIX OF SUPPORTING DOCUMENTS

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