



For hands-on assistance with your business plan or to request a specific sample from our library of business plans, please contact Lisa Fultz with Martinsville-Henry County Economic Development Corporation at [lfultz@yesmartinsville.com](mailto:lfultz@yesmartinsville.com) or 276-403-5940. Visit our website at [www.yesmartinsville.com/smallbusiness](http://www.yesmartinsville.com/smallbusiness).

## What Does An Effective Business Plan Look Like?

Source: [http://www.onlinewbc.gov/docs/starting/effective\\_bp.html](http://www.onlinewbc.gov/docs/starting/effective_bp.html)

The following business plan sample was developed by a small business consultant who specializes in small business start-ups. The layout of this plan may be different than other business plans you have seen. However, it does include all of the critical elements that you will need when writing any business plan, regardless of the business's stage of growth. The only difference is the complexity of the information. As your company grows, there will be more information to include in your business plan.

The sample plan is divided into sections. Each section includes a list of important questions your reader will want to know along with an example. When writing your own business plan, be sure to include the answers to these questions along with any other information you think is important. (Review [Business Plan Basics](#), [General Business Planning](#), [Preparing Your Business Plan](#), and [Essential Elements of a Business Plan](#) for more ideas and information.)

## Sample - Table of Contents

**Section One: *Executive Summary***

**Section Two: *The Business***

**A. Description of Business**

**B. Product/Service**

**C. Marketing Information**

**D. Location of Business**

**E. Competition**

**F. Management**

**G. Personnel**

**H. Application and Expected Effect of Loan**

**Section Three: *Financial Data***

**Section Four: *Supporting Documents***

**Section One: Executive Summary**

**Executive Summary**

The purpose of this section is to summarize the ideas you have developed in the preceding sections. This summary will help you make sure that the different parts of the analysis make sense, that they support each other logically and coherently, and that they will leave the reader with a concise convincing statement that the project and plan are feasible. Discuss the financing structure including the type of financing, collateral, term, rate and the repayment source.

### **Sample - Executive Summary**

Section Finestkind Seafoods, Inc. is a fish market serving retail and wholesale markets in and around Anytown, ME. Mike Gosling and Mike Swan, the owners, are seeking \$120,000 to purchase the 123 Main Street property, perform necessary renovations and improvements to the property, maintain a cash reserve and provide adequate working capital for anticipated expansion of the business.

This amount will be sufficient to finance transition through a planned expansion phase so the business can operate as an ongoing, profitable venture. Careful analysis of the potential market shows an unfilled demand for exceptionally fresh seafood. Mr. Gosling's local reputation will help secure a sizable portion of the wholesale market, while Mr. Swan's managerial experience assures that the entire operation will be carefully controlled. Mr. Gosling's current studies at University of Maine will provide even more control over the projected growth of Finestkind and complement the advice of a thoughtfully selected advisory board.

The funds sought will result in a greater increase in fixed assets than may be shown, as Mr. Gosling will be performing much additional renovation and improvements himself. The additional reserve and working capital will enable Finestkind to substantially increase their sales while maintaining profitability.

## **Section Two: The Business**

### **A. Description of Business**

1. Business for: proprietorship, partnership, or corporation?
2. Type of business: merchandising, manufacturing, or service?
3. What is the product and/or service?
4. Is it a new business? A takeover? An expansion?
5. Why will your business be profitable?
6. When is your business open?
7. Is it a seasonal business?
8. What have you learned about your kind of business from outside sources (trade suppliers, bankers, other business owners, publications)?

### **Sample - Description of Business Section**

Finestkind Seafoods, Inc. is a fish market specializing in selling extremely fresh (no more than one day from the boat) seafood to local retail and wholesale customers. At present, about 60 percent of sales are retail. Finestkind plans to

concentrate more heavily on the wholesale trade (restaurants and grocery chains) in the future. Although in the wholesale trade, profits are higher due to lower personnel costs and faster inventory turnover. Finestkind began business in September 1985. The store is open seven days a week from 10:00 a.m. to 8:30 p.m. (6:00 p.m. in the winter) for retail business and from 6:30 a.m. to 8:30 p.m. year-round for wholesale. Retail demand is seasonal and fluctuates according to weather (the store is located on a tourist route). The wholesale demand is constant and increasing. We feel that the latter can be improved by a more direct selling efforts. Our customers agree (see letters from Nightlife Clambake and Grandiose Supersets in the Appendix). The quality of our seafood is exceptional, and since Mr. Swan is a former fisherman with many personal friends in the fishing industry, we do not anticipate trouble maintaining food relations with our suppliers. We have made a policy of paying premium prices in cash at dockside for the best, freshest seafood.

## **B. Product / Service**

1. What are you selling?
2. What benefits are you selling?
3. Which products are rising stars? Which are steady cash cows? Which are in decline or investments in ego?
4. What is different about your goods and services?

## **Sample - Product Service Section**

Finestkind provides premium quality seafoods to both wholesale and retail customers. Our goal is to provide the freshest seafood at competitive prices to customers within 25 miles of Anytown. We make promised deliveries on time and at the agreed upon price.

## **C. The Market**

1. Who buys from you? Define your target markets.
2. Is your market share growing, steady, or declining?
3. Have you segmented your markets? How?
4. Are your markets large enough for expansion?
5. How will you attract, hold and increase your market share?
6. Are you planning to enter or leave any markets?
7. How do you price your products?

## **Sample - Market Section**

Finestkind will continue to provide premium quality seafoods to both wholesale and retail customers. We plan to switch the balance from 60 percent retail/40 percent wholesale to 40 percent retail/60 percent wholesale as we grow. Retail business should grow over the next few years, but the most rapid growth will be in wholesale accounts. Our goal is to provide the freshest seafood at competitive prices to customers within 25 miles of Anytown. This market has a total population of over 100,000 people and potential of over 300 commercial wholesale accounts (see excerpt from Census Report in the appendix.).

Customers will be attracted by:

Direct approach to restaurants, groceries and other wholesale prospects;

A local radio and newspaper advertising campaign;

Word-of mouth advertising from our current customer base; and

Our location on a heavily-traveled tourist route

## **D. Competition**

1. Who are your nearest direct competitors?

2. Who are your indirect competitors?

## **Sample - Competition Section**

There are three seafood operations competing directly with Finestkind.

*Fred's Fish* - a scattered operation with one truck making the rounds and a small counter leased from a supermarket in Anytown. We have cut into their sales by making promised deliveries on time and at the agreed price. As a result, their operation has become marginal. *Kingfisher* - a clean, three-man operation in Rye specializing in cheaper fish. Kingfisher has trouble with their suppliers because they aren't willing to pay top dockside prices in cash-- the owner likes to haggle over price. The operation is well-financed and managed, has modern equipment, and sells directly to homes from a fleet of three trucks (very convenient).

They have some wholesale business which they want to expand. Their sales are apparently growing because they have been serving the same route for five years and have an excellent reputation. Rumor has it that Kingfisher is interested in buying Fred's Fish or adding another delivery truck or two. *Job's Seafoods* -- currently rebuilding because of a disastrous fire but will be our most serious competitor when their new store opens. Job's has been in business for twenty-five years in Anytown and has a good location on a scenic bridge two miles out of Finestkind. Job's has good relations with suppliers and serves most of the supermarkets. Currently, they have no retail business but plan to open a retail store in their new building.

However, the owner needs an eye operation and may be willing to part with some of his wholesale business since he is getting on in years. Indirect competition is from major processors in Portland (45 miles east) and Boston (60 miles south). Since we fall between their primary market areas we can purchase from both on a consignment basis.

## **E. Location of Business**

1. Where are you (or should you be) located?

2. Why is it a desirable area? A desirable building?

3. What kind of space do you need?

4. Are any demographic or other market shifts going on?

## **Sample - Location Section**

Finestkind is currently leasing a one-story, wooden frame building with cement floor (2,000 square feet) at 123 Main Street, Anytown, ME for \$550/month with an option (in writing) to buy for \$105,000. The area is zoned for commercial use. Main Street is part of US Route 1, a heavily traveled tourist route with most nearby businesses catering to the tourist trade. Finestkind has performed major leasehold improvements, such as installing rough-sawed pine board walls and a walk-in freezer. The building is divided into (1) a sales/counter area (1,200 square feet); (2) a cutting area (100 square feet); (3) a multi-purpose area, including toilet with separate entry, storage space, and room for some expansion of the freezer and processing areas (700 square feet in all). See the diagram in the Appendix.

## **F. Management**

1. How does your background/business experience help you in this business? For your own use, what weaknesses do you have and how will you compensate for them? What related work experience do you have?
2. Who is on the management team?
3. What are their strengths and weaknesses?
4. What are their duties?
5. Are these duties clearly defined? How?
6. What additional resources are available to your business?

## **Sample - Management Section**

Mr. Gosling was born in Anytown, Maine and has lived there all his life. After graduating from local schools and serving in the US Navy for three years, he became a self-employed carpenter, taking night courses in small business management and sales at the University of Maine, with the aim of owning and managing a retail store. He currently serves on the local zoning board. He and his wife (a medical secretary) live in Anytown with their two children. Mr. Swan was born in Wisconsin, attended schools in Utah, Alaska and Florida, and served four years in the Marines (rank upon separation: E-3). He test-drove motorcycles for a year, then served as parts manager for Wheely Cycles, Inc. before joining the Fatback Fish Division of Tasty Foods as a packer in March 1983 in their East Machas, Maine, plant. In June 1985 he resigned as line foreman of the Frozen Food Filleting Department to join Mr. Gosling in Finestkind. He is unmarried and lives in Anytown. Both men are healthy and energetic. They believe their energies complement each other and will help them make Finestkind a Success. In particular, Mr. Swan knows all of the fishermen while Mr. Gosling is a well-known member of the community. Since Mr. Swan has had experience in cost control and line management, he will be responsible for the store and inventory control. Mr. Gosling will be primarily responsible for developing the wholesale business. They will set policies together. Personnel decisions will be made jointly. Salaries will be \$950/month for the first year to enable the business to pay off startup costs. Mr. Gosling's wife earns enough to support their family. Mr. Swan's personal expenditures are low since he shares a house with five other

men. In the second year they will earn \$1200/month, in the third year \$1500/month with any profits returned to the business. In order to augment their skills, they have enlisted the help of Smith & Farly (CPA's), Mason Petrocelli (lawyer), and Halsey Johnson, a retired banker who will be on their advisory board. Other advisory board members are Andrew O1Bangfo, business consultant and University of Maine's Venture Incubator Division. Each will provide ongoing management reviews.

## **G. Personnel**

1. What are your current personnel needs?
2. What skills will your employees need in the near future? In five years?
3. What are your plans for hiring and training personnel?

## **Sample - Personnel Section**

Finestkind will hire one part-time sales person within six months to sell seafoods over the counter to the retail customers. He or she will be paid \$4.00/hour for weekend work; no fringe benefits or overtime are anticipated. We will also employ, on an as needed basis, one cutter at \$6.75/hour to help process seafood for the wholesale trade. We think the counter help will be needed for 10 weeks during the summer and the cutter will be needed for about 20 hours/week for 16 weeks. (This should take care of the second summer as well. For the third year, we plan on two counter helpers plus a full-time summer cutter.) In the second year we'll add one full-time employee at \$850/month, with a raise to \$950/month in the third year. No further employees are planned for unless business grows more rapidly than we have forecast.

## **H. Application and Expected Effect of Loan (Investments)**

1. How will the loan (investment) make your business more profitable?
2. Should you buy or lease (equipment, your place of business, and so on)?
3. Do you need this money? Establish a procedure for making borrowing decisions, and plan your borrowing.

## **Sample - Application and Expected Effect of Loan or Investment**

The **\$120,000** will be used as follows:

Purchase of Main Street Property \$ 75,000

Equipment:

Used Ford pickup with insulated body 3,885

Dayton compressor (used, serial #45-cah-990) 365

Sharp slicer (used, Speedy model) 400

Renovations (see contractor's letter in appendix) 12,500

Working capital 12,000

Inventory 1,500

Cash reserve 14,350

**Total: \$120,000**

Finestkind can purchase the 123 Main Street property at a substantial savings under the terms of a lease/purchase agreement. An independent appraiser has calculated the value of the property, including leasehold improvements already done by Finestkind, at \$135,000 (see appraisal in Appendix). The monthly payment for a 5-year mortgage (\$75,000 at 11.5 percent interest) will be \$875/month, a net increase of \$325/month over the current rent. See the Financial Data section for the effect on the business. The truck will be used to deliver merchandise to our wholesale customers, retard spoilage, and maintain the quality of the seafood. The compressor will replace the one now used for the freezer, and will lower electrical costs and provide a measure of insurance against loss of refrigeration. (We'll keep the old compressor as a spare.) The slicer will save four man-hours of work daily. The time released will be used for soliciting more business and processing a greater volume of whole fish. With the slicer, relatively untrained help can filet flounder with minimal waste. The renovations are: a deep water well required by the state, a toilet and wash sink separate from the work area, and replacement of the current obsolete heating system, to reduce fuel expenses. The working capital will enable Finestkind to meet current expenses, offset negative seasonal cash flow as shown in the Cash Flow Projection in the Financial Data section, and insure the continued growth of the business. The inventory is to take advantage of bulk rates on certain fresh frozen packaged goods such as red snapper or South American spiny lobster. The bank will hold the reserve as a line of credit. It will be used to take advantage of special opportunities or to meet emergencies.

**Section Three: Financial Data**

The three major financial documents for any business are the balance sheet, income statement and the statement of cash flow or cash flow projection. Of these, the statement of cash flow is the most important for your business plan since it will be the one which is looked at the closest by a lender.

If you're not already familiar with the term, "cash flow" is the actual movement of cash into and out of your business.

A "cash flow projection" is a forecast of the cash (checks or money orders) a business anticipates receiving and disbursing over the course of a given period of time - frequently a month. It is an essential tool when trying to anticipate the cash requirements of your business at any given time in the future (ie., end of the month).

For a new or growing business, a well-developed cash flow projection can make the difference between Success and failure. For an ongoing business, it can make the difference between growth and stagnation.

### **A Cash Flow Projection will:**

1. *Show you how much cash your business will need*
2. *Show you when it will be needed*
3. *Show you whether you should look for equity, debt, operating profits, or sale of fixed assets*
4. *Show you where the cash will come from*

For more information on developing a statement of cash flow, balance sheet or income statement for your business plan, you will want to look in the [Finance Directory](#).

## **Section Four: Supporting Documents**

You will want to include any documents which lend support to statements you have made in the body of the business plan. Items included here will vary according to the needs and stages of development of your particular business.

The following listing suggests some things which might be included:

1. **Resumes: very important**
2. **Credit information**
3. **Quotes or estimates**
4. **Letters of Intent from prospective customers**
5. **Letters of Support from credible people who know you.**
6. **Leases or Buy/Sell Agreements**
7. **Legal Documents relevant to the business.**
8. **Census/Demographic data.**

Finestkind does not expect to make much money for the first few years. This is no surprise for a business so thinly capitalized. Even if there were no debt at all, net profit would have been only \$8,000 for the year, or less than 4 percent of sales.

*(Neil Small, Small Business Development Center, Dallas, TX, 6/97)*

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