

# Simple Business Plan for Young Entrepreneurs



## **LOCAL SOLUTIONS FOR GLOBAL CHALLENGES**

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Italian Team

*P7 activity*



A solid, well-researched business plan provides a practical overview of your vision. It can be used to ground your ideas into workable actions and to help pitch your idea to financial institutions or potential investors when looking for funding.

A corporate business plan for a large organization can be hundreds of pages long. However, for a small business, it's best to keep the plan short and concise, especially if you're submitting it to bankers or investors. Around 35 to 50 pages should be sufficient, and more allowed for extras, such as photos of products, equipment, logos, or business premises or site plans.

## HOW TO DRAW A BUSINESS PLAN

SECTION 1: EXECUTIVE SUMMARY

SECTION 2: BUSINESS OVERVIEW

SECTION 3: MARKET ANALYSIS AND COMPETITION

SECTION 4: SALES AND MARKETING PLAN

SECTION 5: OWNERSHIP AND MANAGEMENT PLAN

SECTION 6 OPERATING AND FINANCIAL PLAN

SECTION 7: APPENDICES AND EXHIBITS



# SECTION 1: EXECUTIVE SUMMARY

The executive summary introduces the plan, but it is written last. It provides a concise and optimistic overview of your business and should capture the reader's attention and create a desire to learn more. The executive summary should be no more than two pages long, with highlights or brief summaries of other sections of the plan.

1. *Describe your mission—what is the need for your new business? Sell your vision.*
2. *Introduce your company briefly, sticking to vital details such as size, location, management, and ownership.*
3. *Describe your main product(s) and/or service(s).*
4. *Identify the customer base you plan to target and how your business will serve those customers.*
5. *Summarize the competition and how you will get market share. What is your competitive advantage?*
6. *Outline your financial projections for the first few years of operation.*
7. *State your startup financing requirements.*



## SECTION 2: BUSINESS OVERVIEW



This section provides an overview of the industry and explains in detail what makes your business stand out.

1. *Describe the overall nature of the industry, including sales and other statistics. Note trends and demographics, as well as economic, cultural, and governmental influences.*
2. *Explain your business and how it fits into the industry.*
3. *Mention the existing competition, which you'll expand upon in the following section.*
4. *Identify what area(s) of the market you will target and what unique, improved, or lower-cost products and/or services you will offer.*

# SECTION 3: MARKET ANALYSIS AND COMPETITION



This section focuses on the competitive factor of your business and justifies it with financial models and statistics. You need to demonstrate that you have thoroughly analyzed the target market, assessed the competition, and concluded that there is enough demand for your products/services to make your business viable.

1. *Define the target market(s) for your products/services in your geographic locale.*
2. *Explain the need for your products/services.*
3. *Estimate the overall size of the market and the units of your products/services that the target market might buy. Include forecasts of potential repeat-purchase volume and how the market might be affected by economic or demographic changes.*
4. *Estimate the volume and value of your sales in comparison with any existing competitors. Highlight any key strengths over the competition in easily digestible charts and tables.*
5. *Describe any helpful barriers to entry that may protect your business from competition, such as access to capital, technology, regulations, employee skill sets, or location.*

# SECTION 4: SALES AND MARKETING PLAN



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Here's where you dive into profits, giving detailed strategic view of how you intend to entice customers to buy your products and/or services, including advertising or promotion, pricing, sales, distribution, and post-sales support.

## Product or Service Offerings

*If your products and/or services don't take up a standalone section earlier in the plan, here is where you can answer the question: What is your unique selling proposition? Describe your products and/or services, how they benefit the customer and what sets them apart from competitor offerings.*

## Pricing Strategy

*How will you price your products/services? Pricing must be low enough to attract customers, yet high enough to cover costs and generate a profit. You can base pricing decisions on a number of financial models, such as markup from cost or value to the buyer, or in comparison with similar products and/or services in the marketplace.*

## Sales and Distribution

*For products, describe how you plan to distribute to the customer. Will you be selling wholesale or retail? What type of packaging will be required? How will products be shipped? If you offer a service, how will it be delivered to the customer? What methods will be used for payment?*

## Advertising and Promotion

*List the various forms of media you will use to get your message to customers (e.g., website, email, social media, or newspapers). Will you use sales promotional methods such as free samples and product demonstrations? What about product launches and trade shows? Don't forget more everyday marketing materials such as business cards, flyers, or brochures. Include an approximate budget.*

# SECTION 5: OWNERSHIP AND MANAGEMENT PLAN



This section describes the legal structure, ownership, and (if applicable) management and staffing requirements of your business.

## **Ownership structure:**

*Describe the legal structure of your company (e.g., corporation, partnership, LLC, or sole proprietorship). List ownership percentages, if applicable. If the business is a sole proprietorship, this is the only section required.*

## **Management team:**

*Describe managers and their roles, key employee positions, and how each will be compensated. Include brief résumés.*

## **External resources and services:**

*List any external professional resources required, such as accountants, lawyers, or consultants.*

## **Human resources:**

*List the type and number of employees or contractors you will need, and estimate the salary and benefit costs of each.*

## **Advisory board:**

*Include an advisory board as a supplemental management resource, if applicable.*

# SECTION 6A: OPERATING PLAN



The operating plan outlines the physical requirements of your business, such as office, warehouse, or retail space; equipment; supplies; or labor. This section will vary greatly by industry; a large manufacturer, for instance, should provide full details about supply chain or specialty equipment, while a therapist's office can get by with a much shorter list.

1. **Development:** Explain what you have done to date to identify possible locations, sources of equipment, supply chains, and other relevant relationships. Describe your production workflow.
2. **Production:** For manufacturing, explain how long it takes to produce a unit and when you'll be ready to start production. Include factors that may affect the time frame of production and how you'll deal with potential problems, such as rush orders.
3. **Facilities:** Describe the physical location of the business. Include geographical or building requirements; square footage estimates (with room for expansion if expected); mortgage or leasing costs; and estimates of maintenance, utilities, and related **overhead costs**. Include zoning approvals and other permissions that are necessary in order to operate.
4. **Staffing:** Outline expected staffing needs and the main duties of staff members, especially the key employees. Describe how the employees will be sourced and the employment relationship (i.e., contract, full-time, part-time) as well as any training needs and how these will be provided.
5. **Equipment:** Include a list of any specialized equipment needed, along with cost, whether it will be leased or purchased, and sources.
6. **Supplies:** If your business is, for example, manufacturing, retail, or food services, include a description of the materials needed, reliable sources, major suppliers, and how you will manage inventory.



# SECTION 6B: FINANCIAL PLAN



The financial plan is the most important section for lenders or investors. The goal is to demonstrate that your business will grow and be profitable. To do this, you will need to create realistic predictions or forecasts.

1. **Income statements:** The income statement displays projected revenues, expenses, and profit. Do this on a monthly basis for at least the first year for a startup business.
2. **Cash-flow projections:** The cash-flow projection shows your monthly anticipated cash revenues and disbursements for expenses. To be considered a good credit risk, it is important to demonstrate that you can manage your cash flow.
3. **Balance sheet:** The balance sheet is a snapshot summary of the assets, liabilities, and equity of your business at a particular point in time. For a startup, this would be on the day the business opens.
4. **Breakeven analysis:** Including a breakeven analysis will demonstrate to lenders or investors what level of sales you need to achieve to make a profit.

# SECTION 7: APPENDICES AND EXHIBITS



The appendices and exhibits section contains any detailed information needed to support other sections of the plan.

Possible Appendix or Exhibit items include:

1. Credit histories for the business owners
2. Detailed market research and analysis of competitors
3. Résumés of the owners and key employees
4. Diagrams and/or research about your products and/or services
5. Site, building, or office plans
6. Copies of mortgage documents or equipment leases (or quotes)
7. Marketing brochures and other materials
8. References from business colleagues
9. Links to your business website
10. Any other material that may impress potential lenders or investors