

FIGURE 11.5 BUSINESS PLAN OUTLINE FOR A MANUFACTURING COMPANY

- 1. LETTER OF TRANSMITTAL**
- 2. TITLE PAGE**
- 3. TABLE OF CONTENTS**
- 4. EXECUTIVE SUMMARY**

Fact Sheet

Company name _____

Location and telephone _____

Type of business and industry _____

Form of business organization _____

Principal product line _____

Registered patents or trademarks (if any) _____

Names of founders/partners/shareholders _____

Length of time in business (if appropriate) _____

Current and/or projected market share _____

Funds invested in the business to date and their source _____

Additional financing required _____

Proposed terms and payback period _____

Total value or net worth of the business _____

NAMES OF BUSINESS ADVISORS

Legal counsel _____

Accountant _____

Banker _____

Other _____

5. BODY

A. Your Company and the Industry

THE COMPANY

Date business started _____

Location _____

Form of business organization _____

Founders and other key individuals _____

Principal products and related services _____

continued

Business Plan Outline (Manufacturing Company) — continued

Success the Business Has Achieved to Date

	<i>Estimated Total Annual Market (year)</i>		<i>Company Sales (year)</i>		<i>Market Share (%)</i>
Product 1	\$ _____	units	\$ _____	units	_____
Product 2	\$ _____	units	\$ _____	units	_____
(etc.)	_____	_____	_____	_____	_____

Future Goals and Plans

Principal strategy for achieving these goals _____

THE INDUSTRY

Prospects for the Industry

<i>Product</i>	Total Estimated Industry Sales (\$)						
	<i>Three Years Ago</i>	<i>Two Years Ago</i>	<i>Last Year</i>	<i>This Year</i>	<i>Next Year</i>	<i>In Two Years</i>	<i>In Three Years</i>
1. _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(etc.)	_____	_____	_____	_____	_____	_____	_____

Describe general trends within the industry and factors likely to affect these trends _____

Describe general industry standards and performance requirements _____

Major Industry Participants

<i>Name and Location of Competitor</i>	<i>Estimated Sales</i>	<i>Estimated Market Share (%)</i>	<i>Principal Strengths and Weaknesses</i>
_____	\$ _____	_____	_____
_____			_____
_____	\$ _____	_____	_____
_____			_____
_____	\$ _____	_____	_____
_____			_____

B. Product Offering

DESCRIPTION OF PRINCIPAL PRODUCTS

<i>Product</i>	<i>Description</i>	<i>Unique Features</i>	<i>Stage of Development</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Describe patents or trademarks held or applied for _____

Describe franchise or licensing agreements, and regulatory, certification, or other requirements

Discuss key success factors in your business and how you plan to exploit them _____

Business Plan Outline (Manufacturing Company) — continued

Outline your time frame and schedule for the implementation of your program _____

C. Market Analysis (repeat for each product or product line offered)**TARGET MARKET AND CUSTOMERS**

Describe your target market and prospective customers in terms of geography and/or customer type or profile _____

Describe the principal factors these consumers consider in the purchase of products like yours _____

Outline the principal benefit they will receive from patronizing your firm rather than one of your competitors _____

Describe how your target market might be broken down into segments, and outline how these segments have changed over time and how they might be expected to change in the future _____

Describe any weekly, monthly, seasonal, or other sales patterns _____

COMPARISON WITH COMPETITORS

<i>Factor</i>	<i>Name of Competitor</i>		
	<i>1.</i> _____	<i>2.</i> _____	<i>3.</i> _____
Price	_____	_____	_____
Breadth of product line	_____	_____	_____
Depth of product line	_____	_____	_____
Performance	_____	_____	_____
Speed and accuracy	_____	_____	_____
Durability	_____	_____	_____
Versatility	_____	_____	_____
Ease of operation or use	_____	_____	_____
Ease of maintenance or repair	_____	_____	_____
Ease or cost of installation	_____	_____	_____
Size or weight	_____	_____	_____
Design or appearance	_____	_____	_____
Other characteristics:	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Indicate what, if anything, is really unique about your product offering or firm situation

SUMMARY OF ESTIMATED SALES BY PRODUCT LINE AND MARKET SEGMENT

Market Segment Description I _____

<i>Product Line</i>	Estimated Sales by Month												<i>Total</i>
	(\$ or units)												
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>	

													Total _____

continued

Business Plan Outline (Manufacturing Company) — continued

Market Segment Description II _____

Product Line	Estimated Sales by Month (\$ or units)												Total	
	1	2	3	4	5	6	7	8	9	10	11	12		
_____														_____
_____														_____
_____														_____
_____														_____
														Total _____

Market Segment Description III _____

Product Line	Estimated Sales by Month (\$ or units)												Total	
	1	2	3	4	5	6	7	8	9	10	11	12		
_____														_____
_____														_____
_____														_____
_____														_____
														Total _____

(etc.)

D. Marketing Plan

PRICING

Bill of Material List for Principal Products or Product Lines

Raw Material or Component Part	Description	Supplier	Direct Material Costs		
			Landed Cost	x No./or Quantity Reqd. per Unit	= Cost per Unit Prod.
_____	_____	_____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
			Total Material Costs per Unit \$ _____ (A)		

<i>Assembly or Manufacturing Process</i>	<i>Estimated Labour Time per Unit</i>	<i>Direct Labour Costs</i>			<i>Labour Cost per Unit</i>
		<i>x</i>	<i>Hourly Rate</i>	<i>=</i>	
_____	_____	\$	_____	=	\$ _____
_____	_____	\$	_____	=	\$ _____
_____	_____	\$	_____	=	\$ _____
Total Labour Cost per Unit					\$ _____ (B)
Total Direct Manufacturing Cost per Unit (C = A + B)					\$ _____ (C)
Total Estimated Packaging and Shipping Cost per Unit					_____ (D)
Total Direct Cost per Unit (E = C + D)					\$ _____ (E)

Discuss the prices you plan to charge distributors and customers for your product, typical gross and net margins for each of your product lines, and how they compare with those of other firms

Describe your schedule for quantity, cash, functional, and other discounts, credit arrangements, returns policy, and other terms of sale _____

DISTRIBUTION

Describe the channels of distribution you will use to get your product to the ultimate consumer

List your principal distributors by name and their expected sales:

<i>Distributor</i>	<i>Address</i>	<i>Territory</i>	<i>Terms of Sale</i>	<i>Exclusive or Non-Exclusive</i>	<i>Total Expected Sales (\$ or units)</i>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Business Plan Outline (Manufacturing Company) — continued

List your principal customers by name and the total amount they are expected to buy from you:

<i>Customer</i>	<i>Product</i>	<i>Total Expected Purchases (\$ or units)</i>	<i>Share of Your Sales (%)</i>
_____	1. _____	_____	_____
	2. _____	_____	_____
	3. _____	_____	_____
_____	1. _____	_____	_____
	2. _____	_____	_____
	3. _____	_____	_____
_____	1. _____	_____	_____
	2. _____	_____	_____
	3. _____	_____	_____

PERSONAL SELLING PROGRAM

Outline your personal selling requirements — the number and type of people in your sales force and how they will be paid _____

ADVERTISING AND PROMOTION PROGRAM

Describe product packaging requirements and estimated costs for development and use _____

Outline requirements for product brochures and similar descriptive material indicating development costs and expected cost of production _____

Indicate the trade shows you plan to attend to exhibit your product:

<i>Trade Show</i>	<i>Location</i>	<i>Timing</i>	<i>Estimated Cost</i>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
Total Estimated Cost			\$ _____

ADVERTISING PROGRAMS

<i>Media</i>	<i>Audience Size</i>	<i>Schedule</i>	<i>Frequency of Use</i> x	<i>Cost of a Single Occasion</i>	=	<i>Estimated Cost</i>
_____	_____	_____	_____	\$ _____	\$	_____
_____	_____	_____	_____	\$ _____	\$	_____
_____	_____	_____	_____	\$ _____	\$	_____
_____	_____	_____	_____	\$ _____	\$	_____
_____	_____	_____	_____	\$ _____	\$	_____
_____	_____	_____	_____	\$ _____	\$	_____
Total Estimated Cost					\$	_____

PUBLIC RELATIONS

Describe any plan to obtain free publicity or other sales promotion activity _____

Describe any repair, informational, or other support services you plan to provide and their anticipated costs:

<i>Service</i>	<i>Estimated Cost</i>
_____	\$ _____
_____	_____
_____	_____
_____	_____

E. Production/Operating Plan

Describe your location and its pros and cons:

Location _____

Description _____

Advantages _____

Disadvantages _____

Accessibility to suppliers _____

Availability of transport services _____

Zoning situation _____

continued

Business Plan Outline (Manufacturing Company) — continued

Cost _____

Condition _____

Other factors _____

Describe your basic manufacturing processes and list the basic operations your facility will have to perform _____

Indicate the space required or allocated to each of the following activities:

<i>Activity</i>	<i>Space Required or Allocated (sq. ft.)</i>
Manufacturing:	
Fabrication	_____
Machining	_____
Assembly	_____
Finishing	_____
Inspection	_____
Other _____	_____
_____	_____
Storage	_____
Shipping	_____
Receiving	_____
Office area	_____
Restrooms and employee facilities	_____
Other activities _____	_____
_____	_____
_____	_____
Total Space Required or Allocated (sq. ft.)	_____

Develop a scale drawing or floor plan of the physical layout of your facility.

List the machinery and equipment you will need to perform your manufacturing and other operations:

<i>Type of Machinery or Equipment</i>	<i>Buy or Lease</i>	<i>Number Required</i>	<i>x</i>	<i>Unit Cost</i>	<i>=</i>	<i>Total Cost</i>
_____	_____	_____		\$ _____		\$ _____
_____	_____	_____		_____		_____
_____	_____	_____		_____		_____
_____	_____	_____		_____		_____
_____	_____	_____		_____		_____
_____	_____	_____		_____		_____
_____	_____	_____		_____		_____
				Total Cost	\$	_____

Indicate where you plan to buy your raw materials and component parts:

<i>Raw Material/ Component</i>	<i>Supplier</i>	<i>Price</i>	<i>Order Policy</i>	<i>Discounts Offered</i>	<i>Delivery Time</i>	<i>Freight Costs</i>	<i>Back-Order Policy</i>
_____	_____	\$ _____	_____	_____	_____	\$ _____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Indicate where you plan to buy your raw materials and component parts:

<i>Tools or Supplies</i>	<i>Supplier</i>	<i>Price</i>	<i>Order Policy</i>	<i>Discounts Offered</i>	<i>Delivery</i>	<i>Freight Costs</i>	<i>Back-Order Policy</i>
_____	_____	\$ _____	_____	_____	_____	\$ _____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Outline your inventory control procedures _____

F. Management Team

Develop an organization chart indicating who is responsible for each of the major areas of activity in your business; list each function and indicate the name of the individual who will perform that function and to whom they will be responsible:

<i>Function</i>	<i>Performed by:</i>	<i>Responsible to:</i>
Sales	_____	_____
Marketing	_____	_____
Operations management	_____	_____
Bookkeeping and accounting	_____	_____
Personnel management	_____	_____
Research and development	_____	_____

Present a brief résumé of each of these individuals.

Outline the size and composition of your board of directors _____

Present a brief résumé of each individual on your board who is not part of your management team. Indicate the compensation received by each member of your management team and board of directors:

<i>Individual</i>	<i>Salary</i>	<i>Fees or Bonuses</i>	<i>Total Compensation</i>
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Describe the ownership structure of your business:

<i>Individual</i>	<i>Types of Shares Held</i>	<i>Percentage of Total Issued</i>	<i>Number of Shares Held</i>	\times	<i>Price Paid per Share</i>	$=$	<i>Total</i>
_____	_____	_____	_____		\$ _____		\$ _____
_____	_____	_____	_____		_____		_____
_____	_____	_____	_____		_____		_____
_____	_____	_____	_____		_____		_____
_____	_____	_____	_____		_____		_____
Total Capitalization						\$	_____

Indicate any options to acquire additional stock that may be held or could be earned by your management team or others _____

Business Plan Outline (Manufacturing Company) — continued

Provide complete information regarding your professional advisors:

<i>Advisor</i>	<i>Name</i>	<i>Address</i>	<i>Telephone</i>	<i>Fees or Retainers Paid</i>
Lawyer	_____	_____	_____	\$ _____
Accountant	_____	_____	_____	\$ _____
Banker	_____	_____	_____	\$ _____
Other	_____	_____	_____	\$ _____

G. Implementation Schedule

Lay out a schedule of milestones or significant events for the implementation of your business and a timetable for completion; indicate who will be responsible for the completion of each task:

<i>Milestone</i>	<i>Tasks Required to Accomplish</i>	<i>Who Is Responsible</i>	<i>Scheduled Completion</i>
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
_____	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

Describe the risks your business may be faced with in implementing your plan, and the risk for any prospective investor _____

H. Financial Plan**START-UP COSTS**

If yours is a new venture, indicate your estimate of the start-up financial requirements of your business:

ESTIMATED MONTHLY EXPENSES

Item	Column 1 Your Estimate of Monthly Expenses Based on Sales of \$ _____ Per Year	Column 2 Number of Months of Cash Required to Cover Expenses*	Column 3 Estimated Cash Required to Start Business (Column 1 x 2)*
Salary of Owner-Manager	\$0	2	\$0
All Other Salaries and Wages	\$0	3	\$0
Rent	\$0	3	\$0
Advertising	\$0	3	\$0
Delivery Expense/Transportation	\$0	3	\$0
Supplies	\$0	3	\$0
Telephone, Fax, Internet Service	\$0	3	\$0
Other Utilities	\$0	3	\$0
Insurance	\$0	3	\$0
Taxes Including Employment Insurance	\$0	4	\$0
Interest	\$0	3	\$0
Maintenance	\$0	3	\$0
Legal and Other Professional Fees	\$0	3	\$0
Miscellaneous	\$0	3	\$0
Total Cash Requirements for Monthly Recurring Expenses: (A)			<u>\$0</u>

START-UP COSTS YOU ONLY HAVE TO PAY ONCE

	<u>Cash Required to Start Business</u>
Capital Costs	
Fixtures and Equipment	\$0
Decorating and Remodelling	\$0
Installation of Fixtures and Equipment	\$0
Starting Inventory	\$0
Soft Costs	
Deposits with Utilities	\$0
Legal and Other Professional Fees	\$0
Licences and Permits	\$0
Advertising and Promotion for Opening	\$0
Accounts Receivable	\$0
Cash	\$0
Miscellaneous	\$0
Total One-Time Cash Requirements: (B)	<u>\$0</u>
TOTAL ESTIMATED CASH REQUIRED TO START BUSINESS: (A) + (B)	<u>\$0</u>

* These figures may be typical for one kind of business. You will have to decide how many months to allow for your business to offset expected shortages of cash flow.

continued

INCOME STATEMENT FOR
[Name of Company]
for the period ending [date]

Gross sales	\$ _____	
Less: Cash discounts	_____	
Net Sales		\$ _____ (A)
Less: Cost of goods sold		
Beginning inventory	\$ _____	
Plus: Net purchases	_____	
Total goods available for sale	_____	
Less: Ending inventory	_____	
Cost of Goods Sold		_____ (B)
Gross Margin (or Profit) (C = A – B)		\$ _____ (C)
Less: Operating expenses:		
Owner's salary	\$ _____	
Employees' wages and salaries	_____	
Employee benefits	_____	
Rent	_____	
Utilities (heat, light, water, power)	_____	
Telephone	_____	
Supplies and postage	_____	
Repairs and maintenance	_____	
Advertising and promotion	_____	
Vehicle expense	_____	
Delivery expense	_____	
Taxes and licences	_____	
Depreciation or Capital Cost Allowance	_____	
Bad debt allowance	_____	
Interest	_____	
Travel	_____	
Insurance	_____	
Legal and accounting fees	_____	
Other expenses	_____	
Total Operating Expenses		_____ (D)
Net Operating Profit (Loss) (E = C – D)		_____ (E)
Income Tax (estimated)		_____ (F)
Net Profit (Loss) after Income Tax (G = E – F)		_____ (G)

continued

Business Plan Outline (Manufacturing Company) — continued

BALANCE SHEET FOR
[Name of Company]
as of [date]

ASSETS

Current Assets

Cash	\$		
Accounts receivable			
Inventory			
Other current assets			
Total current assets			(A)

Fixed Assets

Land and buildings	\$		
Furniture and fixtures			
Equipment			
Trucks and automobiles			
Other fixed assets			
Total fixed assets			(B)

Total Assets (C = A + B)

\$ **(C)**

LIABILITIES

Current Liabilities (debt due within 12 months)

Accounts payable	\$		
Bank loans/other loans			
Taxes owed			
Total current liabilities			(D)

Long-Term Liabilities

Notes payable (due after 1 year)			
Total long-term liabilities			(E)

Total Liabilities (F = D + E)

\$ **(F)**

NET WORTH (CAPITAL)

Total Net Worth (G = C - F)

 (G)

Total Liabilities and Net Worth (H = F + G)

\$ **(H)**

FINANCIAL PROJECTIONS

Develop profit and loss forecasts, projected cash flow statements, and pro forma balance sheets for your business. Each of these statements should be presented for the following time frames:

- **Pro forma profit and loss statements** Monthly for the next year of operation and quarterly or annually for another two to four years
- **Cash flow forecasts** Monthly for the next year of operation and annually for another two years
- **Pro forma balance sheets** Annually for each of the next three to five years

The following forms will serve as guidelines to be followed in developing and presenting this information.

continued

PRO FORMA INCOME STATEMENT

FOR THE PERIOD ENDING (DATE) _____

	MONTH												TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
1. Gross Sales													
2. Less: Cash Discounts													
A. NET SALES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of Goods Sold:													
3. Beginning Inventory													
4. Plus: Net Purchases													
5. Total Available for Sale													
6. Less: Ending Inventory													
B. COST OF GOODS SOLD	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
C. GROSS MARGIN (C=A-B)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Variable Expenses													
7. Owner's Salary													
8. Employees' Wages and Salaries													
9. Supplies and Postage													
10. Advertising and Promotion													
11. Delivery Expense													
12. Bad Debt Expense													
13. Travel													
14. Legal and Accounting Fees													
15. Vehicle Expense													
16. Miscellaneous Expenses													
D. TOTAL VARIABLE EXPENSES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less: Fixed Expenses													
17. Rent													
18. Utilities (heat, light, water, power)													
19. Telephone													
20. Taxes and Licenses													
21. Depreciation or Capital Cost													
22. Interest													
23. Insurance													
24. Other Fixed Expenses													
E. TOTAL FIXED EXPENSES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
F. TOTAL OPERATING EXPENSES (F=D+E)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
G. NET OPERATING PROFIT (LOSS) (G=C-F)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
H. INCOME TAXES (estimated)													
I. NET PROFIT (LOSS) AFTER INCOME TAX (I=G-H)													

continued

ESTIMATED CASH FLOW FORECAST

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 TOTAL	Year 2 TOTAL	Year 3 TOTAL
Cash Flow from Operations (during month)															
1. Cash Sales															
2. Payments for Credit Sales															
3. Investment Income															
4. Other Cash Income															
A. TOTAL CASH FLOW ON HAND	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Less Expenses Paid (during month) ¹															
5. Inventory or New Material															
6. Owners' Salaries															
7. Employees' Wages and Salaries															
8. Supplies and Postage															
9. Advertising and Promotion															
10. Delivery Expense															
11. Travel															
12. Legal and Accounting Fees															
13. Vehicle Expense															
14. Maintenance Expense															
15. Rent															
16. Utilities															
17. Telephone															
18. Taxes and Licences															
19. Interest Payments															
20. Insurance															
21. Other Cash Expenses															
B. TOTAL EXPENDITURES	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital															
Purchase of Fixed Assets															
Sale of Fixed Assets															
C. CHANGE IN CASH FROM PURCHASE OR SALE OF ASSETS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financing															
Payment of Principal of Loan															
Inflow of Cash from Bank Loan															
Issuance of Equity Positions															
Repurchase of Outstanding Equity															
D. CHANGE IN CASH FROM FINANCING	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
E. INCREASE (DECREASE) IN CASH	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
F. CASH AT BEGINNING OF PERIOD	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
G. CASH AT END OF PERIOD	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
MEET MINIMUM CASH BALANCE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE	ACCEPTABLE

Cash Flow from Operations (during month)

- 1. Cash Sales
- 2. Payments for Credit Sales
- 3. Investment Income
- 4. Other Cash Income

A. TOTAL CASH FLOW ON HAND

- Less Expenses Paid (during month)¹
- 5. Inventory or New Material
- 6. Owners' Salaries
- 7. Employees' Wages and Salaries
- 8. Supplies and Postage
- 9. Advertising and Promotion
- 10. Delivery Expense
- 11. Travel
- 12. Legal and Accounting Fees
- 13. Vehicle Expense
- 14. Maintenance Expense
- 15. Rent
- 16. Utilities
- 17. Telephone
- 18. Taxes and Licences
- 19. Interest Payments
- 20. Insurance
- 21. Other Cash Expenses

B. TOTAL EXPENDITURES

- Capital
- Purchase of Fixed Assets
- Sale of Fixed Assets

C. CHANGE IN CASH FROM PURCHASE OR SALE OF ASSETS

- Financing
- Payment of Principal of Loan
- Inflow of Cash from Bank Loan
- Issuance of Equity Positions
- Repurchase of Outstanding Equity

D. CHANGE IN CASH FROM FINANCING

E. INCREASE (DECREASE) IN CASH

F. CASH AT BEGINNING OF PERIOD

G. CASH AT END OF PERIOD

MEET MINIMUM CASH BALANCE

1. Expenses and other payments should be entered as negative (-) numbers.
 2. This entry should be the same amount as for the beginning of the year. All other rows will be the total for the entire year.
 3. These entries should be the same as the ending cash balance from the previous period.

Business Plan Outline (Manufacturing Company) — continued

Indicate the minimum level of sales you will require to cover all your fixed and variable costs and to break even:

$$\text{Break-even Point (in Units)} = \frac{\text{Total Operating Expenses (F in Pro Forma Profit and Loss Statement)}}{\text{Your Average Selling Price per Unit} - \text{Total Direct Cost per Unit}}$$

$$\text{Break-even Point (in Sales Dollars)} = \frac{\text{Total Operating Expenses (F in Pro Forma Profit and Loss Statement)}}{1 - \frac{\text{Average Selling Price per Unit} - \text{Total Direct Cost per Unit}}{100}}$$

6. APPENDICES

FIGURE 11.6 CHECKLIST FOR ASSESSING YOUR BUSINESS PLAN

After completing your business plan you should thoroughly review it. This checklist will help you to do so. Decide whether or not you think the answers you have provided are clear and complete. Evaluate the information from the standpoint of a prospective investor or lending agency and ask yourself whether you are satisfied with your responses.

	<i>Answer Is Included (X)</i>	<i>Answer Is Clear (Yes/No)</i>	<i>Answer Is Complete (Yes/No)</i>
1. YOUR COMPANY AND THE INDUSTRY			
a. Type of business you are planning	_____	_____	_____
b. Products or services you will sell	_____	_____	_____
c. History of the company	_____	_____	_____
d. Why does business promise to be successful?	_____	_____	_____
e. Your future goals and objectives	_____	_____	_____
f. Description of the industry	_____	_____	_____
g. Major participants and significant trends	_____	_____	_____
General Comments			

2. PRODUCT SERVICE OFFERING

a. Description of your product/service	_____	_____	_____
b. Present stage of development	_____	_____	_____
c. Patent/trademark position	_____	_____	_____

	<i>Answer Is Included (X)</i>	<i>Answer Is Clear (Yes/No)</i>	<i>Answer Is Complete (Yes/No)</i>
d. Other formal requirements	_____	_____	_____
e. Growth opportunities and key factors for success	_____	_____	_____

General Comments

3. MARKETING ANALYSIS AND PLAN

a. Who are your target customers?	_____	_____	_____
b. What are their characteristics?	_____	_____	_____
c. How do they buy?	_____	_____	_____
d. How large is the market and its various segments?	_____	_____	_____
e. Factors affecting the market	_____	_____	_____
f. Who are your competitors? How are they doing?	_____	_____	_____
g. How much of the market will you be able to attract?	_____	_____	_____
h. What will your principal marketing strategy be?	_____	_____	_____
i. Have you detailed all aspects of your marketing plan?	_____	_____	_____
(i) Pricing	_____	_____	_____
(ii) Sales and distribution	_____	_____	_____
(iii) Advertising and promotion	_____	_____	_____

General Comments

4. PRODUCTION/OPERATIONS PLAN

a. Where will your business be located?	_____	_____	_____
b. What are the characteristics of your location?	_____	_____	_____
c. Description of machinery and equipment you will require.	_____	_____	_____
d. What are your costs to produce your product?	_____	_____	_____
e. What are your inventory requirements?	_____	_____	_____
f. Who will be your principal suppliers or subcontractors?	_____	_____	_____
g. Description of your quality control procedures.	_____	_____	_____

continued

Checklist for Assessing Your Business Plan — continued

	<i>Answer Is Included (X)</i>	<i>Answer Is Clear (Yes/No)</i>	<i>Answer Is Complete (Yes/No)</i>
h. How many employees will you require?	_____	_____	_____
(i) What type?	_____	_____	_____
(ii) How will they be paid?	_____	_____	_____
i. Will you require any licences, permits, or other authorizations?	_____	_____	_____

General Comments

5. MANAGEMENT TEAM

a. Who will manage your business?	_____	_____	_____
b. What are their qualifications?	_____	_____	_____
c. What is the size and composition of your board of directors?	_____	_____	_____
d. What are your managers and directors being paid?	_____	_____	_____
e. What is the ownership structure of the business?	_____	_____	_____
f. Who are your advisors and consultants?	_____	_____	_____

General Comments

6. FINANCIAL PLAN

a. How much money will you need to start the business and sustain it for the first few months?	_____	_____	_____
b. How much money do you have now?	_____	_____	_____
c. How much more do you need?	_____	_____	_____
d. How will this additional money be used?	_____	_____	_____
e. What kind of collateral or security will be provided?	_____	_____	_____
f. How will this money be repaid?	_____	_____	_____
g. Provided financial statements:			
For the current year	_____	_____	_____

For the past two years	_____	_____	_____
	<i>Answer Is Included (X)</i>	<i>Answer Is Clear (Yes/No)</i>	<i>Answer Is Complete (Yes/No)</i>
h. Total estimated net income:			
Monthly for the first year	_____	_____	_____
Quarterly or annually for the next two to four years	_____	_____	_____
i. Estimated cash flow situation:			
Monthly for the first year	_____	_____	_____
Annually for the next two years	_____	_____	_____
j. What is your estimated financial position at the end of each of the next three to five years?	_____	_____	_____
k. What sales volume will you need to break even?	_____	_____	_____

General Comments

7. APPENDICES

<i>Do you need to include the following appendixes?</i>	<i>Yes</i>	<i>No</i>
a. Product photographs and specifications	_____	_____
b. Résumés of your management team	_____	_____
c. List of prospective customers	_____	_____
d. List of possible suppliers	_____	_____
e. Job descriptions for management team	_____	_____
f. Consulting reports	_____	_____
g. Market surveys	_____	_____
h. Legal agreements and contracts	_____	_____
i. Publicity articles and promotional pieces	_____	_____
j. Other supporting material	_____	_____
