Statement of Confidentiality

& Non-Disclosure

**[COMPANY NAME]**

**BUSINESS PLAN**

Confidential and proprietary information is contained within this document. All data given to [PARTY IN RECEPTION] is passed on as long as there is consent not to disclose or use information contained within this document other than in the context of its business dealings with [NAME OF YOUR COMPANY].The party in receipt of this document agrees to notify its current and future partners or employees of the confidential nature of the document.

The recipient agrees to teach each employee that any information in this document should not be disclosed to others except to the extent that such matters are generally known to, and are available for use by, the public. The recipient also agrees not to duplicate or distribute or permit others to duplicate or distribute any material contained herein without [YOUR COMPANY NAME]'s express written consent.

[YOUR COMPANY NAME] retains all title, ownership and intellectual property rights to the material and trademarks contained herein, including all supporting documentation, files, marketing material, and multimedia.

The recipient, by accepting this document, is bound by the above statement.

## Contents Page

Contents Page

Executive Summary 5

Business Description 5

Products and Services 5

The Market 5

The Opportunity 5

The Solution 5

Competition 6

Operations 6

Management Team 6

Risks & Opportunity 6

Financial Summary 7

Capital Requirements 8

1. Business Description 9

1.1 Mission Statement 9

1.2 Values and Vision 9

1.3 Industry Overview 9

1.4 Company Description 9

1.5 History and Current Status 9

1.6 Goals and Objectives 10

1.7 Critical Success Factors 10

1.8 Company Ownership 10

2. Products / Services 11

2.1 Products / Services Description 11

2.2 Unique Features or Proprietary Aspects 11

2.3 Research and Development 11

2.4 Production 11

2.5 New and Follow-on Products & Services 11

3. The Market 12

3.1 Industry Analysis 12

3.2 Market Analysis 12

3.3 Competitor Analysis 13

4. Marketing & Sales 14

4.1 Introduction 14

4.2 Market Segmentation Strategy 14

4.3 Targeting Strategy 14

4.4 Positioning Strategy 14

4.5 Product / Service Strategy 14

4.6 Pricing Strategy 15

4.7 Distribution Channels 15

4.8 Promotion and Advertising Strategy 15

4.9 Sales Strategy 15

4.10 Sales Forecasts 15

5. Development 16

5.1 Development Strategy 16

5.2 Development Timeline 16

5.3 Development Expenses 16

6. Management 17

6.1 Company Organization 17

6.2 Management Team 17

6.3 Management Structure and Style 18

6.4 Ownership 19

6.5 Professional and Advisory Support 19

6.6 Board of [Advisors OR Directors] 19

7. Operations 20

7.1 Operations Strategy 20

7.2 Scope of Operations 20

7.3 Ongoing Operations 20

7.4 Location 20

7.5 Personnel 20

7.6 Production 20

7.7 Operations Expenses 20

7.8 Legal Environment 21

7.9 Inventory 21

7.10 Suppliers 21

7.11 Credit Policies 22

8. Financials 23

8.1 Start-up Costs 24

8.2 Income Statement 24

8.3 Balance Sheet 25

8.4 Cash Flow 25

8.5 Break-Even Analysis 25

8.6 Financial History and Analysis 28

9. Offering / Funding Request 30

9.1 Offer 30

9.2 Capital Requirements 30

9.3 Risk/Opportunity 30

9.4 Valuation of Business 30

9.5 Exit Strategy 30

10. Implementation 31

10.1 Year 1 31

10.2 Subsequent years 31

10.3 Contingency plan 31

## Executive Summary

### Business Description

Provide a brief description of your company. The opening paragraphs should introduce what you do and where.

### Products and Services

This should include a very brief overview and description of your products and services, with emphasis on distinguishing features.

### The Market

Provide a brief description of the market you will be competing in. Here you will define your market, how large it is, and how much of the market share you expect to capture.

### The Opportunity

Describe the problem or the pain that the customer feels in order to establish that your business is really offering value to the customer.

### The Solution

The solution is your product or service! However, if you want to set apart from the competition, your solution must be different and unique.

### The Competition

Identify the direct and indirect competitors, with analysis of their pricing and promotional strategies, as well as an assessment of their competitive advantage.

**Main Competitors**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Sales** | **Market Share** | **Nature/Type** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

### Operations

Briefly outline how you will implement all of the above and include a brief description of the organisational structure and the expense and capital requirements for operation.

### Management Team

Who is the management team? What's their background and skills?

### Risks & Opportunity

Explain why you are in business along with the reasons why you will be able to take advantage of this opportunity.

### Financial Summary

Summarise and explain briefly the key numbers of the business and the assumptions (sales, profit, loss etc.).

**Income Statement Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| **Revenue** |  |  |  |  |  |
| Cost of Goods Sold |  |  |  |  |  |
| **Gross Profit** |  |  |  |  |  |
| Total Expenses |  |  |  |  |  |
| **Income Before Tax** |  |  |  |  |  |
| Less: Income Tax |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |

**Balance Sheet Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| **Assets** |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |
| **Equity** |  |  |  |  |  |

### Capital Requirements

State clearly the capital needed to start or expand your business. Summarise how much money has been invested in the business to date and how it is being used.

**Source of Funds:**

|  |  |  |
| --- | --- | --- |
| **Sources** | **Amount** | **Percentage** |
| Owner’s Contribution |  |  |
| Term Loan |  |  |
| New Equity Financing |  |  |
| **Total** |  |  |

**Use of Funds:**

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount** | **Percentage** |
| Sales & Marketing |  |  |
| Capital Expenditures |  |  |
| G & A Expenses |  |  |
| Other |  |  |
| **Total** |  |  |

## 1. Business Description

### 1.1 Mission Statement

A mission statement is a brief explanation of your company’s reason for being. Keep your mission statement to one or two sentences.

### 1.2 Values and Vision

Write the values that drive your business. Explain the visions of your business.

### 1.3 Industry Overview

Write the size of your industry, the sectors it includes; key information on industry markets, demographics and niche areas; the major players in your industry (suppliers, distributors); key industry and economic trends affecting your industry.

### 1.4 Company Description

Describe your business and explain why investors and lenders should be interested in getting involved in your business idea.

### 1.5 History and Current Status

Explain the history of your business and what you have accomplished; explain were you are right now.

### 1.6 Goals and Objectives

Explain the goals and objectives that you follow. They must be measurable with a timeframe.

### 1.7 Critical Success Factors

E.g.: In order to reach our goals and objectives, we must:

### 1.8 Company Ownership

Identify the owners, their number of shares and % of ownership.

**Ownership of Company**

|  |
| --- |
| As of [Date] |
| **Name** | **Title (if Applicable)** | **Number of Shares** | **Percentage** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **TOTAL** |  |  |

## 2. Products / Services

### 2.1 Products / Services Description

Provide a list of products and/or services offered. Provide as many details as possible. For each product/service, describe the main features and benefits. State at what stage of growth your product/service is in.

### 2.2 Unique Features or Proprietary Aspects

Explain the unique value-added characteristics of your product line or service and how these value-added characteristics will, in turn, give your business a competitive advantage.

### 2.3 Research and Development

List what your Research and Development have accomplished in the past such as innovative products or services. If there are any plans for the future, give the percentage of revenue or Rand amount that will be allocated and the duration of the plan.

### 2.4 Production

List the critical factors in the production of your product or delivery of the service. Specify and explain capital equipment, material, and labour requirements.

### 2.5 New and Follow-on Products & Services

If you already have new products in mind, point them out in this section. Your plan should include when and how you will launch the product/service.

## 3. The Market

### 3.1 Industry Analysis

Describe the industry in which you will compete. Potential investors and loan officers should understand the dynamics, problems, and opportunities driving your industry.

### 3.2 Market Analysis

Describe the total size of your industry, the trends in the industry (is it growing or shrinking) and the size of your target market, and what share is realistic for you to obtain.

### 3.3 Competitor Analysis

Describe type(s) of competition affecting your business (product/service competition, competition at the level of company/marketing strategy or business model, or competition based on specific attributes such as price, quality, features, etc.)

#### Competitive Analysis Table

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| FACTOR | Company | Strength | Weakness | Comp. A | Comp. B | Comp. C | Importance to Customer |
| Products |  |  |  |  |  |  |  |
| Price |  |  |  |  |  |  |  |
| Quality |  |  |  |  |  |  |  |
| Selection |  |  |  |  |  |  |  |
| Service |  |  |  |  |  |  |  |
| Reliability |  |  |  |  |  |  |  |
| Stability |  |  |  |  |  |  |  |
| Expertise |  |  |  |  |  |  |  |
| Company Reputation |  |  |  |  |  |  |  |
| Location |  |  |  |  |  |  |  |
| Appearance |  |  |  |  |  |  |  |
| Sales Method  |  |  |  |  |  |  |  |
| Credit Policies |  |  |  |  |  |  |  |
| Advertising |  |  |  |  |  |  |  |
| Image |  |  |  |  |  |  |  |

#### Competitive Advantage and Comparative Evaluation

Having done the competitive analysis matrix above, write a short paragraph stating your competitive advantages and disadvantages for both you and your competitors.

## 4. Marketing & Sales

### 4.1 Introduction

Begin with the fundamentals of your marketing plan. State target market segments you wish to penetrate, how you plan to achieve this (e.g. through retail, mail order, multi-level marketing, the Internet) and the period for capturing a specific percentage.

### 4.2 Market Segmentation Strategy

Explain your strategy for each segment you have described in section 3.2 (Market Segmentation and Target Market).

### 4.3 Targeting Strategy

Identify your target customer group and create a demographic profile for each group that includes age, gender, income, location, education. Identify the targeting strategy to implement.

### 4.4 Positioning Strategy

Describe the strategy you will use to position your product vis-à-vis competitors.

### 4.5 Product / Service Strategy

Describe how your product/service has been designed and tailored to meet the needs of your target customer and how it will compete in your target market.

### 4.6 Pricing Strategy

How do you plan to set prices? Upon examining the pricing strategy your competition is currently using, explain your pricing strategy and why it will be effective with your target customers.

### 4.7 Distribution Channels

Describe your distribution strategy and explain why it is the best for your marketplace.

### 4.8 Promotion and Advertising Strategy

Explain how you intend to increase awareness of your product or service among potential customers.

### 4.9 Sales Strategy

Explain how and where you plan to sell and distribute your product or service.

### 4.10 Sales Forecasts

Prepare a month-by-month sales forecast for a projected twelve-month period.

## 5. Development

### 5.1 Development Strategy

Explain what factors need to come together to make your concept work.

### 5.2 Development Timeline

Explain the length of time of your strategy.

### 5.3 Development Expenses

List the potential amount of expenses that will incur.

## 6. Management

### 6.1 Company Organisation

Describe how your business will be organised legally and physically.

### 6.2 Management Team

Describe the background (experience, skills etc.) of the principal managers; explain their role, duties or responsibilities.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Position** | **Age** | **Shares %** |
|  | President |  |  |
|  | VP Sales & Marketing |  |  |
|  | VP Finance |  |  |
|  | VP Operations |  |  |
|  | VP R & D |  |  |
|  | Controller |  |  |
|  | Corporate Attorney |  |  |

### 6.3 Management Structure and Style

Show the management hierarchy and who is responsible for key functions. Also, explain the management style. Finally, insert your organisational chart below.



### 6.4 Ownership

List the majority owners of the business; the share held in number and percentage.

|  |  |  |
| --- | --- | --- |
| **Name** | **# Shares Held** | **% Ownership** |
| [Founder]  |  |  |
| [Inventor] |  |  |
| [Management Team] |  |  |
| [Seed Ventures]  |  |  |
| [Stock Option Pool] |  |  |
|  |  |  |

### 6.5 Professional and Advisory Support

List service providers your business may consult or from whom you will obtain additional services (Attorneys, bankers, accountant firm etc.)

### 6.6 Board of [Advisors OR Directors]

List members of your board of advisors/directors, with their respective background.

|  |  |
| --- | --- |
| **Name** | **Background** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

## 7. Operations

### 7.1 Operations Strategy

Explain how you will use operations to add value for customers in your target market.

### 7.2 Scope of Operations

Explain what you will do in-house and what you will purchase (build vs buy).

### 7.3 Ongoing Operations

Explain how your company will operate on an ongoing basis.

### 7.4 Location

Describe locations of production, sales, storage areas, and buildings. Explain lease or ownership details.

### 7.5 Personnel

Describe your labour force. Indicate the number of employees, the type of labour quality of existing staff, training methods and requirements and the pay structure.

### 7.6 Production

Explain your methods of production or how you deliver your service (production techniques and cost, quality control and customer service).

### 7.7 Operations Expenses

Explain your operating costs and assumptions that appear in your financial statement.

### 7.8 Legal Environment

Describe the elements that apply to your business (permits, licensing, trademarks, copyrights, patents etc.).

### 7.9 Inventory

Explain how you will manage your inventory (kind of inventory, the rate of turnover, seasons buildups, lead time).

### 7.10 Suppliers

Identify the suppliers you will use for your products / services. Describe the type and amount of inventory furnished. Explain their credit and delivery policies. Complete the table below.

|  |  |  |
| --- | --- | --- |
| **Name** | **Terms** | **Product / Service** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

### 7.11 Credit Policies

Provide information regarding your credit policies.

**ACCOUNT RECEIVABLE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **TOTAL** | **CURRENT** | **30 DAYS** | **60 DAYS** | **90 DAYS** | **+90 DAYS** |
| **ACCOUNT RECEIVABLE AGING** |  |  |  |  |  |  |

**ACCOUNT PAYABLE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **TOTAL** | **CURRENT** | **30 DAYS** | **60 DAYS** | **90 DAYS** | **+90 DAYS** |
| **ACCOUNT PAYABLE AGING** |  |  |  |  |  |  |

## 8. Financials

### 8.1 Start-up Costs

Identify all the costs associated with starting the business.

|  |  |  |
| --- | --- | --- |
| **START-UP COSTS** | **ACTUAL** | **BUDGETED** |
| Accounting Services |  |  |
| Advertising And Promotion For Opening |  |  |
| Architectural Design |  |  |
| Cash |  |  |
| Decorating |  |  |
| Deposits For Utilities |  |  |
| Equipment |  |  |
| Estimated Taxes |  |  |
| Headhunting or Other Hiring Costs |  |  |
| Installation Of Equipment |  |  |
| Insurance |  |  |
| Legal Costs |  |  |
| Licences And Permits |  |  |
| Moving |  |  |
| Office Supplies |  |  |
| Print Design |  |  |
| Printing |  |  |
| Remodelling, Buildout |  |  |
| Rent Deposits |  |  |
| Salaries |  |  |
| Signs |  |  |
| Software |  |  |
| Starting Inventory |  |  |
| Unanticipated expenses |  |  |
| Vehicles |  |  |
| Website |  |  |
| Other |  |  |
| **Total Start-Up Costs** |  |  |

### 8.2 Income Statement

The Income Statement is a financial statement that reveals whether or not a business has earned a profit or has suffered a loss after a specified period. Complete the Income Statement below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Last Year** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| **Revenue** |  |  |  |  |  |  |
| Cost of Goods Sold |  |  |  |  |  |  |
| **Gross Profit** |  |  |  |  |  |  |
|  Operating Costs |  |  |  |  |  |  |
|  Finance & Admin |  |  |  |  |  |  |
|  Sales & Marketing |  |  |  |  |  |  |
| Total Expenses |  |  |  |  |  |  |
| **Income Before Tax** |  |  |  |  |  |  |
| Less: Income Tax |  |  |  |  |  |  |
| **Net Income** |  |  |  |  |  |  |

### 8.3 Balance Sheet

The balance sheet is a "snapshot" of what you own and what you owe on a specific date. Complete the balance sheet below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Last Year** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| **Assets** |
| Current assets |  |  |  |  |  |  |
| Long-term assets |  |  |  |  |  |  |
| Other assets |  |  |  |  |  |  |
| **Total Assets** |  |  |  |  |  |  |
| **Liabilities** |
| Current liabilities |  |  |  |  |  |  |
| Long-term liabilities |  |  |  |  |  |  |
| **Total Liabilities** |  |  |  |  |  |  |
| **Equity** |
| Owner’s capital |  |  |  |  |  |  |
| Retained earnings |  |  |  |  |  |  |
| (Less: Dividends) |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |
| **Total Equity** |  |  |  |  |  |  |
| **Total Liabilities****& Equity** |  |  |  |  |  |  |

**DEBT SCHEDULE TABLE**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **ORIGINAL AMOUNT** | **ISSUANCE DATE** | **PRESENT BALANCE** | **INTEREST RATE** | **MATURITY DATE** | **MONTHLY PAYMENT** | **SECURITY** | **CURRENT / PAST DUE** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

### 8.4 Cash Flow

A cash flow statement identifies monthly inflows and outflows of cash. It reveals whether a company will have enough money to meet its needs on a monthly basis. Complete the Cash Flow Statement below.

|  |
| --- |
| **Yearly Cash Flow Forecast** |
|  | **Last Year** | **This Year** |
| Cash Inflow/Outflow from Operating activities |  |  |
| Cash Inflow/Outflow from Investing activities |  |  |
| Cash Inflow/Outflow from Financing activities |  |  |
| Net increase in Cash |  |  |
| Beginning Cash |  |  |
| **Ending Cash** |  |  |

### 8.5 Break-Even Analysis

Provide a calculation for the break-even point in Rands and units for the business. Include all assumptions upon which your break-even calculation is based.

|  |
| --- |
| **Breakeven Analysis Summary** |
|  | **Amount** |
| Variable Cost per Unit |  |
| Fixed Cost (Total) |  |
| Expected Sales (in Units) |  |
| Price (per Unit) |  |
| **Total Revenue** |  |
| Total Variable Costs |  |
| **Profit** |  |
| **Profit by Unit Sold** |  |

### 8.6 Financial History and Analysis

Complete the financial and ratios spreadsheet below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **PERIOD 1** | **PERIOD 2** | **VARIATION** |
| **Profitability Ratios** |   |   |  |  |  |
|   |   |   |  |  |  |
| **Gross profit margin**  | *Gross Profit* |   |  |  | 0,00% |
|   | *Sales* |   |
|   |  |   |  |  |  |
| **Operating profit margin**  | *Operating Income* |   |  |  | 0,00% |
|   | *Sales* |   |
|   |  |   |  |  |  |
| **Net profit margin**  | *Net Income* |   |  |  | 0,00% |
|   | *Sales* |   |
| **Liquidity Ratios** |  |   |  |  |  |
|   |  |   |  |  |  |
| **Current ratio**  | *Current Assets* |   |  |  | 0,00% |
|   | *Current Liabilities* |   |  |  | 0,00% |
|   |  |   |
| **Quick ratio**  | *Current Assets - Inventory* |   |  |  | 0,00% |
|   |  *Liabilities* |   |  |  | 0,00% |
|   |  |   |
| **Operating Ratios** |  |   |  |  |  |
|   |  |   |  |  |  |
| **Inventory turnover ratio**  | *Cost of Goods Sold* |   |  |  | 0,00% |
|   | *Inventory* |   |  |  | 0,00% |
|   |  |   |
| **Sales to receivables ratio**  | *Net Sales* |   |  |  | 0,00% |
|   | *Net Receivables* |   |  |  | 0,00% |
|   |  |   |
| **Times interest earned** | *Profit Before Interest and Taxes* |   |  |  | 0,00% |
|   | *Total Interest Charges* |   |  |  | 0,00% |
|   |  |   |
| **Return on assets**  | *Net Income Before Taxes* |   |  |  | 0,00% |
|   | *Total Interest Charges* |   |  |  | 0,00% |
|   |  |   |
| **Return on equity** | *Net Income* |   |  |  | 0,00% |
|   | *Net Worth at the beginning of Period* |   |  |  | 0,00% |
|   |   |   |
| **Solvency Ratios** |   |   |   |   |   |
|   |   |   |  |  |  |
| **Debt to worth ratio**  |  *Total Liabilities* |   |  |  | 0,00% |
|   | *Net Worth* |   |  |  | 0,00% |
|   |  |   |
| **Working capital**  | Current Assets - Current Liabilities |  |  |  |  0,00% |

## 9. Offering / Funding Request

### 9.1 Offer

Explain your funding request. It should include amount needed, the structure of the deal, interest, collateral, anticipated return, ownership willing to give, etc. Sell the advantages of your proposal to the investor.

### 9.2 Capital Requirements

Clearly, state the capital needed to start or expand your business. Describe why you need the funds and how both parties will benefit from the opportunity.

### 9.3 Risk/Opportunity

Explain how you have taken into consideration the risk involved in starting or expanding your venture.

### 9.4 Valuation of Business

Indicate the value of the business and how you determine this value.

### 9.5 Exit Strategy

Indicate the strategy you will follow should investors decide or need to cash out (end their involvement and recoup their investment).

## 10. Implementation

### 10.1 Year 1

Summarise the key tasks to be completed during the first year of your business plan. Be short and concise.

|  |
| --- |
| Goal 1:  |
| Goal 2: |
| Goal 3: |
| Goal 4: |
| Goal 5: |

### 10.2 Subsequent years

Explain the implementation of the business plan for the subsequent years. Focus on strategic tasks.

|  |
| --- |
| Goal 1:  |
| Goal 2: |
| Goal 3: |
| Goal 4: |
| Goal 5: |

### 10.3 Contingency plan

Explain the contingency measures in case of the plans going astray for internal or external reasons.