How to Start a Food Truck Business

By the BizMove.com Team

Other Free Books and Tools from BizMove.com That May Interest You:

***** The Entrepreneur Quiz (Find Out whether You Have What it Takes to be an Entrepreneur)

* The Complete Guide to Running a Business (Everything You Need to Know to Start and Manage Your Own Business)

***** How to Improve Your Leadership and Management Skills (Effective Strategies for Business Managers)

***** Small Business Management (Essential Ingredients for Success)

***** Business Plan Template (Complete Fill in the Blanks Sample Business Plan)

***** How to Sharpen Your Managerial Skills (Good Management and Leadership Skills for Aspiring Managers)

***** How to Create a Marketing Plan For a Small Business (A Step by Step Guide to Marketing Planning)

Table of Contents

1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?

2. Do you enjoy competition?

3. Do you have will power and self-discipline?

4. Do you plan ahead?

5. Do you get things done on time?

6. Can you take advise from others?

7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?

9. Do you have the physical stamina to handle a business?

10. Do you have the emotional strength to withstand the strain?

11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?
2. Do you have these skills?
3. Does your idea effectively utilize your own skills and abilities?
4. Can you find personnel that have the expertise you lack?
5. Do you know why you are considering this project?
6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?
8. Do you have the time to perform the feasibility study?
9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

____

____

2. List the products and/or services you want to sell

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

____

6. List your product/services suppliers.

____

7. List your major competitors - those who sell or provide like products/services.

____

____

8. List the labor and staff you require to provide your products/services. _______________

____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

____

2. Are you prepared to earn less income in the first 1-3 years?

____

3. What minimum income do you require?

____

4. What financial investment will be required for your business?

____

5. How much could you earn by investing this money?

____

6. How much could you earn by working for someone else?

____

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

____

8. What is the average return on investment for a business of your type? _______________

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

____

2. What is the average cost of goods sold percentage of sales?

____

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

____

4. What is the average gross profit as a percentage of sales?

____

5. What are the average expenses as a percentage of sales?

____

6. What is the average net profit as a percent of sales?

____

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

____

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

____

ANY BUSINESS, INC.

Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

____

2. What is the population of these areas?

____

3. What do you know about the population growth trend in these areas? _______________

4. What is the average family size?

____

5. What is the age distribution?

6. What is the per capita income?

7. What are the consumers' attitudes toward business like yours?

8. What do you know about consumer shopping and spending patterns relative to your type of business?

9. Is the price of your product/service especially important to your target market?

10. Can you appeal to the entire market?

11. If you appeal to only a market segment, is it large enough to be profitable?

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:

Price structure?

Product lines (quality, breadth, width)?

Location?

____

Promotional activities?

____

Sources of supply?

____

Image from a consumer's viewpoint?

____

5. Do you know of any new competitors?

____

6. Do you know of any competitor's plans for expansion?

____

7. Have any firms of your type gone out of business lately?

____

8. If so, why?

____

9. Do you know the sales and market share of each competitor?

____

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

____

11. Do you know the profit levels of each competitor?

____

12. Are your competitors' profits increasing, decreasing, or stable?

____

13. Can you compete with your competition?

____

G. Sales

1. Determine the total sales volume in your market area.

____

2. How accurate do you think your forecast of total sales is?

____

3. Did you base your forecast on concrete data?

____

4. Is the estimated sales figure "normal" for your market area?

____

5. Is the sales per square foot for your competitors above the normal average?

____

6. Are there conditions, or trends, that could change your forecast of total sales?

____

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

____

8. How do you plan to advertise and promote your product/service/business?

____

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

____

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales? _______________

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

____

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?

2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

Go to Top

2. Starting Your Business Step by Step

Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful retail business. To profit in a retail business, you need to consider the following questions: What business am I in? What goods do I sell? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my store? How will I get the work done? What management controls are needed? How can they be carried out? Where can I go for help?

As the owner, you have to answer these questions to draw up your business plan. The pages of this Guide are a combination of text and suggested analysis so that you can organize the information you gather from research to develop your plan, giving you a progression from a common sense starting point to a profitable ending point.

What Is a Business Plan?

The success of your business depends largely upon the decisions you make. A business plan allocates resources and measures the results of your actions, helping you set realistic goals and make logical decisions.

You may be thinking, "Why should I spend my time drawing up a business plan? What's in it for me?" If you've never worked out a plan, you are right in wanting to hear about the possible benefits before you do the work. Remember first that the lack of planning leaves you poorly equipped to anticipate future decisions and actions you must make or take to run your business successfully. A business plan Gives you a path to follow. A plan with goals and action steps allows you to guide your business through turbulent often unforeseen economic conditions.

A plan shows your banker the condition and direction of your business so that your business can be more favorably considered for a loan because of the banker's insight into your situation.

A plan can tell your sales personnel, suppliers, and others about your operations and goals.

A plan can help you develop as a manager. It can give you practice in thinking and figuring out problems about competitive conditions, promotional opportunities and situations that are good or bad for your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

A second plan tells you what to do and how to do it to achieve the goals you have set for your business.

What Business Am I In?

In making your business plan, the first question to consider is: What business am I really in? At first reading, this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." Hold on and think. Some owner-managers have gone broke and others have wasted their savings because they did not define their businesses in detail. Actually they were confused about what business they were in.

Look at an example. Mr. Jet maintained a dock and sold and rented boats. He thought he was in the marina business. But when he got into trouble and asked for outside help, he learned that he was not necessarily in the marina business. He was in several businesses. He was in the restaurant business with a dockside cafe, serving meals to boating parties. He was in the real estate business, buying and selling lots. He was in boat repair business, buying parts and hiring a mechanic as demand rose. Mr. Jet was trying to be too many things and couldn't decide which venture to put money into and how much return to expect. What slim resources he had were fragmented.

Before he could make a profit on his sales and a return on his investment, Mr. Jet had to decide what business he really was in and concentrate on it. After much study, he realized that he should stick to the marina format, buying, selling, and servicing boats.

Decide what business you are in and write it down - define your business.
To help you decide, think of answers to questions like: What do you buy? What do you sell? Which of your lines of goods yields the greatest profit? What do people ask you for? What is it that you are trying to do better or more of or differently from your competitors? Write it down in detail.

Planning Your Marketing

When you have decided what business you are in, you are ready to consider another important part of you business plan. Marketing. Successful marketing starts with the owner-manager. You have to know the merchandise you sell and the wishes and wants of your customers you can appeal to. The objective is to move the stock off the shelves and display racks at the right price and bring in sales dollars.

The text and suggested working papers that follow are designed to help you work out a marketing plan for your store.

Determining the Sales Potential

In retail business, your sales potential depends on location. Like a tree, a store has to draw its nourishment from the area around it. The following questions should help you work through the problem of selecting a profitable location.

In what part of the city or town will you locate?

In the downtown business section?

In the area right next to the downtown business area?

In a residential section of the town?

On the highway outside of town?

In the suburbs?

In a suburban shopping center?

On a worksheet, write where you plan to locate and give your reasons why you chose that particular location.

Now consider these questions that will help you narrow down a place in your location area.

What is the competition in the area you have picked?

How many of the stores look prosperous?

How many look as though they are barely getting by?

How many similar stores went out of business in this area last year?

How many new stores opened up in the last year?

What price line does competition carry?

Which store or stores in the area will be your biggest competitors?

Again, write down the reasons for your opinions. Also write out an analysis of the area's economic base and give the reason for your opinion. Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

When you find a store building that seems to be what you need, answer the following questions:

Is the neighborhood starting to get run down?

Is the neighborhood new and on the way up? (The local Chamber of Commerce may have census data for your area. Census Tracts on Population, published by the Bureau of Census, may be useful. Other sources on such marketing statistics are trade associations and directories).

Are there any super highways or through-ways planned for the neighborhood?

Is street traffic fairly heavy all day?

How close is the building to bus lines and other transportation?

Are there adequate parking spaces convenient to your store?

Are the sidewalks in good repair (you may have to repair them)?

is the street lighting good?

Is your store on the sunny side of the street?

What is the occupancy history of this store building? Does the store have a reputation for failures? (Have stores opened and closed after a short time)?

Why have other businesses failed in this location?

What is the physical condition of the store?

What service does the landlord provide?

What are the terms of the lease?

How much rent must you pay each month?

Estimate the gross annual sales you expect in this location.

When you think you have finally solved the site location question, ask your banker to recommend people who know most about location in your line of business. Contact these people and listen to their advice and opinions, weigh what they say, then decide.

How to Attract Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your store? How will you pull business away from your competition?

It is in working with this aspect of marketing that many retailers find competitive advantages. The ideas that they develop are as good as and often better than those that large companies develop. The work blocks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

A store has an image whether or not the owner is aware of it. For example, throw some merchandise onto shelves and onto display tables in a dirty, dimly lit store and you've got an image. Shoppers think of it as a dirty, junky store and avoid coming into it. Your image should be concrete enough to promote in your advertising and other promotional activities. For example, "home-cooked" food might be the image of a small restaurant.

Write out on a worksheet the image that you want shoppers and customers to have of your store.

Pricing

Value received is the key to pricing. The only way a store can have low prices is to sell low-priced merchandise. Thus, what you do about the prices you charge depends on the lines of merchandise you buy and sell. It depends also on what your competition charges for these lines of merchandise. Your answers to the following questions should help you to decide what to do about pricing.

In what price ranges are your line of merchandise sold

High _____ , Medium _________, or Low _____?

Will you sell for cash only?

What services will you offer to justify your prices if they are higher than your competitor's prices?

If you offer credit, will your price have to be higher than if all sales are for cash? The credit costs have to come from somewhere. Plan for them.

If you use credit card systems, what will it cost you? Will you have to add to your prices to absorb this cost.

Customer Service Policies

The service you provide your customers may be free to them, but you pay for it. For example, if you provide free parking, you pay for your own parking lot or pick up your part of the cost of a lot you share with other retailers.

Make a list of the services that your competitors offer and estimate the cost of each service. How many of these services will you have to provide just to be competitive? Are there other services that would attract customers but that competitors are not offering? If so, what are your estimates of the cost of such services? Now list all the services you plan to offer and the estimated costs. Total this expense and figure out how you can include those added costs in your prices without pricing your merchandise out of the market.

Planning Your Advertising Activities

Advertising was saved until the last because you have to have something to say before advertising can be effective. When you have an image, price range, and customer services, you are ready to tell prospective customers why they should shop in your store.

When the money you can spend for advertising is limited, it is vital that your advertising be on target. Before you think about how much money you can afford for advertising, take time to determine what jobs you want to do for your store. List what makes your store different from your competitors. List the facts about your store and its merchandise that your advertising should tell shoppers and prospective customers.

When you have these facts listed and in hand, you are ready to think about the form your advertising should take and its cost. Ask the local media (newspapers, radio and television, and printers of direct mail pieces) for information about the services and results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers who have little or no experience with advertising copy and media selection. Advertising is a profession. Don't spend a lot of money on advertising without getting professional advice on what kind and how much advertising your store needs.

The following work sheet can be useful in determining what advertising is needed to sell your strong points to prospective customers.

Form of Advertising	Size of Audience	Frequency of Use	Cost of a single ad	Est. Cost
_________	_________	________	_________	______
_________	_________	________	_________	______
_________	_________	________	_________	______
_________	_________	________	_________	______
			Total	_______

When you have a figure on what your advertising for the next twelve months will cost, check it against what similar stores spend. Advertising expense is one of the operating ratios (expenses as a percentage of sales) that trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of merchandise, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining how much to spend for advertising comes down to the question, "How much can I afford to spend and still do the job that needs to be done?"

In-store Sales Promotion

To complete your work on marketing, you need to think about what you want to happen after prospects get inside your store. Your goal is to move stock off your shelves and displays at a profit and satisfy your customers. You want repeat customers and money in your cash register.

At this point, if you have decided to sell for cash only, take a second look at your decision. Don't overlook the fact that Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers. Customers will have more buying confidence and be more comfortable in your store if they know they can afford to buy. Credit makes this possible.

To encourage people to buy, self-service stores rely on layout, attractive displays, signs and clearly marked prices on the items offered for sale. Other stores combine these techniques with personal selling.

List the display counters, racks, special equipment (something peculiar to your business like a frozen food display bin or a machine to measure and cut cloth), and other fixtures. Figure the cost of all fixtures and equipment by listing them on a worksheet as follows:

Type of equipment	Number	X Unit Cost	= Cost
____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________

Draw several layouts of your store and attach the layout that suits you to the cost worksheet. Determine how many signs you may need for a twelve month operation and estimate that cost also.

If your store is a combination of self-service and personal selling, how many sales persons and cashiers will you need? Estimate, I will need ________ sales persons at $ ________ each week (include payroll taxes and insurance in this salaries cost). In a year, salaries will cost: _________.

Personal attention to customers is one strong point that a store can use as a competitive tool. You want to emphasize in training employees that everyone has to pitch in and get the job done. Customers are not interested in job descriptions, but they are interested in being served promptly and courteously. Nothing is more frustrating to a customer than being ignored by an employee. Decide what training you will give your sales people in the techniques of how to greet customers, show merchandise, suggest other items, and handle customer needs and complaints.

Buying

When buying merchandise for resale, you need to answer questions such as:

Who sells the line to retailers? Is it sold by the manufacturer directly or through wholesalers and distributors?

What delivery service can you get and must you pay shipping charges?

What are the terms of buying?

Can you get credit?

How quickly can the vendor deliver fill-in orders?

You should establish a source of supply on acceptable terms for each line of merchandise and estimate a plan for purchasing as follows:

Name of Item	Name of Supplier	Address Supplier	Disc. Offered	Delv. Time(1)	Freight Costs(2)	Fill-in Policy(3)
________	______	_______	______	______	_______	______
________	______	_______	______	______	_______	______
________	______	_______	______	______	_______	______

(1) How many days or weeks does it take the supplier to deliver the merchandise to your store.
(2) Who pays? You, the buyer? The supplier? Freight or transportation costs are a big expense item.
(3) What is the supplier's policy on fill-in orders? That is, do you have to buy a gross, a dozen, or will the supplier ship only two or three items? How long does it take for the delivery to get into your store?

Stock Control

Often shoppers leave without buying because the store did not have the items they wanted or the sizes and colors were wrong. Stock control, combined with suppliers whose policies on fill-in orders are favorable to you, provides a way to reduce "walkouts".

The type of system you use to keep informed about your stock, or inventory, depends on your line of merchandise and the delivery dates provided by your suppliers.

Your stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been sold. Some trade associations and suppliers provide systems to members and customers, otherwise your accountant can set up a system that is best for your business. Inventory control is based upon either a perpetual or a periodic method of accounting that involves cost considerations as well as stock control. When you have decided what system you will use to control stock, estimate its cost. You may not need an extensive (and expensive) control system because you do not need the detailed information such a system collects. The system must justify its costs or you will just waste money and time on a useless effort.

Stock Turnover

When an owner-manager buys reasonably well, you can expect to turnover stock several times a year. For example, the stock in a small camera shop should turnover four times to four and a half times a year. What is the average stock turnover per year of your line of merchandise? How many times do you expect your stock to turnover? List the reasons for your estimate.

Behind-the-Scenes Work

In a retail store, behind-the-scenes work consists of the receiving of merchandise, preparing it for display, maintaining display counters and shelves, and keeping the store clean and attractive to customers. The following analytical list will help you decided what to do and the cost of those actions.

First list the equipment (for example a marking machine for pricing, shelves, a cash register) you will need for: (1) receiving merchandise (2) preparing merchandise for display, (3) maintaining display counters and shelves, and (4) keeping the store clean. Next list the supplies you will need for a year, for example, brooms, price tags, and business forms.

Use this format to figure these costs:

Name of Equip./Supplies	Quantity	X Unit Cost	= Cost
______________	______	__________	______
______________	______	__________	______
______________	______	__________	______

Who will do the back-room work and the cleaning that is needed to make a smooth operation in the store? If you do it yourself, how many hours a week will it take you? Will you do these chores after closing? If you use employees, what will they cost? On a worksheet describe how you plan to handle these tasks. For example:

Back-room work will be done by one employee during the slack sales times of the day. I estimate that the employee will spend _______ hours per week on these tasks and will cost ________ (number of hours times hourly wages) per week and _____ per year.

I will need ________ square feet of space for the back-room operation. This space will cost _______ per square foot or a total of ________ per month.

List and analyze all expense items in the same manner. Examples are utilities, office help, insurance, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help manage, analyze these salaries.

How Much Money Will You Need

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investments in a retail store, the main source of money is sales. What sales volume do you expect to do in the first twelve months? Write your estimate here ________, and justify your estimate.

Start-Up Costs:

List the following estimated start-up costs:

Fixtures and equipment*	__________
Starting inventory	__________
Decorating and remodeling	__________
Installation of equipment	__________
Deposits for utilities	__________
Legal and professional fees	__________
Licenses and permits	__________
Advertising for the opening	__________
Accounts receivable	__________
Operating cash	__________
Total	______________

*Transfer your figures from previous worksheets.

Whether you have the funds (say in savings) or borrow the money, your new business will have to pay back start-up costs. Keep this fact in mind as you work on estimating expenses and on other financial aspects of your plan.

Expenses

In connection with annual sales volume you need to think about expenses. If, for example, you plan to do sales amounting to $100,000, what will it cost you to do this amount of business? How much profit will you make? A business must make a profit or close.

The following exercise will help you to make an estimate of your expenses. To do this exercise you need to know the total cost of goods sold for your line of merchandise for the period (month or year) that you are analyzing. Cost of goods sold is expressed as a percentage of sales and is called an operating ratio. Check with your trade association to get the operating ratios for your business's. The following is the format for an Income Statement with operating ratios substituted for dollar amounts.

Summary of Operating Ratios
of 250 high Profit Hardware Stores

			Percent of sale
Sales			100.00
Cost of Goods Sold			-64.92
Margin			35.08
Expenses			
Payroll and other employee expenses	16.23		
Occupancy expenses	3.23		
Office supplies and postage	0.40		
Advertising	1.49		
donations	0.08		
Telephone and telegraph	0.24		
Bad Debts	0.30		
Delivery	0.47		
Insurance	0.66		
Taxes (other than realestate and payroll)	0.46		
Interest	0.61		
Depreciation (other than real estate)	0.57		
Supplies	0.37		
Legal and accounting expenses	0.31		
Dues and subscription	0.08		
Travel, buying, and entertainment	0.19		
Unclassified expenses	0.64		
Total operating expense		-26.33	
Net operating profit		8.75	
Other income		1.65	
Net profit before income taxes		10.40	

Now using your operating ratio for cost of goods sold and your estimated Sales Revenue, you can breakdown your expenses by substituting your ratios and dollar amounts in the Income Statement.

Notice that Gross Margin must be large enough to provide for your expenses and profit.

	Expressed in Percent	Expressed in dollars	Your Percentage	Your Dollars
1. Sales	100	$100,000	100	$___
2. Cost of Goods Sold	-66	-66,000	____	-$___
3.Gross Margin	34	$34,000	____	$___

and continue to fill out the entire Income Statement. Work out statements monthly or for the year.

Cash Forecast

A budget helps you to see the dollar amount of your expected revenue and expenses each month. Then from month to month the question is: Will sales bring in enough money to pay for the store's bills? The owner-manager must prepare for the financial peaks and valleys of the business cycle. A cash forecast is a management tool that can eliminate much of the anxiety that can plague you if your sales go through lean months. Use the following format.

Estimated Cash Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
(1) Cash in Bank (Start of Month)													
(2) Petty Cash (Start of Month)													
(3) Total Cash (add (1) and (2)													
(4) Expected Accounts Receivable													
(5) Other Money Expected													
(6) Total Receipts (add (4) and (5))													
(7) Total Cash and Receipts (add (3) and (6)													
(8) All Disbursements (for month)													
(9) Cash Balance at end of Month in Bank Account and Petty Cash (subtract (8) from (7)*													

*This balance is your starting figure for the next month

Is Additional Money Needed? Suppose at this point that your business needs more money than can be generated by present sales. What do you do? If your business has great potential or is in good financial condition, as shown by its balance sheet, you will borrow money (from a bank most likely) to keep the business operating during start-up and slow sales periods. The loan can be repaid during the fat sales months when sales are greater than expenses. Adequate working capital is needed for success and survival; but cash on hand (or the lack of it) is not necessarily an indication that the business is in bad financial shape. A lender will look at your balance sheet to see the business's Net Worth of which cash and cash flow are only a part. The balance sheet statement shows a business's Net Worth (financial position) at a given point in time, say at the close of business at the end of the month or at the end of the year. Free Retail Business Plan How To.

Even if you do not need to borrow money you may want to show your plan and balance sheet to your banker. It is never too early to build good relations and credibility (trust) with your banker. Let your banker know that you are a manager who knows where you want to go rather than someone who merely hopes to succeed.

Control and Feedback

To make your plan work you need feedback. For example, the year-end profit and loss (income) statement shows whether your business made a profit or took a loss for the past twelve months.

Don't wait twelve months for the score. To keep your plan on target you need readings at frequent intervals. An income statement compiled at the end of each month or at the end of each quarter is one type of frequent feedback. Also you must set up management controls that help you insure that the right things are done each day and week. Organization is needed because you as the owner-manager cannot do all the work. You must delegate work, responsibility, and authority. The record keeping systems should be set up before the store opens. After you're in business it is too late.

The control system that you set up should give you information about stock, sales, receipts and disbursement. The simpler the accounting control system, the better. Its purpose is to give you current useful information. You need facts that expose trouble spots. Outside advisers, such as accountants can help.

Stock Control

The purpose of controlling stock is to provide maximum service to your customers. Your aim should be to achieve a high turnover rate on your inventory. The fewer dollars you tie up in stock, the better.

In a store, stock control helps the owner-manager offer customers a balanced assortment and enables you to determine what needs ordering on the basis of (1) what is on hand, (2) what is on order, and (3) what has been sold.

When setting up inventory controls, keep in mind that the cost of the stock is not your only cost. There are inventory costs, such as the cost of purchasing, the cost of keeping stock control records, and the cost of receiving and storing stock.

Sales

In a store, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you need answers to questions, such as: How many sales were made? What was the dollar amount? What were the best selling products? At what price? What credit terms were given to customers?

Receipts

Break out your receipts into receivables (money still owned such as a charge sale) and cash. You know how much credit you have given, how much more you can give, and how much cash you have with which to operate.

Disbursement

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You should pay bills on time to take advantage of supplier discounts. Your review systems should also give you the opportunity to make judgments on the use of the funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax monies, such as payroll income tax deductions, must be set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device that approximates how much you must sell in order to cover your costs with no profit and no loss. Profit comes after break-even.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factories will do to your profit. To figure a break-even point, fixed costs (like rent) must be separated from variable costs (like the cost of goods sold).

The break-even formula is:

$$\text{Break-even point (in sales dollars)} = \frac{\text{Total fixed costs}}{1 - \dfrac{\text{Total variable costs}}{\text{Corresponding sales volume}}}$$

Sample break-even calculations: Bill Mason plans to open a shoe store and estimates his fixed expenses at about $9,000 the first year. He estimates variable expenses of about $700 for every $1,000 of sales. How much must the store gross to break-even?

$$\text{BE point} = \frac{\$9,000}{1 - \dfrac{700}{1,000}} = \frac{\$9,000}{1 - 0.70} = \frac{\$9,000}{30} = \$30,000$$

Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable, better to learn it now than to realize six months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for the year (operating ratios on the income statement). If any of your cost items are too high or too low, change them. You can write your changes above or below your original entries on the worksheet. When you finish making your adjustments, you will have a revised projected statement of sales and expenses.

With your revised figures, work out a revised break-even analysis. Whether the new break-even point looks good or bad, take one more precaution. Show your plan to someone who has not been involved in working out the details with you. Get an impartial. knowledgeable second opinion. Your banker, or other advisor may see weaknesses that failed to appear as you went over the plan details. These experts may see strong points that your plan should emphasize.

Put Your Plan Into Action

When your plan is as thorough and accurate as possible you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a wishful dream. A successful owner-manager does not stop after gathering information and drawing up a business plan, as you have done in working through this Guide. use the plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action. What needs to be done will depend on your situation and goals. For example, if your business plan calls for an increase in sales, you may have to provide more funds for this expansion. Have you more money to put into this business? Do you borrow from friends and relatives? From your bank? From your suppliers (through credit terms?) If you are starting a new business, one action may be to get a loan for fixtures, stock, employee salaries, and other expenses. Another action will be to find and to hire capable employees.

Now make a list of things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time.

To put my plan into action, I must:

1. Do (action) _________ By _________(date)

2. etc.

Keep Your Plan Current

Once you put your plan into action, look out for changes. They can cripple the best business no matter how well planned. Stay on top of changing conditions and adjust your business plan accordingly. Sometimes the change is within your company. For example, several of your sales persons may quit. Sometimes the change is with the customers whose desires and tastes shift and change or refuse to change. Sometimes the change is technological as when products are created and marketed.

In order to adjust your plan to account for such changes, you the owner-manager, must:

Be alert to the changes that come about in your line of business, in your market, and in your customers.

Check your plan against these changes.

Determine what revisions, if any, are needed in the business plan.

The method you use to keep your plan current so that your business can weather the changing forces of the market place is up to you. Read trade and business papers and magazines and review your plan periodically. Once each month or every other month, go over your plan to see whether or not it needs adjusting. Certainly you will have more accurate dollar amounts to work with after you have been in business for a time. Make revisions and put them into action. You must be constantly updating and improving. A good business plan must evolve from experience and the best current information. A good business plan is good business.

Go to Top

3. Complete Food Truck Business Plan Template

Table of Contents

1.0 Executive Summary

INTRODUCTION

This high-end specialty sausage restaurant will be the premier, high-energy, modern upscale specialty sausage restaurant in Southern California. COMPANY NAME'S goal is to remain a step ahead of the competition through an exemplary service provision. COMPANY NAME expects guests to have more high quality food and beverage during their leisure time.

The main objectives of the development of this new venue are:

1. Capitalize on excellent location opportunity with swift commitment to the [INSERT TOWN] Metro area, focusing on [INSERT TOWN] Metro.
2. To maintain tight control of costs, operations, and cash flow through diligent management and automated computer control.
3. To maintain a food cost below 33% of food revenue.
4. To maintain a total beverage cost below 25% of beverage revenue.

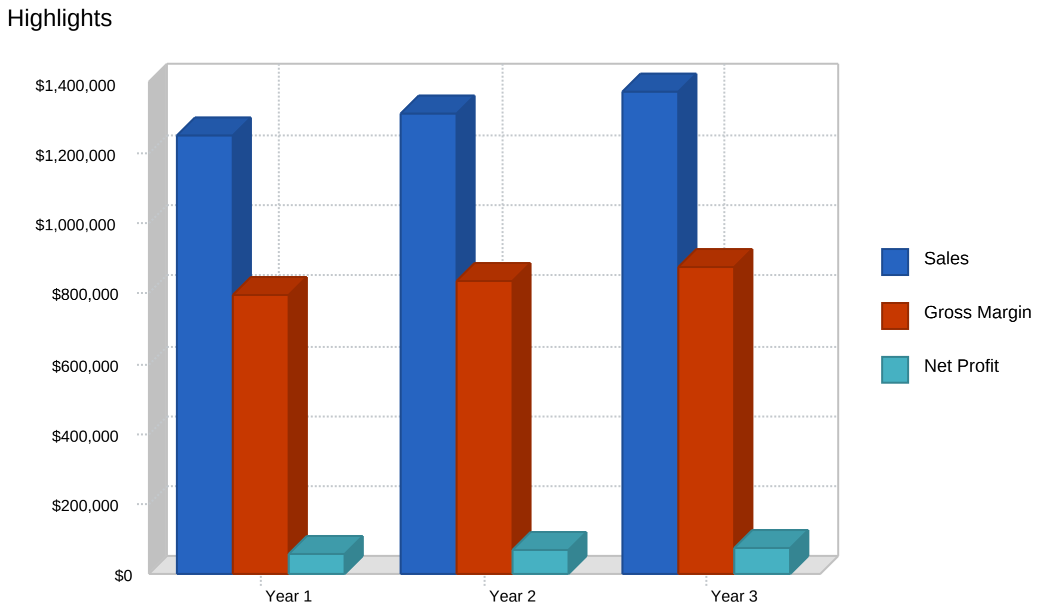
The keys to success in achieving COMPANY NAME'S goals are:

1. Provide exceptional service that leaves an impression.
2. Consistent entertainment atmosphere and product quality.
3. Managing the company's internal finances and cash flow to enable upward capital growth.
4. Strict control of all costs, at all times, without exception.

Consumers who are able to treat themselves again in 2011 will do so — meaning that restaurants with a few indulgent menu items or experiences could see an uptick in orders of high-margin and high-price-point dishes. This could spell opportunity not only for casual-dining chains to entice diners with more premium dishes like the Flavor-Loaded Steaks at Applebee's, but also for higher-end chains like Fleming's Prime and Morton's to attract new customers with their bar menus, as they've done throughout the downturn. COMPANY NAME seeks to establish a higher-end chain throughout California starting its first eatery in [INSERT TOWN].

COMPANY NAME is seeking funding for start-up expenses detailed later on in this plan. The Company is open to discussing all possible funding venues from loans to possible investment.

Chart: Highlights



1.1 Objectives

COMPANY NAME'S objectives for the first three years of operation include:

- The creation of a unique, chic, modern and upscale environment that will differentiate COMPANY NAME from other specialty sausage restaurants in the [INSERT TOWN] area.
- Educating the community on what the COMPANY NAME has to offer.
- The formation of an environment that will bring people with diverse interests and backgrounds together in an atmosphere that would enhance enjoyment of a fine meal.

1.2 Mission

COMPANY NAME is a commercial enterprise, and as such, exists for the purpose of generating sales & profits for its investors, owners, managers and staff. Because COMPANY NAME is a service business, it also exists to serve its customers. These two reasons for its existence are inextricable. If one aspect does not exist, the other will cease to exist.

COMPANY NAME will offer mouth-watering foods & beverages in a casual yet a sleek, modern and upscale environment.

COMPANY NAME'S staff will be cheerful, courteous, and focused on pleasing all customers.

COMPANY NAME'S customers will always be treated with importance and warmth. When it comes time for customers to decide where to spend their entertainment dollars, the company will strive to become their first eating destination of choice.

COMPANY NAME'S staff will be offered a workplace where they can prosper & grow in a dignified, fun and rewarding manner.

Investors will see a lucrative return on their dollars, and will have opportunity for future growth & prosperity with the company.

COMPANY NAME'S vendors will be treated with loyalty, and they will find their future with the company to be fruitful.

COMPANY NAME will be a good neighbor to the businesses in the [INSERT TOWN] Metro area, and the company will be a contributing & supportive member of the growth and expansion, helping it to thrive.

At COMPANY NAME, commitment is in line with the Company's core values of caring for guests by delivering the highest quality food, beverages and genuine hospitality in a warm and inviting atmosphere along with a cozy and elegant feel. COMPANY NAME feel passionately about guests leaving the establishment with the memory of a great experience and having them look forward to come back again. It is the owner's belief that in today's economic environment it's easier for consumers to lose their sense of direction. More and more people are looking for solutions. The answer still remains that all of life's successes are about people and how they are treated. These relationships are driven by transparency and accountability.

The Company's team-base approached to quality food and table service is designed to enhance the guest contact and speed of service without intruding on their experience. COMPANY NAME'S entire restaurant staff will be dedicated to ensuring that guests enjoy a superior dining experience.

1.3 Keys to Success

Keys to success for COMPANY NAME will include:

- Maintaining a reputable and untarnished reputation in the community.
- High quality food, spirits and service.
- Competitive pricing.
- Excellent central location in the [INSERT TOWN] Metro area.

2.0 Company Summary

The key elements of COMPANY NAME'S concept are as follows:

- The company will focus on themes that have mass appeal.

- Distinctive design features -- COMPANY NAME will be characterized by the elaborate sleek and modern high-end specialty sausage restaurant which will attract food aficionados and trendsetters alike.
- Location, location, location -- One of the major advantages that COMPANY NAME will have over its competition will be its location in

the Metro [INSERT TOWN].

- Quality food and spirits -- All would be lost without special attention being paid to the level of food quality. A simple menu offering foods similar to those found at a premier venue. Innovative appetizers will be on hand for patrons while they drink and enjoy themselves.

- Exceptional service -- In order to reach and maintain a unique image of quality, COMPANY NAME will provide attentive and friendly service through a high ratio of service personnel to customers, and will also invest in the training and supervision of its employees.

2.1 Company Ownership

COMPANY NAME will be created as a California Corporation based in [INSERT COUNTY], privately owned by its principal operator, OWNER'S NAME.

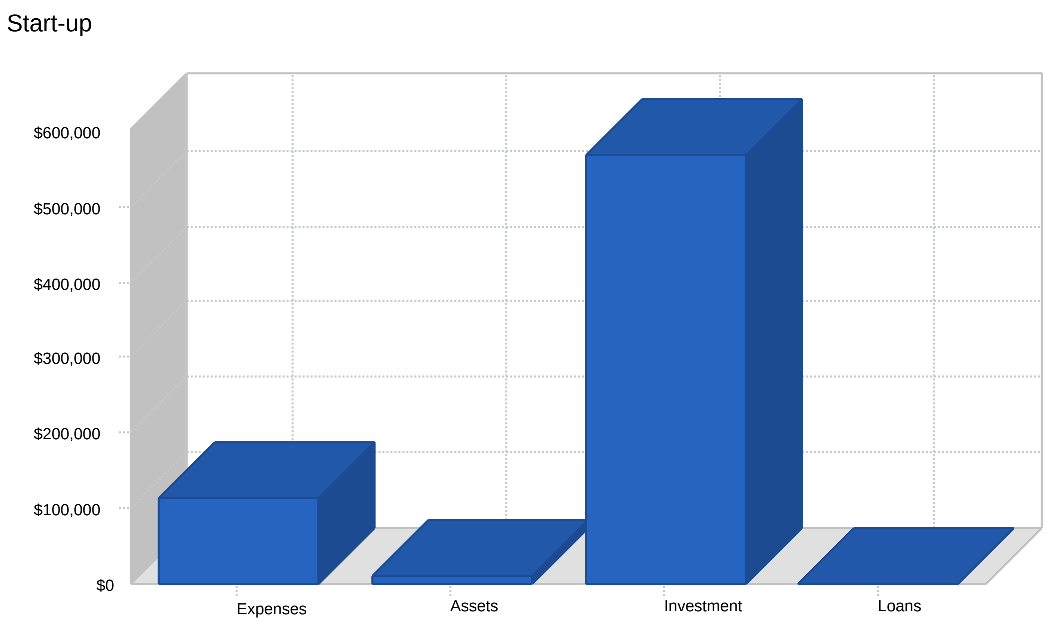
2.2 Start-up Summary

The Company is seeking an investment for start-up purposes for a new entertainment venue in [INSERT TOWN] Metro, California.

Funds needed to accomplish goal referenced above will be $122,500. COMPANY NAME will utilize the anticipated investments to build out the space and purchase equipment necessary for the start-up of a new restaurant venue. The following tables and charts illustrate the capital requirements.

Start-up	
Requirements	
Start-up Expenses	
Legal	$2,000
Stationary, Menus, Brochures	$2,500
Food Inventory	$10,000
Alcohol Inventory	$10,000
Operating Supplies	$6,000
Uniforms	$1,000
Linen	$500
Exterior Improvements	$2,000
Signage	$1,000
Liquor License	$10,000
Point of Sale System	$5,500
Office Furnishings	$2,000
Pre-Opening Labor/Training	$4,000
Pre-Opening Marketing	$2,000

Permits and Fees	$9,500
Insurance	$6,500
Rent (6 months)	$36,000
Utility Deposits	$2,000
Total Start-up Expenses	$112,500
Start-up Assets	
Cash Required	$10,000
Start-up Inventory	$0
Other Current Assets	$0
Long-term Assets	$0
Total Assets	$10,000
Total Requirements	$122,500



3.0 Services

The COMPANY NAME'S menu will feature a broad selection of high quality gourmet and premium sausage, sides and sauces which will be complimented by other traditional menu items inspired by the owners' rich east coast heritage.

Everything on the menu is prepared in the COMPANY NAME kitchen and it is the Company's promise to guests to deliver the best quality food, beer and wine at affordable prices in a comfortable and relaxing environment. COMPANY NAME will keep the highest quality standards. COMPANY NAME will also offer approximately 40 to 50 wine-by-the-glasses. The Company will possess a limited liquor license allowing for wine and beer to be served.

3.0 Market Analysis Summary

The concept and management of COMPANY NAME has been well received.

A **sausage** is a food made from ground meat and often salt, herbs, and spices. The word *sausage* is derived from Old French *saussiche*, from the Latin word *salsus*, meaning *salted*. Typically, the sausage is formed in a casing traditionally made from intestine, but sometimes synthetic. Some sausages are cooked during processing and the casing may be removed afterwards. Sausage making is a traditional food preservation technique. Sausages may be preserved by curing, drying, or smoking.

In Los Angeles, according to the census, 33.5% of households had children under 18, 41.9% were married couples, 14.5% had a female householder with no husband present, and 37.4% were non-families. 28.5% of households were made up of individuals and 7.4% had someone living alone who was 65 years of age or older. The average household size was 2.83 and the average family size 3.56.

The age distribution was: 26.6% under 18, 11.1% from 18 to 24, 34.1% from 25 to 44, 18.6% from 45 to 64, and 9.7% who were 65 or older. The median age was 32. For every 100 females there were 99.4 males. For every 100 females aged 18 and over, there were 97.5 males.

The median income for a household was $36,687, and for a family was $39,942. Males had a median income of $31,880, females $30,197. The per capita income was $20,671. 22.1% of the population and 18.3% of families were below the poverty line. 30.3% of those under the age of 18 and 12.6% of those aged 65 or older were below the poverty line. [INSERT TOWN] has had a high degree of income disparity as compared to the rest of the country. Recently, however, income disparity has declined. The median household income of the wealthiest neighborhood was $207,938, while in the poorest it was $15,000.

3.1 Market Segmentation

The owner sees COMPANY NAME as appealing to three major market segments. Fortunately, the long, late night hours of operation help COMPANY NAME lend itself to multiple segment appeal. COMPANY NAME’S market segmentation scheme allows some room for estimates and nonspecific definitions.

- **Young Adults**--Due to the restaurant's proximity to [INSERT TOWN] and all of its surrounding areas, COMPANY NAME must appeal to single adults and young couples. Whether it is a group of friends or a couple out to see a neighboring business or function, these people need a place to eat/drink either before and/or after their engagement. These customers will range in age from 25 to 45. COMPANY NAME will appeal to this category by switching the tempo and entertainment to be more appealing to adults as it gets later into the evening. COMPANY NAME also anticipates a 15% annual growth rate in tandem with the growth rate of [INSERT TOWN] Metro and through increased popularity.

- **Mature Adults**--By creating an environment that is appealing to the growing population of mature however hip adult, COMPANY NAME secures a natural progression between the young adult to mature adult. Through word of mouth, COMPANY NAME expects realize an increase of five percent annually from this segment.

The following chart and table outline the target market segments for COMPANY NAME, and include annual growth projections.

Table: Market Analysis

Market Analysis							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						**CAGR**
Young Adults 25-45 years old	15%	132,000	151,800	174,570	200,756	230,869	**15.00%**
Mature Adults	5%	100,000	105,000	110,250	115,763	121,551	**5.00%**
Total	**11.02%**	**232,000**	**256,800**	**284,820**	**316,519**	**352,420**	**11.02%**

Chart: Market Analysis (Pie)

3.2 Target Market Segment Strategy

COMPANY NAME'S strategy is based on serving the company's niche markets exceptionally well. COMPANY NAME gourmet food enthusiast, the tourist and business traveler, the local nightclub crowd, the local service industry as well as groups going out together, can all enjoy COMPANY NAME experience.

The marketing strategy is essential to the main strategy:

- Emphasize exceptional service.
- Create awareness of COMPANY NAME'S unique features.
- Focus on the company's target markets.

COMPANY NAME must charge appropriately for the high-end, high-quality service and food that the company offers. COMPANY NAME'S revenue structure has to match the company's cost structure, so the wages that are paid and the training COMPANY NAME will provide to assure superior quality and service must be balanced by the fees charged.

Part of the superior experience COMPANY NAME will offer is the simplicity of the menu items. While being unique, they are relatively inexpensive and easy to prepare. While a premium is appropriate for the experience, the pricing has to be balanced in accordance with what COMPANY NAME is serving.

All menu items will be moderately priced. COMPANY NAME'S target customer spends more than the industry average for moderately priced establishments. This is due to COMPANY NAME creating an atmosphere that encourages longer stays and more spending, while still allowing adequate table turns due to extended hours of appeal.

3.3 Service Business Analysis

Consumers who are able to treat themselves again in 2011 will do so — meaning that restaurants with a few indulgent menu items or experiences could see an uptick in orders of high-margin and high-price-point dishes. This could spell opportunity not only for casual-dining chains to entice diners with more premium dishes like the Flavor-Loaded Steaks at Applebee's, but also for higher-end chains like Fleming's Prime and Morton's to attract new customers with their bar menus, as they've done throughout the downturn.

As they compete to expand geographically and broaden their customer bases, many high-end specialty sausage restaurant chains are promoting new amenities especially to attract such nontraditional specialty sausage restaurant users as women, young professionals, and health-conscious diners.

Among the tactics being employed are the promotions of bars as social gathering places that offer moderately priced menus, the broadening of dining room menus beyond their core steak entrées, the pairing of appetizers with specially chosen wines by the glass and even the introduction of children's menus.

Such operators as Fleming's Prime specialty sausage restaurant & Wine Bar, The Palm, Ruth's Chris Steak House, Morton's The specialty sausage restaurant, Hyde Park Prime specialty sausage restaurant and Sam & Harry's are seeking out new customers while being careful to preserve their traditions.

Updating their bars and bar menus are a trend for most of those operators. Morton's, for example, has given its bars their own identity with the name Bar 12-21. Most offer after-work specials from a "Small Bites" menu of miniature cheeseburgers, oysters and other items. So far, about 18 of Morton's 75 restaurants have deployed the Bar 12-21 format.

Annual bar sales have increased between $100,000 and $200,000 in Morton's remodeled 12-21 bars.

Morton's plan calls for the chain to retrofit between eight and 10 of its existing restaurants with the Bar 12-21 package each year until all are completed and to make the format part of all new locations. Morton's also is wrapping up a national promotion called Women of Spirit that honors local community leaders and features female winemakers at special wine dinners. A portion of the proceeds is being donated to local American Red Cross chapters.

Young adults between 21 and 34 are the fastest-growing customer segment of Ruth's Chris' customers, said Kevin Boyer, its vice president of beverage. He credits more flexible menu options and the new design of the chain's larger bar and lounge area, dubbed the "luxury lounge," for that growth.

Smaller portions of regular menu items sell especially well in the lounge, although the full dining room menu also is available there. Almost all of the 109 Ruth's Chris locations now boast the clubby lounges.

Mr. Boyer said he has found that premium cocktails with fresh juices are especially popular with the younger crowd, as are craft-brewed beers and special wines. Younger customers are not afraid of high-end Scotches, either and are willing to try new things.

The bar business also is growing at Fleming's 51 locations. The contemporary designs of the chain's bars, and the patios in locations that have them, have moved the chain away from the stereotypically masculine specialty sausage restaurant look.

To extend its appeal to a younger, less-affluent crowd, Fleming's will feature a "flights and bites" promotion this fall in its bars that will match three appetizers with three wines for less than $20.

Contemporary, newly designed units of Hyde Park specialty sausage restaurant, a nine-unit chain based in Beachwood, Ohio, are raking in nearly twice as much revenue as older, smaller models of the chain. The newer, 200-seat restaurants sport bolder colors and artwork and more colorful draperies and upholstery than in the older, 160-seat spots. Lounges in the new Hyde Park outlets also have softer, living-room-style seating and lamps.

The chain's dinner menus include smaller portions, and small-plates menus in the bar are selling well. A new program of having disc jockeys in the bars after 10 p.m. on weekends is expected to generate more late-night business.

Even The Palm, whose New York City flagship has been feeding steak lovers since 1926, has modernized the bars in 11 of its 28 restaurants. The chain also has retooled its menus to reach out to women, younger business people and even children, with a special Palm Summer Kids Menu for the under-14 set that features the young actress Abigail Breslin of the movie "No Reservations."

The Palm's latest outreach effort to women was this summer's partnership with Dress for Success, a charity aimed at helping disadvantaged women succeeds in careers. The restaurants were donating 10 percent of sales of five new entrée salads and specific wines to the organization.

While working to increase their appeal to new customers, specialty sausage restaurants also are being careful to hold on to their core clientele. But corporate chef John Koltisko of the three-unit Sam & Harry's chain, based in Washington, D.C., observes that opportunities are arising to both court newcomers and traditional patrons.

COMPANY NAME has a large advantage of being the first and premiere upscale yet mainstream specialty sausage restaurant of its kind in the [INSERT TOWN] Metro area

Source: Kevin Boyer, VP of Food and Beverage at Ruth's Chris; Morton's specialty sausage restaurant reports; Skip Fox, president of the division of OSI Restaurant Partners; Rick Hauck, Co-Owner of Hyde Park specialty sausage restaurant

3.3.1 Competition and Buying Patterns

The key element in purchase decisions made at the COMPANY NAME client level is trust in the professional reputation, excellent service and quality product of the Company.

4.0 Strategy and Implementation Summary

In order to place emphasis on exceptional service, COMPANY NAME'S main tactics are bi-monthly service training, employee recognition, and higher service employee to customer ratios. The company's specific programs for training include employee for life training for management, customer for life training for employees, and the sharing of success stories among employees and management. COMPANY NAME'S specific employee recognition programs include employee of the month with a personal parking space, service excellence recognition awards of specific employees attached to advertising. To achieve higher service employee to customer ratios, COMPANY NAME includes separate beverage servers and bussing personnel, as well as maintaining a comfortable table count for the wait staff.

COMPANY NAME'S second strategy is emphasizing entertainment. The tactics are interactive entertainment, constant sensory appeal, and unique event viewing. COMPANY NAME'S specific programs for interactive entertainment and constant sensory appeal are frequent contests, games, music, and sporting events all hosted by an in-house dj who is also in charge of event programming for the main room and lounge. With a variety of entertainment and plenty of seating, yet another unique experience could be carved out of a visit to COMPANY NAME.

COMPANY NAME'S promise fulfillment strategy may be the most important. The necessary tactics are ongoing value-based training, maintenance, and attention to detail, especially after popularity has been established. Through empowerment of service employees to solve problems without making a customer wait for management consultation the company creates a win-win situation for the customer and the restaurant. Continuous and never-ending improvement is the order of the day through COMPANY NAME'S regular training sessions and meetings. Since value is equal to service rendered minus the price charged, it is crucial to go beyond the mere serving of food in a room full of lights and sound, the company has to create a long-lasting impression.

- Emphasize exceptional service -- COMPANY NAME MUST prove to guests that exceptional service is still available and should be expected as part of a dining experience. COMPANY NAME needs to differentiate ourselves from the mediocre service venues.
  - Emphasize an entertaining experience -- By assuring that all guests will enjoy themselves, COMPANY NAME would be securing market share through repeat business.
  - Focus on target markets -- COMPANY NAME'S marketing and themes of mass appeal and music based entertainment will attract the company's target market segments.
  - Differentiate and fulfill the above promises.

COMPANY NAME can't just market and sell another trendy restaurant; the Company must actually deliver on its promise of quality, service and a unique guest experience. COMPANY NAME needs to make sure the company has the fun and service intensive staff that COMPANY NAME claims to have.

4.1 SWOT Analysis

The SWOT analysis provides an opportunity to examine the internal strengths and weaknesses COMPANY NAME must address. It also allows to examine the opportunities presented to COMPANY NAME as well as potential threats.

4.1.1 Strengths

- Strong relationships with suppliers that offer credit arrangements, flexibility, and response to special product requirements.
- Great space requirements in a desirable area in [INSERT TOWN] that offers flexibility with a positive and attractive, inviting atmosphere.
- Strong merchandising and product presentation advisors already operating in the industry.
- Good referral relationships with complementary restaurant owners.

4.1.2 Weaknesses

1. Access to start-up capital.
2. Owner will be climbing the [INSERT TOWN] "high-end restaurant curve".
3. Challenges of the seasonality of the business (tourism, holidays).

4.1.3 Opportunities

1. Growing market with a significant percentage of the Company's target market still not knowing that COMPANY NAME exists.

2. Strategic alliances offering sources for referrals and joint marketing activities to extend the Company's reach.

3. Promising activity from high levels of new home construction in [INSERT TOWN] Metro.

4. Changes in consumer trends that initiate new visitors, and therefore, generating sales.

5. Increasing sales opportunities beyond the general [INSERT TOWN] Metro target area including several smaller communities that have produced a faithful following of customers.

4.1.4 Threats

1. The possibility of other like specialty sausage restaurants emerging on the market first before COMPANY NAME can open its' doors.

2. Increasing cost of location due to the quickly exploding population and popularity in [INSERT TOWN] Metro.

3. The downturn in the economy has impacted the Food and Beverage industry; stock market predictors correlate with sales.

4.2 Competitive Edge

The company seeks to establish a competitive edge in its new target market segment by increasing the level of customer contact and service that other competitors seem to oftentimes lack. Additionally, COMPANY NAME possesses the necessary skills to produce the highest quality products and services that are needed in this field. The establishment of the previously mentioned work processes that will ensure greater service will strengthen the contacts that promote word-of-mouth marketing and networking (Yelp, Facebook, Twitter, etc).

4.3 Marketing Strategy

A high growth area such as [INSERT TOWN] Metro, the city has an annual influx of new residents from many other parts of the country. This trend is true of California in general.

Many new residents, as well as many existing ones, are patrons of restaurants in other markets. COMPANY NAME is a place for all. The enabling technology will be an inherent part of COMPANY NAME'S image.

Advertising budgets and event promotion are ongoing processes of management geared to promote the brand name and keep COMPANY NAME at the forefront of the upscale specialty sausage restaurant establishments in Los Angeles' marketing area.

COMPANY NAME will depend on advertising as the main way to reach new customers. The company' strategies and practices will remain constant, as will the way the company will promote itself:

1. Advertising -- COMPANY NAME will be developing a core positioning message.

2. Grand Opening -- COMPANY NAME will concentrate a substantial portion of our early advertising budget towards the 'Grand Opening Event.'

3. Direct Marketing -- COMPANY NAME will directly market to local hotels surrounding the powers and the local airport.

COMPANY NAME will create an identity-oriented marketing strategy with executions particularly in local media, alongside print ads, and in-store promotions.

Achievement of the following campaigns will be measured by the polling of customers as to how they heard of COMPANY NAME for the first ninety days of operation. Budget adjustments will be made as the results dictate. Ads will also go into the local newspapers for [INSERT TOWN] and surrounding areas.

4.4 Sales Strategy

Sales projections for this plan are presented in the following topics.

4.4.1 Sales Forecast

This chart represents COMPANY NAME'S forecast for Income on a monthly basis. The table presents yearly expected sales. Complete monthly forecast figures for the first year are presented in the appendix.

Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Sales			
Beverage Sales	$729,469	$765,942	$804,240
Food Sales	$521,445	$547,517	$574,893
Total Sales	$1,250,914	$1,313,459	$1,379,133
Direct Cost of Sales	Year 1	Year 2	Year 3
Beverage Sales	$278,937	$292,884	$307,528
Food Sales	$177,482	$186,356	$195,674
Subtotal Direct Cost of Sales	$456,419	$479,240	$503,202

Chart: Sales Monthly

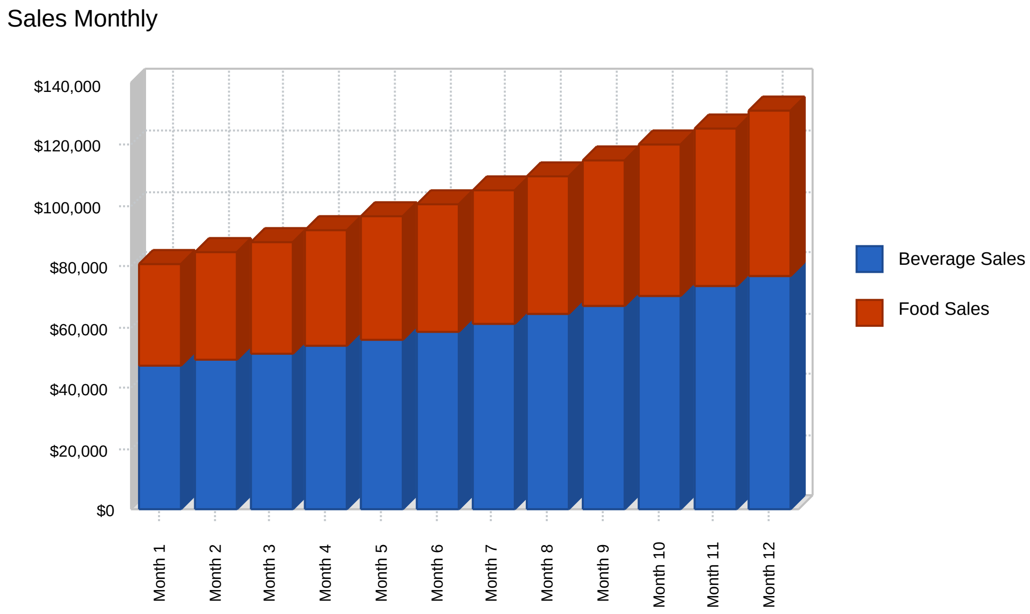
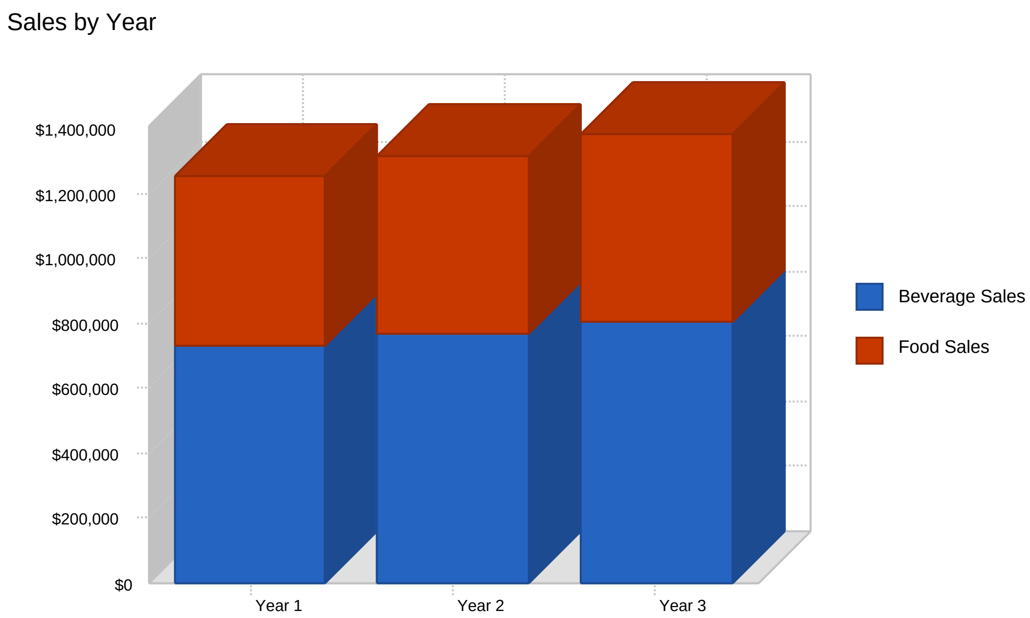


Chart: Sales by Year



5.0 Management Summary

COMPANY NAME operations will be run by the owner, OWNER'S NAME. OWNER'S NAME will hire the appropriate support staff in order to run the day to day operations.

5.1 Personnel Plan

The Personnel Plan reflects the objective of providing an ample amount of service personnel. As the Personnel Plan shows, the company expects to make gradual investments in service personnel over the next three years, always keeping in mind the number of customers in need of attention at the bar/restaurant.

Table: Personnel

Personnel Plan			
	Year 1	Year 2	**Year 3**
Salaried Staff	$284,736	$298,968	**$313,916**
Hourly Staff	$107,200	$112,560	**$118,188**
Total People	19	22	**23**
Total Payroll	**$391,936**	**$411,528**	**$432,104**

6.0 Financial Plan

The financial projections for this plan are presented in the tables and charts of the following subtopics.

6.1 Start-up Funding

The start-up funding is needed primarily to acquire the location in Metropolitan Los Angeles, California, slightly retrofit the location, purchase initial bar and restaurant equipment and supplies and to hire starting staff. COMPANY NAME will be initially funded by the owner and officer of the Company, OWNER'S NAME.

6.2 Important Assumptions

The financial plan depends on important assumptions, most of which are illustrated in the following table.

The key underlying assumptions are:

1. The company assumes a slow-growth economy of the first year, and three percent thereafter, without further major recession.

2. The company assumes that they will grow as managers during the process, this growth will manifest itself as flat line expense growth over the three-year period, leading to increased annual cash flow.
3. The company assumes access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.
4. The company assumes continued popularity of upscale specialty sausage restaurants in America and the growing demand for high-energy themed and casual dining venues.

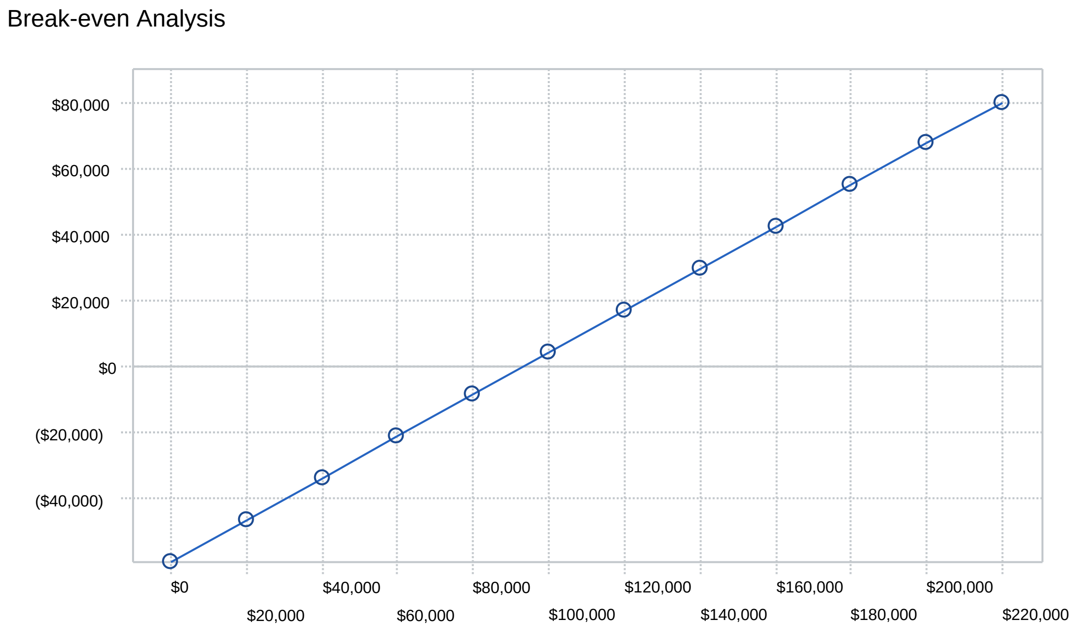
6.3 Break-even Analysis

The Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$93,135
Assumptions:	
Average Percent Variable Cost	36%
Estimated Monthly Fixed Cost	$59,153

Chart: Break-even Analysis



6.4 Projected Profit and Loss

Projected profit and loss statement for COMPANY NAME follows. Three years' annual totals are shown below. Monthly breakdown for year one appears in the appendix.

Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	$1,250,914	$1,313,459	$1,379,133
Direct Cost of Sales	$456,419	$479,240	$503,202
Other Production Expenses	$0	$0	$0
Total Cost of Sales	$456,419	$479,240	$503,202
Gross Margin	$794,495	$834,219	$875,931
Gross Margin %	63.51%	63.51%	63.51%
Expenses			
Payroll	$391,936	$411,528	$432,104
Sales and Marketing and Other Expenses	$24,000	$25,200	$26,460
Depreciation	$3,600	$3,708	$3,819
Fees--Credit Card	$113,089	$118,743	$124,681
Fees--Professional	$7,500	$7,650	$7,803
Leased Equipment	$4,992	$5,239	$5,502
Utilities	$36,000	$36,720	$37,454
Insurance	$22,500	$22,950	$23,409
Rent	$75,000	$75,000	$76,500
Restaurant Supplies	$31,218	$32,779	$34,418

Total Operating Expenses	$709,835	$739,517	$772,150
Profit Before Interest and Taxes	$84,660	$94,702	$103,781
EBITDA	$88,260	$98,410	$107,600
Interest Expense	$0	$0	$0
Taxes Incurred	$25,398	$28,411	$31,134
Net Profit	$59,262	$66,291	$72,647
Net Profit/Sales	4.74%	5.05%	5.27%

Chart: Profit Monthly

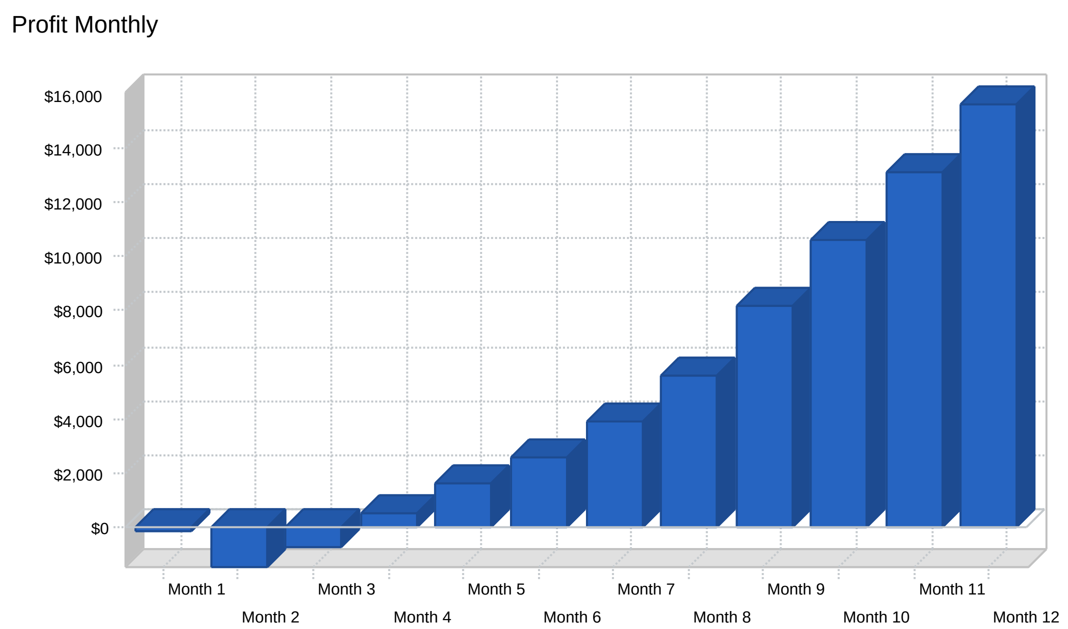


Chart: Profit Yearly

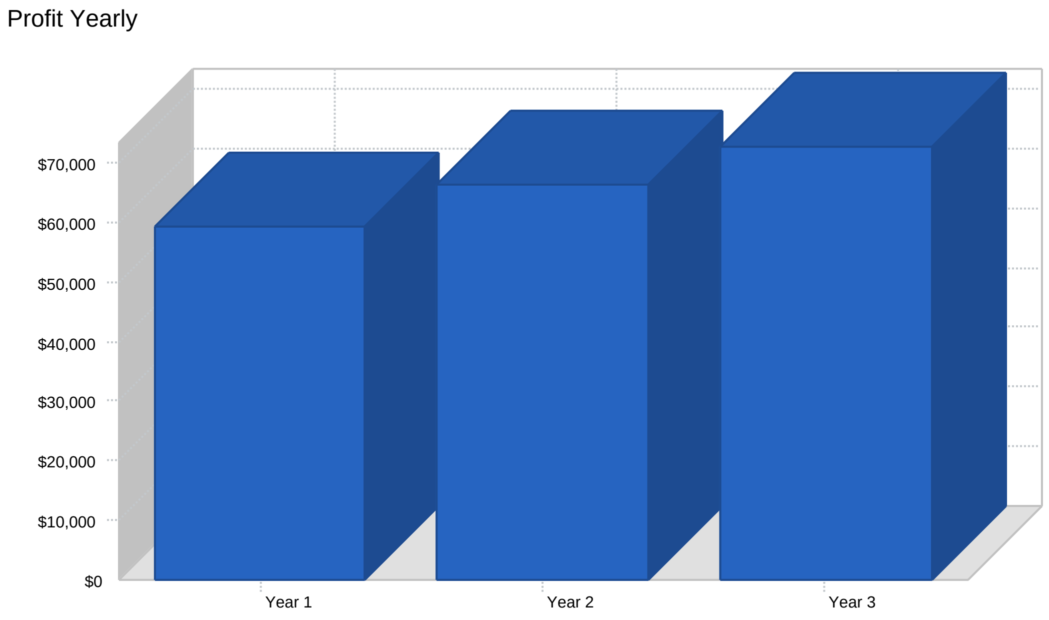


Chart: Gross Margin Monthly

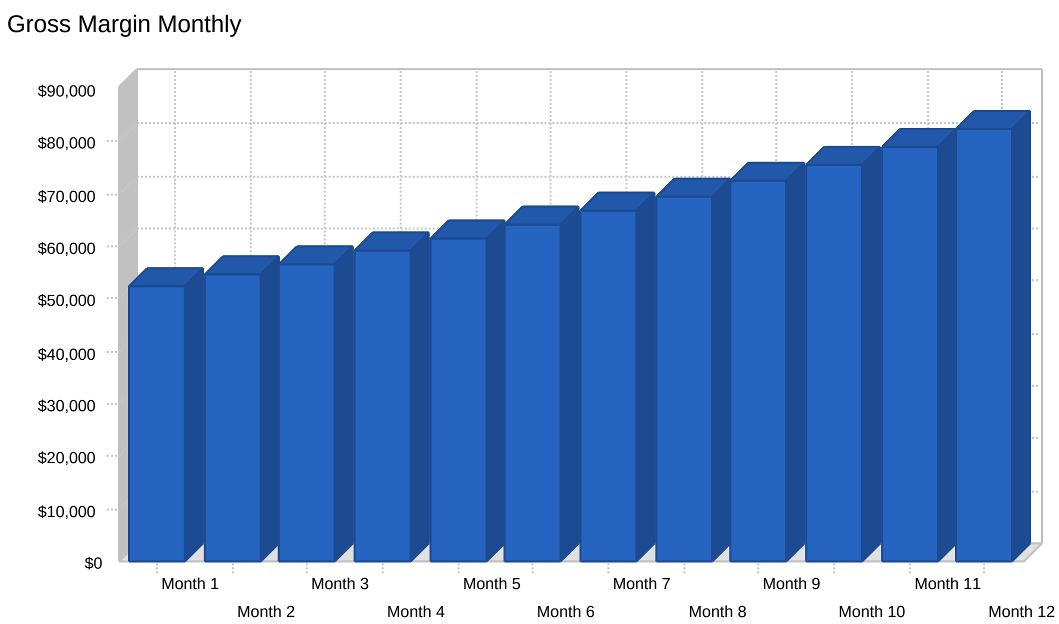
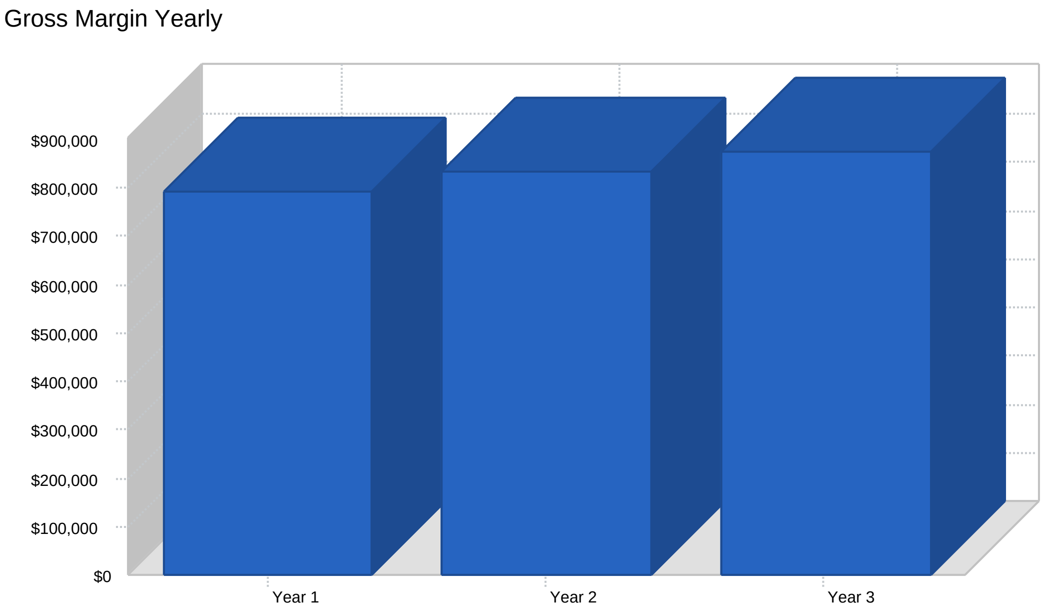


Chart: Gross Margin Yearly



6.5 Projected Cash Flow

The following chart illustrates COMPANY NAME'S monthly cash flow for year one. The table shows three years of annual totals. First year monthly figures as presented in the appendix. The months are weighted according to the amount of weeks in that month in a typical calendar year.

Table: Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	$1,250,914	$1,313,459	$1,379,133
Subtotal Cash from Operations	$1,250,914	$1,313,459	$1,379,133
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$20,000	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$125,000	$0	$0
Subtotal Cash Received	$1,395,914	$1,313,459	$1,379,133
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	$391,936	$411,528	$432,104

Bill Payments	$761,700	$842,939	$870,128
Subtotal Spent on Operations	$1,153,636	$1,254,467	$1,302,232
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$70,000	$0	$0
Purchase Long-term Assets	$165,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$1,388,636	$1,254,467	$1,302,232
Net Cash Flow	$7,278	$58,992	$76,901
Cash Balance	$462,528	$521,520	$598,421

6.6 Projected Balance Sheet

The following Balance Sheet indicates healthy growth of net worth and a strong financial position. The monthly estimates are included in the appendix.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	$443,582	$503,971	$582,272
Inventory	$49,043	$41,934	$44,030
Other Current Assets	$70,000	$70,000	$70,000
Total Current Assets	$562,625	$615,905	$696,303
Long-term Assets			
Long-term Assets	$165,000	$165,000	$165,000
Accumulated Depreciation	$3,600	$7,308	$11,127
Total Long-term Assets	$161,400	$157,692	$153,873
Total Assets	$724,025	$773,597	$850,176
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	$84,513	$67,794	$71,725
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$84,513	$67,794	$71,725

Long-term Liabilities	$0	$0	$0
Total Liabilities	$84,513	$67,794	$71,725
Paid-in Capital	$692,750	$692,750	$692,750
Retained Earnings	($112,500)	($53,238)	$13,053
Earnings	$59,262	$66,291	$72,647
Total Capital	$639,512	$705,803	$778,450
Total Liabilities and Capital	$724,025	$773,597	$850,176
Net Worth	$639,512	$705,803	$778,450

6.7 Business Ratios

The Ratios table below outlines important ratios for this upscale food and beverage establishment. The last column, Industry Profile, is derived from the Standard Industrial Classification (SIC) Index code 5812, for Full Service Restaurants.

Table: Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	**Industry Profile**
Sales Growth	n.a.	5.00%	5.00%	**1.49%**
Percent of Total Assets				
Inventory	4.07%	2.55%	2.04%	**2.91%**
Other Current Assets	5.80%	4.25%	3.24%	**42.36%**
Total Current Assets	86.62%	90.42%	92.87%	**50.54%**
Long-term Assets	13.38%	9.58%	7.13%	**49.46%**
Total Assets	100.00%	100.00%	100.00%	**100.00%**
Current Liabilities	13.06%	7.31%	5.88%	**24.20%**
Long-term Liabilities	0.00%	0.00%	0.00%	**52.11%**
Total Liabilities	13.06%	7.31%	5.88%	**76.31%**
Net Worth	86.94%	92.69%	94.12%	**23.69%**
Percent of Sales				
Sales	100.00%	100.00%	100.00%	**100.00%**
Gross Margin	79.73%	79.73%	79.73%	**59.90%**
Selling, General & Administrative Expenses	67.36%	64.67%	62.20%	**24.02%**
Advertising Expenses	8.79%	8.39%	8.01%	**3.24%**

Profit Before Interest and Taxes	28.91%	28.86%	29.09%	**7.73%**
Main Ratios				
Current	6.63	12.37	15.80	**1.10**
Quick	6.32	12.02	15.46	**0.98**
Total Debt to Total Assets	13.06%	7.31%	5.88%	**76.31%**
Pre-tax Return on Net Worth	62.09%	44.71%	35.54%	**76.32%**
Pre-tax Return on Assets	53.98%	41.44%	33.45%	**18.08%**

Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	20.24%	20.20%	20.36%	n.a
Return on Equity	43.46%	31.30%	24.88%	n.a
Activity Ratios				
Inventory Turnover	12.00	10.54	11.71	n.a
Accounts Payable Turnover	9.20	12.17	12.17	n.a
Payment Days	27	35	29	n.a
Total Asset Turnover	1.87	1.44	1.15	n.a
Debt Ratios				
Debt to Net Worth	0.15	0.08	0.06	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	$887,033	$1,368,378	$1,877,574	n.a
Interest Coverage	0.00	0.00	0.00	n.a

Go to Top

B. How to Develop a Results Driven Business Plan

There are many reasons why a business plan should be prepared. Each is sufficient by itself for why one must go through the exercise of preparing the actual business plan. This guide discusses free small business plans, business plan outline. Regardless of the specific reason, the underlying goal of preparing a business plan is to insure the success of the business. Here are the main reasons why a business plan should be prepared:

Provides you with the road map that you need in order to run your business. It allows you to make detours, change directions, and alter the pace that you set in starting or running the business.

To assist in financing. Whether one is starting up a small business or is an entrepreneur, banks and financial institutions want to see that you know where you are, where you are going, and how you are going to get there.

The plan will tell you how much money you need, when you will need it, and how you are going to get it. In other words, how you will do your financing?

Helps you to clearly think through what type of business you are starting, and allows you to consider every aspect of that business.

Raises the questions that you need to have answered in order to succeed in your business.

Establishes a system of checks and balances for your business so that you avoid mistakes.

Sets up bench marks to keep your business under control.

Helps you develop the competitive spirit to make you keenly prepared and ready to operate.

Makes you think through the entire business process so that you do not open the business blindly or lack vital information in opening and maintaining your business.

Forces you to analyze competition.

Will give you a "go" or "no go" answer about starting the business.

Use the following outline to create your business plan:

Business Plan Outline Guide

Table of Contents

1. Executive Summary

2. Company Description

Promoters, shareholders and Board

Advisors

Products and services

Long Term Aim of Business

Objectives

S.W.O.T. Analysis

3. Market Analysis

Target market

Total market valuation

Targeted share

Market trends

Profile of competitors

Competitive advantage

Benefits to clients

4. Marketing/Sales Strategy

Income sources

Marketing strategy

Pricing

Advertising and Promotion

Sales Strategy

5. Research & Development

Patents, copyrights and brands

Product/Service Development

6. Staffing and Operations

Management Organization Charts

Staffing

Training Plans

Confidentiality Agreement

The undersigned reader acknowledges that the information provided in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of <<*Company/Promoter*>>.

It is acknowledged by the reader that information to be furnished in this business plan is in all respects confidential in nature, other than information that is in the public domain through other means, and that any disclosure or use of this confidential information by the reader may cause serious harm or damage to <<*Company*>>.

Upon request, this document is to be immediately returned to <<*Company/Promoter*>>.

____

Signature

____

Name (printed)

____

Date

This is a business plan. It does not imply offering of securities.

1. Executive Summary

<< Introduce promoters here, and the reason you are now preparing this Business Plan.

This section should not be completed until the business plan is written. It will highlight all milestones in the company's development over the next five years. It should sum up the following areas:

- Purpose of the plan
- Product or service and its advantages
- Market opportunity
- Management team
- Track record, if any
- Financial projections
- Funding requirements

Financial projections should be summarised and highlighted. The following format is suggested as a guide:

	Year 1	**Year 2**	**Year 3**
Sales			
Exports			
Net Profit before Tax			
Investment			
Employment			

Remember that potential investors often make a provisional judgement based on the executive summary, and that their decision to read the main body of the business plan will depend on the information presented here. The appendices at the back of the plan contain more detailed information to support the main text of the business plan. >>

2. Company Description

Promoters and Shareholders

<< Description of the people involved in starting the business:

- Promoters
- Management structure and areas of responsibility

- Shareholders names, no. of shares, % shareholding and cash investment to date

Advisors

<< Financial, legal, and other advisors should be listed, with names, addresses and contact details. >>

Products and services

<< Explain clearly what your product or service is and what it does.

- Background to its development
- Benefits and Features
- Unique selling points
- Advantages to customers
- Disadvantages or weak points
- Future developments >>

Long Term Aim of the Business

<< State the long-term aim of the new business. >>

Objectives

<< State the specific milestones to be achieved by the company over the next five years (sales, exports, employment, product development, etc). >>

SWOT Analysis

<< Analyze the strengths and weaknesses of the business and product or service, the opportunities that exist in the marketplace, and the threats to the viability of the project. This is best done in a matrix diagram as follows:

Strengths	**Weaknesses**
Opportunities	**Threats**

3. Market Analysis

<< This section covers market research and competitor analysis. You must show that you have done the market research to justify the projections made in your business plan. It must demonstrate that there is a viable market and that you can beat the competition in the market for sales. >>

Target Market

<< The market to which you are planning to sell the product or service. Analyze the segments of this market as follows:

- Size of each market segment
- Is the segment growing or declining?
- Characteristics of potential customers in each segment >>

Total Market Valuation

<< Show the total potential value of the market for this type of product or service, in all the targeted markets, domestic and international. >>

Target Company revenue

<< These figures are the basis for the sales figures in your financial projections and must be based on realistic assessments. Include average deal size, length of sales cycle, recurring revenues>>

Market Trends

<< Analyze what is happening in the market:

- Recent changes
- Future predictions
- Drivers such as demographic changes, economic and legislative factors
- Implications for your product or service
- Your plans to meet future demands and changes in the market >>

Profile of Competitors

<<Analysis of your competitors in the market:

- What are the competing products and services?
- Profile of key players (company size, turnover, profitability etc) and their market share

- Advantages and disadvantages of the competitors’ offerings >>

Competitive Advantage

<< This is your assessment of why potential customers will choose to buy your product in place of those profiled above. Advantages may include:

- Unique features
- Price
- New technologies or systems
- Better value to customers in terms of efficiency or ROI or cost/benefit ratios
- Greater compatibility with existing systems
- Include any independent validation or case studies >>

Benefits to Clients

<< This is what your product or service provides to potential customers in terms of their own business goals. Does your product or service enable them to:

- Increase sales
- Increase efficiencies
- Save money?
- Save time?
- Maximise resources?
- Reduce errors?
- Reduce downtime?
- Improve Customer Service, reduce churn, increase loyalty

What will buying your product or service actually do for the customer? >>

4. Marketing/Sales Strategy

<< This section sets out your strategies for reaching your target market, arousing their interest in your product or service, and actually delivering the product or service to them in sales. >>

Marketing Strategy

<< How you will position your product or service in the market and differentiate it from its competitors:

- Which segments of the market will be targeted first and why?
- How will this be developed to reach the full target market?
- How will you differentiate your product or service?
- What key benefits will be highlighted?
- What potential customers have you already targeted?
- Have you a test site in operation, and what feedback is coming from this?
- What contacts can be used to generate market awareness and sales?
- Who will do the marketing: staff, agency, reps? >>

Revenue Sources

<< What contributions to revenue and profit will your business have?

	Irl	EU	US	Rest of World
Products				
Services				
Licenses				
After sales				
Upgrades				

Sales Strategy

<< How you will sell your product or service to the target market.

- Directly
- Retail
- Distributor
- Agent

- Sales rep
- Website
- Revenue Sharing Partners

Analyze for each method the costs involved, whether it will reach the intended market efficiently, the control you would retain over the pricing and positioning, the logistics, and the overall integration with your marketing strategy. State the advantages of the methods you have chosen to sell your product or service. >>

Pricing

<< How you will set the price charged for your product or service. Considerations include:

- Competitors' prices
- Level of competition in the market
- Perception of quality-price relationship by customers
- Production costs and overheads
- Chain of distribution and the added-value at each stage
- The extent to which the buyer can control the price

State how each product or service will be priced, referring to the income sources above. >>

Marketing and Communications Strategy

<< How you will promote your product or service in the marketplace.

- Advertising – where, when, how, to whom
- Public relations
- Direct marketing
- Website and internet marketing
- Exhibitions and conferences
- Word of mouth >>

5. Research and Development

Technology Roadmap

<< Show the intended future development of your product or service, i.e., changes to meet future market demands, adaptations to international markets, or upgrades. Also detail plans for new products or services to add to the range.

Include

- Team/Department structure
- Methodology
- Platforms used
- Milestones to be achieved
- System Overview Diagram>>

Research and Development

<< Indicate whether you will have ongoing R&D as an activity of the company, what areas this will be exploring and what future contributions to the company you expect from this research. >>

Technical Partners

<< List all partners and indicate nature of involvement >>

IP, Patents, Copyrights, Brands

<< Indicate any protection available for your product or service: whether the technology can be or has been patented, whether you can avail of copyright or trademark registration, and the brand image you intend to build up as a protection against competition. >>

6. Staffing and Operations

<< This is where you will outline the intended structure of the company in terms of management, number of employees, and the physical operational requirements to produce or supply the product or service. >>

Management (including Board) Organization Chart

<< Include a diagram of the way in which the management of the new venture will be organized. This should show the areas of responsibility of each manager and the employees to be taken on over the next three years. >>

Staffing

<< State what employees will be taken on over the next three years, with which skills, in which areas of the business. >>

Training Plans

<< Outline the planned employee and management development to be undertaken in order to maintain a skilled workforce. This should also tie in with the future market developments and any new product or service developments. >>

Operations

<< State the physical requirements of the business:

- Premises
- Equipment
- Production facilities
- Infrastructure
- Communications facilities
- Costs involved
- Suppliers >>

7. Financial Projections

I Key Assumptions

II Profit and Loss Accounts

III Balance Sheets

IV Cash-flow

Requirements for Preparation of Projections

1. Opening figures included based on latest Mgmt/Audited accounts
2. Shareholders Fund analyzed into Share Capital, Share Premium and Retained Profits
3. Sales Assumptions provided by unit, price segment & geography and reconciled to pipeline

4. Expenditure categorized into R&D, Admin and Overheads and Promoters / key managers salaries
5. Identification of monthly and cumulative company operational deficits
6. Sensitivity analysis may be required, detailing strategies to be implemented if sales or expenditure targets are not met.
7. Projections should identify separately Operational Cash Flow and external Cash Injections

I Key Assumptions

<< This section reviews the key assumptions used in the financial projections. It is a guide to explain how key figures in the financial projections were arrived at. Included here should be items such as:

- Income sources
- Number of employees projected for each year and their intended salaries
- Projected investment in equipment and materials
- Projected R&D costs
- Depreciation allowed for
- Expected rent and rates charges
- Creditor days expected and debtor days allowed
- Expense calculations

This section should be brief and to the point. Further detail regarding these items can be placed in the Appendices. >>

II Profit & Loss Accounts

<< Attach here projected profit and loss accounts for the first three years of the company's operations. >>

III Balance Sheets

<< Attach here projected balance sheets for the first three years of the company's operations. >>

IV Cash flow

<< Attach here a monthly cash flow prediction for the first two years of the company's operations. >>

8. Sales Pipeline

Table as follows:

Name of Customer	Size of Deal	Date PO expected	Probability % of Getting Sale

9. Funding Requirements

<< State here the total funding requirements of the business, and how those are intended to be provided. You will also need to state the approximate breakdown of how these funds are to be spent.

Sources:

- Promoters' funds
- Bank lending
- Grants or loans from agencies
- Investment already received
- Investment sought

Required for:

- Equipment
- R&D
- Marketing
- Staffing >>

10. Appendices

<< This section is used to provide the detailed data on which the main text of the business plan is based, and to provide extra information of interest to the readers of the business plan. Items for inclusion in appendices vary from business to business, but normally include some of the following:

- Promoters' CVs
- Detailed financial assumptions
- Most recent Company Audited Accounts
- Share Cap table and Investment history
- Term Sheet from Potential Investors
- Detailed market research findings
- Promotional literature
- Product or service information
- Details of company website
- Testimonials or letters of intent from customers >>

Go to Top