



Vermont Small Business Development Center Business Plan Guideline

COVER / TITLE PAGE: Name, address and phone number of business.

HINT!! Give your plan a business-like appearance by typing it on high-quality paper and putting it in a vinyl or cardstock binder or a three-ring notebook.

Type the complete business name, address and phone number, and the names and addresses of the principal owners. Also, show the date of issue of the plan and type "copy number ____" so you can number and control the copies.

To contact your SBDC representative for further assistance:

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Today's Date
Copy #



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EXECUTIVE SUMMARY HINTS:

This is a brief (one-page) statement of the business plan objectives. Address the following information that will help you achieve your goals. (You may choose to write this page last).

- A.) What is the purpose of this plan? Will it be used as:
 - An operating guide?
 - A financing proposal

- B.) What business structure have you chosen (i.e., sole proprietorship, partnership, corporation, S corporation)?
 - 1. Who are the principals and what are their proportions of ownership?

- D.) Why will the venture be successful?

For financing proposal:

- E.) Who is requesting the funds and how much is needed?
- F.) What will the money be needed for?
- G.) How will the funds be repaid?
- H.) What collateral will be offered to secure the loan?
- I.) Why does a loan or an investment make sense?
 - ii. Impact on local economy
 - iii. Job creation
 - iv. Increased tax base
 - v. Investment in the future of the community

Narrative Description of the Business

HINT: This section may be several pages long. It should provide sufficient information about your business so that the reader will understand what the business does and who its customers are.

Think about, and answer as many of the following questions as are appropriate.

- A. What business are you in?
 - Type of business: primarily merchandising, manufacturing, or service?
 - What is the nature of the product(s) or service(s), and what is the impact of these on the environment?
 - What will be special about your business?
- B. What market do you intend to serve? What is the total market and what is your expected share?
- C. How can you serve the market better than your competition?
- A. What is the present status of the business?
 - Are you in a brand new startup?
 - Are you an expanding, going concern?
 - Are you buying an existing business?
- E. If you will be doing any contract work, what are the terms? Reference any firm contract and include it as a supporting document.
- F. Do you have letters of intent from prospective suppliers?
- G. For an existing business, what is the history of the business?
- H. If you are buying a business, why does the owner wish to sell at this time? Are there any existing regulatory issues impacting the business? What is the purchase price? Give a complete breakdown for all assets, buildings, improvements, inventory, and goodwill.
- I. If the business is not going well, how will you turn it around and improve the situation?
- J. How will your management make the business more profitable?
- K. What changes do you plan to make to this business?

- L. Where is your business located, and why did you choose this location? Will the building be leased or owned? What are the terms and length of the lease contract? What renovations will be needed and at what cost?
- M. Describe the area (i.e., stable, changing, improving, deteriorating). What other kinds of businesses are nearby? Will they provide any business advantage for you?
- N. How much can your business expand before you will be forced to move or add on to the present building? Will they provide any business advantage for you?
- O. What is the current environmental status of the property and buildings? Has an environmental site assessment been performed on the property?
- P. Will you be required to obtain any other licenses or permits? Town, city, and state business permits and licenses? Construction; storm water; life/safety and health; off premise sign permits? Environmentally related permits? VT Act 250; water supply & wastewater disposal; wetlands; hazardous waste-handling, storage, treatment, transportation; air emissions.

Management Plan:

HINT: This section may be part of the business plan narrative, or a completely separate section. It should provide sufficient information to establish the credibility of the business and the ability of the owner(s) to successfully run the venture and meet goals and objectives. This section should show how you will plan, organize, direct and control the business through informed decision making, i.e., Accounting, financial, marketing, human resources, production, legal, risk management etc. Think about, and answer as many of the following questions as are appropriate.

- A. What is your business and management experience, including formal and informal education and training? Why are you the best person to lead this venture at this time?
- B. Who brings direct operational an/or managerial experiences in this type of business?
- C. Describe your management/organizational structure and include a brief description of who does what.
 - Include an organizational chart if necessary
 - Describe functions and responsibilities
 - Include resumes in support documents
 - List proposed salaries and wages
- D. Identify outside resources and what experience they bring to the business (accountant, lawyer, SBDC, marketing specialist, industry specialist)?
- B. Who will have the responsibility to manage risk?
 - Meet state and federal regulatory reporting requirements
 - Meet other legal requirements/issues
- C. Describe anticipated personnel needs and include desired skills and training costs. How will you motivate, keep, and compensate employees? Include job descriptions in support documents
- D. What is the business-operating plan?
 - Hours of operation?
 - Employee scheduling? Who does what when?
 - Inventory purchasing?
 - Quality control?
 - Cash management?
 - Procedures, training, security?

Risk Management Assessment:

HINT: This section may be part of the business plan narrative, or a completely separate section. It is a systematic method used to develop a comprehensive understanding of the businesses exposure to risk. It should provide sufficient information so that the reader understands the potential risks to the business, and what controls the business will implement to control and minimize these risks. Think about the following statements, and answer as many of the following questions as are appropriate.

- A. Describe your potential business risks and tell what insurance coverage you will purchase to protect yourself. Consider what the costs are and how you will pay for insurance protection for you business. Consider how you can reduce your liability from environmental, health, and safety risks to employees, the public, and the environment by planning, training, and record keeping.
- B. Some potential business risks include;
- 1) Property Loss:
 - a) Fire, theft, water damage, etc, to:
 - 1) Inventory
 - 2) Building and capital equipment
 - b) Intangibles (copyrights, patents, trademarks, trade secrets)
 - c) Business interruption/ continuation
 - 2) Legal Liability:
 - a) Product Liability
 - b) Employee Liability
 - c) Motor Vehicle liability
 - d) Subcontractor liability
 - e) Property and casualty liability
 - f) Licensing and permitting liability (see section 7)
 - g) Environmental risk (hazardous spills and pollution liability)
 - h) Business structure (sole proprietor, S or C corp., LLC, etc)
 - 3) Human Resources Liability
 - a) Worker safety issues (VOSHA, MSDSs, etc)
 - b) Worker compensation/disability issues
 - c) Key person protection issues
 - d) Health & Life insurance issues
 - e) Succession Planning Issues

The Marketing Plan

HINT: The marketing plan should be a clear, concise, well thought-out document that guides you through your marketing program. It may be the most important part of your business plan. Stay focused on the objective of your marketing plan and how you intend to accomplish that objective. A marketing plan is important whether you sell products or services.

A) The major elements of a marketing plan are listed below. A sentence or two in some sections may be all you.

- 1) The Purpose
- 2) The Benefits of your Product or Service
- 3) Your Target Customer
- 4) Your Positioning
- 5) Your Marketing Tactics
- 6) The Budget

Review your plan often to make sure you're on track. Commit yourself to the plan and never stop marketing!

1. The Purpose- what is the purpose of your marketing plan?

The purpose of any marketing plan is to maximize sales and profits. But this may mean different things to different businesses or entrepreneurs. Be specific about your purpose. If you are a tree nursery, your purpose may be "To sell the greatest number of trees at the lowest cost per unit." If you are a repair business your purpose may be "To fill the service time schedule as completely as possible to serve the greatest number of customers at the lowest cost."

The purpose may seem obvious, but if you're having trouble defining the purpose of your marketing plan, then think of it this way—Why are you marketing?

2. The Benefits of Your Product or Service

Describe in detail the products or services you provide.

What distinct benefits do you provide to your customers?

You don't market a product. You don't market a service. You market Benefits.

Describe the benefits here. Think of what makes your product or service benefits distinct from the competition. Knowing the benefits is also known as your USP "unique selling proposition". For example, the USP for FedEx has been, "When it positively, absolutely has to be there!" A gas sign in the Nevada desert may state "Last gas for 200 miles". Domino's Pizza delivers their pizza within a



certain time frame of the product is free. Not the inference of a “guarantee: in these statements. Consider how your strengths and weaknesses play against the competition when developing your USP. Knowing your benefits provides a springboard for developing sales materials and advertising copy.

3. Your Target Customer

Who are your target customers by groups with similar characteristics?

What is the size and growth potential of your market?

What portion of the market do you have now?

What part of the market would you like to have in the future?

You’ve got to know who your customers are (and most importantly you best customers) in order to effectively reach them. Look for common characteristics, age, gender, occupation, lifestyle, income, company size, buying patterns and affiliations, etc. Try to get into the head of your customer—what is it that they really want? How do they buy and how often? Be as specific as you can. This is an area where you may need to do some research.

What is the size of your target market and is it likely to change? Will the size of the market and your likely share be sufficient to support the venture? Be willing to admit that not everyone is your customer.

4.) Your Positioning

Who is your direct and indirect competition and how do you compare?

What is your current position in the market?

How do you want your customers and competitors to perceive your product or service in the future?

Position is your identity in the marketplace. How do you want your customers and competitors to view your product or service? Your positioning approach should be considered in every part of your marketing plan.

Developing a positioning statement will help. Three Brother’s Builders could be positioned as “The most dependable home renovators in the greater Rupert area”.

When developing your positioning statement think in terms of extremes- the “most”, “best”, “fastest”, “lowest cost”, “highest quality”, “exclusive”, etc- but do not position only on price.

Avoid positioning your company directly against a competitor, if possible. Focus on your strengths and weaknesses identified in the Benefits section, above.

Positioning is not image without substance- back up your claims



Your positioning will help you determine the proper avenues for advertising. One wood products manufacturer positioning statement is “highest quality, hand crafted hardwood furniture”, and another is “lowest cost furnishings for mobile home manufacturers”. Which company will advertise in Vermont Life, and which in a Mobile Home Industry Journal?

5.) Marketing Tactics

How will you attract and keep your target customers?

How will you keep track of the effectiveness of each selected market tactic?

The marketing tactics section is an action plan- how will you use advertising, public relations, and sales approaches to achieve your marketing goals? Be selective- not all approaches are appropriate for every business. No need to get bogged down in details- but give yourself guidelines for using each type of approach you plan to use.

A list of tactics:

Advertising (print, radio, TV)	Outdoor Signage
Brochures	Personal Contact
Circulars	Personal Letters
Classified Ads	Product Packaging
Community Service	Point-of-purchase displays
Contests	Premiums
Coupons	Public Relations
Direct Mail	Publicity
E Mail	Relationship Selling (Referrals)
Events	Sales
Flyers	Seminars
Free Samples	Social Responsibility
Frequent Buyer Programs	Sponsorships
Give-aways (Promo items)	Stunts
In-store signage/ displays	Telemarketing
Internet	Trade Shows
Networking	Yellow Pages
Newsletters	

6.) Marketing Budgets

How much will you spend on marketing?

Is this an increase or decrease over previous years?

Where will you concentrate the expenditures and why?

Did you remember to include marketing expenses in your financial projections?



Discuss how much you will spend on marketing as a percentage of projected sales. How does this compare with others in your industry? A company involved in direct marketing of a product to individuals (direct mail, for example) will likely spend more than a company who develops a customer base through networking.

Committing a dollar figure means you are committed to supporting your marketing plan. It may also encourage you to consider low-cost tactics you had not thought about before the augment the advertising programs you will fund.

B.) Contingency Plan

What will you do if your projections are off or your marketing plan is not working?

Financial Data:

HINT: The financial data section is a complete package of data about the financial situation of the company or business proposal. Your SBDC Counselor or an accountant may provide you with guidance in preparing these important statements. The format of financial forms is standardized and should be followed exactly.

- A.) Source and application of funds statement. What funds do you need for the next year and where will they come from?
- B.) Capital equipment lists. What equipment do you have, need, and what is its cost or value?
- C.) Current balance sheet and your to date income statement
- D.) Break even analysis. What is the minimum sales revenue you need in order to meet your fixed operating costs?
- E.) Projected profit and loss (Income statement)
 - 3 years future projections
 - Detailed by period
 - Noted of explanation and assumptions
- F.) Cash flow projections- minimum 2 years
 - Detail by month
 - Recognize season differences
 - Use SBA Form as an example
 - Line items for anticipated permitting, waste disposal and environmental compliance costs

- G.) Projected balance sheet
 - Dates should correspond to cash flow and profit and loss statements
 - Notes of explanation and assumptions

- H.) For an existing business
 - Year to date profit and loss statements
 - Current balance sheets
 - Tax returns for past three years

- I.) Cost savings
 - Good environmental, health and safety (EH&S) planning can save you money and time. Consider how you can reduce your business's waste products, which can prevent pollution and save money through reduced raw material purchase, waste disposal costs, and permitting fees (and personnel time spent in reporting to state and federal agencies).
 - Taking advantage of bulk purchasing or other options from suppliers may help finance your business. Investigate all the options.

Addendum and Supporting Documents:

This section will contain addition forms, documents, newspaper or magazine articles, government or associations forecast data, market studies and any other information that might help your cause or answer potential questions. Consider the following items;

- A.) Personal resumes for all principals
- B.) Personal financial statements and tax returns for all principals
- C.) Letters of reference, or intent from prospective supplies or customers
- D.) Market research data, census bureau data or customer surveys
- E.) Copies of all leases, contracts or purchase and sales agreements, deed or other legal documents
- F.) Any permits and licenses obtained, site assessment report, or valuation appraisals.



State of Vermont Permit List

Environmental Board

Act 250

Agency of Natural Resources

- Air Quality Permit: Indirect Source
- Air Quality Permit: Stationary Source
- Aquatic Nuisance Control
- Beverage Container Approval
- Campground
- Dams
- Discharge Permit: Indirect
- Discharge Permit: Industrial & Municipal
- Discharge Permit: Pretreatment
- Discharge Permit: Storm water
- Extension of Sewer Lines
- Hazardous Waste Certificate
- Importation of Fish, Amphipians & Reptiles
- Importation of Wild Animals & Birds
- Management of Lakes & Ponds
- Mobile Home Parks
- Open Burning Permit
- Schoolhouse Design & Construction
- Sludge Management Site Certificate
- Solid Waste Treatment/Disposal/Recycling Transfer Facility
- Solid Waste Disposal Facility: Special Wastes
- Stream Alteration
- Subdivision
- Timber Harvest & Utilization
- Underground Storage Tank
- Water Supply Division
- Water Supply/Wastewater Disposal Permit
- Wetlands

Department of Education

Public School Approval

Department of Labor and Industry

- Apprenticeship Information Training
- Boilers Tagging/ Inspection
- Disability Access/ Information
- Electrical Permits/ Inspection
- Elevators/ Dumbwaiters
- Fire Alarm/ Fire Suppression
- Passenger Tramways
- Plumbing Permits/ Inspection
- Public Buildings/ Construction/ Additions
- Storage of Flammable Liquids & Explosives
- VOSHA Compliance/ Voluntary Compliance
- Workers Compensation

Department of Agriculture

- Equine Testing
- Firewood Measure
- Frozen Dairy Product
- Gasoline Pumps
- Ginseng
- Maple Dealers
- Nursery/ Greenhouse
- Octane Ratings
- Pesticides
- Retail Sales: Meat
- Retail Sales: Milk
- Retail Sales: Oleo/ margarine
- Weights & Measure

Agency of Transportation

- Airports
- Business Directional Sign
- Junkyard Licensing
- Railroad Crossing
- Work in Highway Right of Way

Department of Employment & Training

- Unemployment Compensations
- Restaurants

Department of Liquor Control

- Malt & Vinous Beverage- 1st Class
- Malt & Vinous Beverage- 2nd Class
- Spirituous Liquor - 3rd Class

Lottery Commission

- Lottery Tickets
- Sales & Use Tax

Oil & Gas Board

- Oil & Gas
- Diesel Fuel Tax

Public Service Board

- Certificate of Public Good (Water Company)
- Dams
- Wastes Haulers

Secretary of State

- Cooperatives
- Domestic Corporations
- Domestic Non Profit Corporations
- Foreign Corporations
- Limited Partnerships
- Professional Corporations
- Trade Marks
- Trade Name

Department of Health

- Asbestos/ Demolition/ Renovation
- Bakeries
- Certificate of Need
- Community Care Home Level 3
- Food Establishment License
- Hospital Licensing
- Laboratories
- Lodging Permit

Department of Taxes

- Amusement Machines
- Cigarette & Tobacco Tax
- Corporate Income Tax
- Meals & Room Tax
- Personal Income Tax

Department of Motor Vehicles

- Franchise Tax
- Gasoline Tax
- Hazardous Materials Haulers

Department of Social & Rehabilitative Services

- Day Care
- Foster Care
- Residential Care

Local Permits

- Town Zoning
- Historic Preservation