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Business Plan Assistance on the Web

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Table of Contents

On the Web	2
Abstract	2
Introduction and Background.....	2
Elements of A Business Plan	4
Commercial Software Available for Business Planning	6
Resources Available on the Web.....	7
Free Complete Templates for Business Plans:	8
Information Related to Business Plans:	8
Conclusions	9
Appendix	11
Business Plan Outline	11



Business Plan Assistance On the Web

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Abstract

One critical step for entrepreneurs contemplating a new or expanded business is to develop a business plan. There are numerous sites on the World Wide Web that provide resources and various types of assistance to those interested in preparing a business plan. The purpose of this manuscript is to provide specific links to types of business plan assistance and indicate some of the features of each site.

Introduction and Background

Many factors are critical to the success of a new business or the expansion of an existing one. Factors such as personnel, management, location, timing, and financial leverage may ultimately determine the success or failure of a new or expanded business. Business plans are prepared as an integral ingredient of procuring debt capital from potential investors, bankers and other lenders. The business plan is essential when taking a business public or selling all or part of a company. Moreover, without a business plan soliciting a bank for funds is pointless.

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Potential lenders or investors wish to evaluate their risk based upon a full discussion by the entrepreneur of the challenges that the business may face in the future. The business plan becomes the focal point for this type of communication. A good business plan will clearly communicate both the strengths and weaknesses of the planned business. To lenders or potential investors, the business plan evaluates the feasibility of the new business. A logical and reasoned business plan communicates to lenders that the management is capable, organized and prepared. A poorly researched business plan, or one that makes unsupported conjectures, indicates that management or the entrepreneur is inexperienced, or perhaps ill equipped to handle a new venture.

Preparing a business plan will take time and will require careful consideration of a variety of firm and industry factors. However, the business plan will give important information to outside investors and lenders. A good business plan is an important working document besides being a vehicle for requesting debt capital. A good business plan also incorporates a "strategic plan" from which the business is operated over time.

Good business plans are comprehensive, well thought-out documents that provide the basis for entrepreneurs to make sound business decisions. Whatever the intended use, make sure that the business plan is thorough, accurate, and substantiates all factual claims.



Elements of A Business Plan

A business plan contains most of the same elements or topics, regardless of the industry or application. Therefore, business plans will be similar in major headings from one to another, even though the particulars of a new business may be quite different depending on the industry. A detailed outline of a business plan is provided in the Appendix of this document.

A business plan should begin with a well-written statement that summarizes the entire document. The summary should include the present status of the company along with the firm's strategies and thrust. The need for resources and the cash requirements of the business should also be presented.

The first main section of a business plan should provide information about the company. Included are such items as the company's products, the markets served by these products, and a customer profile. The company's position relative to technology in the area and any actual or planned upstream or downstream strategic partnering with other firms should be included. An essential portion of this section is a frank discussion of the company's strengths, weaknesses, and key success factors. The section also should address the company's competition and competitive position.



Report Series: AEDE-RP-0006-01

The second section should present a detailed industry analysis. The industry in which the company will operate should be defined, including the Standard Industrial Classification of that industry². Other items included in this section are characteristics that describe the industry, such as growth rates, seasonality, and industry life cycles. Key financial ratios of typical companies in the industry should be reviewed here. These ratios serve as a benchmark for the company's own financial statements and operations.

The next major section of the business plan provides an analysis of the market. This should include discussion of the scope and size of the market and any segmentation of the market that is relevant to the company. Target customers and sales tactics should be outlined. In addition, this section should contain information on pricing, distribution channels, and major competitors in the markets to be served by the company.

The next major section provides a strategic plan for the company. This is a vital component of the business plan. The strategic planning section should include the company's long-term goals, milestone achievements, and any red flags or warning signs that indicate trouble for the company. Market opportunities and risk should also be outlined here. The business strategy for the company should be discussed, along with the long-term strengths and weaknesses.

² The Standard Industrial Classification (SIC) system for defining industrial will be replaced by a new system called NAICS, or North American Industrial Classification System. Details concerning the structure of each system and concordance between SIC and NAICS may be found at: <http://www.census.gov/pub/epcd/www/naicstab.htm>.



The business plan continues with a management team section, which discusses the importance of the management team to the company's success. The organizational structure and responsibilities of each officer of the company should be included. If there are milestones in terms of personnel, they also should be addressed here. For example, a start-up company might highlight their hiring of a leading information technology resource person as part of their top management team.

The next major section of the business plan provides information about the financial side of the company. It is imperative to provide an annual income statement and balance sheet for the company projected out over the next three to five years. A cash flow statement for this same time period should be included, as should be a discussion of break-even volumes that serve as financial milestones for the company.

Finally, the conclusions section serves to summarize and highlight key points from the body of the business plan. If you are using the document to assist in procuring capital from potential investors, keep in mind that these individuals review dozens of plans. A compelling conclusion and executive summary are critical to ensuring that your business plan stands out. Where necessary, the concluding section can be followed by appendices. Examples include resumes of key managers, tax returns, legal documents, more detailed financials, and company sales literature.

Commercial Software Available for Business Planning

Of course, commercial software is available to assist in putting together a business plan. Most of these software packages provide a template that can serve as a



detailed guide. Award winning [commercial software packages](#) for writing a business plan, developing a marketing plan, assessing new business ideas and evaluating business strategies are available. There are details, demonstration downloads, press reviews and on-line order facilities available.

One of the more popular software aids is [Business Plan Pro](#)^{TM3}. This software is a top-rated business planning software, with recent awards including *WinMag* 2000 and *Home Office Computing's Gold Award* for the "Top 100 Products of 2000". Details regarding the functionality and purchase of this software are also available.

Another comprehensive software package is [PlanMaker](#)TM. The stand-alone business planning software features a quick start manual, on-screen tutorial and questionnaire, automatic financial forecasts, and a 300 plus page resource guide for users. This software is available for Windows, Macintosh, and in a CD-ROM hybrid version.

In addition to the commercial software sites listed above, several resources are available for purchase from a site sponsored by [morebusiness.com](#). This site includes several free resources along with an example of a business plan.

Resources Available on the Web

There are various sources of assistance available from diverse locations on the World Wide Web. An annotated listing of some selected sites is provided below:

³ This software is not available for the Macintosh.



Free Complete Templates for Business Plans:

- The [US. Small Business Administration](#) has available a comprehensive site that provides guidance, outlines, and templates.
- There is a well-constructed site that presents a template to put together a complete business plan. This resource is provided by the [Columbus, Ohio Chamber of Commerce](#) and uses an interactive format. It is a recommended site.

Also, the [Columbus Chamber of Commerce](#) makes available important information to entrepreneurs that are contemplating presenting their business plan to venture capitalists.

- In addition to hosting business web sites, the [BizPlus](#) site has collected information to help start or expand a business. Free information concerning seeking trademarks, templates for creating business plans, and important web addresses (for example, for the Small Business Administration, IRS, and Better Business Bureau) are available.

Information Related to Business Plans:

- This site, <http://www.ehow.com/ehow/ehowDetails.jsp?id=8601>, has tips on how to prepare and deliver an effective presentation of your business plan to potential investors.



Report Series: AEDE-RP-0006-01

- [The Howard University Small Business Development Center](#) has developed a page web page showing a detailed outline of a comprehensive business plan.
- A detailed document provided by Iowa State University in “pdf” form entitled [How To Write A Business Plan](#) could be of invaluable assistance to the entrepreneur.
- Another recommended site provided by [The Iowa State University Extension](#) furnishes a valuable document on how to develop an agricultural business plan. This guide is intended to help entrepreneurial explorers find their way to the types of assistance that are best suited to their needs.
- The [Ohio State University Extension](#) provides a site that discusses the key elements of a business plan. It also includes some information regarding why a business plan is needed and tips on writing one.

Conclusions

The World Wide Web provides a variety of valuable resources for managers and entrepreneurs interested in developing a business plan. A carefully drafted document will serve as a guide to business decisions, provide important information to lenders, communicate your goals to company management and employees, and help to refine your management skills.



Report Series: AEDE-RP-0006-01

Once the business plan has been completed, it is equally important that it be revisited and updated regularly to reflect current conditions, challenges, and opportunities. The best business plans are working documents that evolve over time based on experience.



Appendix Business Plan Outline

This appendix provides a detailed outline for a typical business plan. The major headings will be similar regardless of the industry or application. However, the details under each major heading may be different and depend on the situation. For example, in a start-up business the “Historical Data” section under “Company Analysis” would not apply.

The major headings usually appear in the order provided in this outline:

- I. *Summary Statement*
 - A. Summary Statement
 - B. Present Status of the Company
 - C. Strategic Opportunities
 - D. Company Thrust
 - E. Business Strategies
 - F. Resource Requirements
 - G. Expected Benefits
 - H. Net Cash Requirements
 - I. Performance Measures and Milestones

- II. *Company Analysis*
 - A. Historical Data
 - B. Products
 - C. Markets
 - D. Customers
 - E. Technology Position
 - F. Downstream and Upstream Strategic Partnering
 - G. Cost Comparisons
 - H. Operational Resources
 - I. Company Strengths and Weaknesses
 - J. Bases of Competition
 - K. Key Success Factors
 - L. Competitive Position

- III. *Industry Analysis*
 - A. Definition
 - B. Industry Size and Growth Rate
 - C. Key Growth Factors
 - D. Cyclical Influences
 - E. Seasonality
 - F. Industry Life Cycle
 - G. Financial Operating Characteristics and Trends



H. Financial Ratios

IV. *Market Analysis*

- A. Market Scope and Market Distribution
- B. Market Segmentation
- C. Market Demand Changes and Trends
- D. Major Customers and Concentration
- E. Sales Tactics
- F. Distribution Channels
- G. Pricing Trends
- H. Promotion and Advertising
- I. Major Competitors
- J. Market Share and Sales

V. *Strategic Planning*

- A. Long-Term Goals
- B. Key Performance Indicators
- C. Milestone Schedule
- D. Plan Assumptions
- E. Red Flags
- F. Company Strengths to Exploit
- G. Company Weaknesses to Overcome
- H. Market Opportunities to Exploit
- I. Risk Analysis
- J. Company Thrusts and Business Strategies.

VI. *Management Team*

- A. Key to Success
- B. Functional Organization
- C. Responsibilities
- D. Functions to Key Personnel
- E. Personnel Milestones

VII. *Financial Analysis*

- A. Pro Forma Income Statement (annual for 5 years in future)
- B. Pro Forma Balance Sheet Statement (annual for 5 years in future)
- C. Pro Forma Cash Flow Statement (annual for 5 years in future)
- D. Break-Even Analysis

VIII. *Conclusions*