

# A BASIC BUSINESS PLAN OUTLINE

---

© Phil Thompson – Business Lawyer, Corporate Counsel – [www.thompsonlaw.ca](http://www.thompsonlaw.ca)

**A business plan is an essential tool in any business venture. When counselling clients in start-up situations, including joint venture type projects, I always ask to review my clients' business plan so that I can make the legal structure of the relationship work within the business context they envision. There are many different business plan outlines. This is one I provide to clients who are not sure where to start.**

## 1. TABLE OF CONTENTS

## 2. EXECUTIVE SUMMARY

- The business opportunity - the market, the product, the management team, the company.
- The purpose of the plan - who it is aimed at, what you want from them, what they will get in return.
- Outline the research you have done which makes your analysis credible.

## 3. INDUSTRY AND COMPANY STORY

### The Industry Story

- History of the company's industry; current trends in the industry; outside threats to the industry; what makes it an attractive industry.

### The Company Story

- How long in business; summary of company history; current stage and status of company.
- Company's position in the industry.
- Company's exposure to threats from within the industry.

## 4. MANAGEMENT TEAM

- Management: who are they, what is their experience, what is their track record; ability to assemble and manage a winning team; why they can pull this off.
- Evidence of personal commitment.

## 5. THE PRODUCT STORY

- What is it; what is its value; what makes it unique; what is its customer profile; how it promotes sustainable customer relationships.
- Set out and explain your pricing and margin strategy; customer reaction; competitor reaction.

## 6. UNDERSTANDING THE MARKET

### The Demand Side - Potential for Sustainable, Long-Term, Customer Relationships

- Size, location, key characteristics (quantify as much as you can).
- Interest level, current penetration, potential penetration.

## **The Supply Side – The Competition**

- General description of competitive products and suppliers; their strengths & weaknesses.
- Your exploitable opportunity; what makes you unique.
- Your sustainable competitive advantage/defensible position, or how you can build one.

### **7. THE MARKETING, DISTRIBUTION & SALES PLAN**

- Define the market, define the target customers, explain what messages you will deliver and how you will reach them, what it will cost, how long it will take, who will do it; explain key third party relationships in place or required; provide the sources for your information and why your analysis is reliable and believable.
- Outline the distribution program (including exactly how, who and how much it will take to get your product to your target customers).
- Outline the sales program (including who will sell the product, how they will do it, what you will charge, when you will get it).
- Summarize your sales and marketing goals, quantify them, and put them in a market and industry context.

### **8. THE OPERATIONS PLAN**

- Location - where, why, when, how much.
- Personnel - who do you need, where will you get them, how much will they cost, how long will it take.
- Technology/hardware/software/equipment etc. - what do you need, where do you get it, what does it cost, how long will it take to put it together.
- Outline key subcontractor/supplier/distributor and other third party arrangements; how you are vulnerable and how you plan to manage that vulnerability; what is already in place.

### **9. THE FINANCIAL PLAN**

- Historical -- what has been achieved in the past; where you are today.
- What you project, and why -- sales, margins, costs, bottom line.
- Critical success factors.
- What it means to company, customers, suppliers, employees/management, investors.

### **10. FINANCING THE PLAN**

- How much you need, where you plan to get it, how you plan to use it, what impact it will have.
- How you will secure it, how and when you will pay it back.
- Fall-back position.

### **11. SUPPORTING INFORMATION**

- Historical financial statements and cash flows.
- Pro forma financial statements and cash flow projections.
- Career histories of key management team members.
- Product brochures.
- Anything else of relevance, especially research results which support the plan.