

**Model Checklist for  
DEVELOPING A BUSINESS PLAN**

**Background and Purpose:**

The first step in developing an effective business plan is to capture the essential facts and to begin an analysis of critical factors associated with a successful business endeavor.

The questions set out below are designed to assist with this initial business planning process. Not all questions will be relevant to every prospective business opportunity. Some answers will be incomplete or tentative, but the answers should be as complete and as factual as possible.

Your auxiliary organization's eagerness to explore well-conceived business opportunities should rest upon sound, documented business planning.

<b>A. ORGANIZATIONAL</b>
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**1. What is nature of the business?**

**2. What phase is the business in?**

- a) Start-up
- b) Expansion
- c) Cash flow shortage
- d) Other

**3. What is the corporate structure?**

- a) Partnership
- b) Limited partnership
- c) Corporation C Corp
- d) Corporation S Corp
- e) Not for profit
- f) Other

**4. Who is the management team?**

- a) President.....
- b) Vice President.....
- c) Secretary .....
- d) Treasurer .....
- e) Controller .....
- f) Marketing Manager .....
- g) Sales Manager.....
- h) Operation Manager .....
- i) Human Resource Manager.....

**5. Who is the organization's outside consultant team?**

- a) Legal.....
- b) Management consultant.....
- c) Marketing .....
- d) Accounting .....
- e) Computer software .....
- f) Computer hardware .....

**6. What are the organization's goals and objectives?**

**7. What will the organization achieve?**

**8. How will the company fit into the industry?**

**9. What are the organization's plans regarding personnel?**

**10. Does the organization have:**

- a) Letters of recommendation? \_\_\_\_\_
- b) Endorsements? \_\_\_\_\_
- c) References? \_\_\_\_\_



16. **What advantages does the organization have over its competition in the area of public image?**
  
  
  
  
  
  
  
  
  
  
17. **What advantages does the organization have over its competition in the area of business relationships or references?**
  
  
  
  
  
  
  
  
  
  
18. **What strategies may be adopted to the organization's environment that the competition is using?**

<b>B. OPERATIONAL</b>
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1. **Who are the organization's suppliers?**
  - a)
  - b)
  - c)
  - d)
  - e)
  - f)
  - g)
  - h)
  - i)
  
  
  
  
  
  
  
  
  
  
2. **Provide a brief history of the business and tell how the products/services are developed.**

- 3. Does/will the organization depend on special vendors or suppliers to successfully operate the business?**
  
- 4. Does the organization have any licenses or agreements that are required to operate the business?**
  
- 5. How will the organization produce its product or service (internally/in-house, externally/subcontract, etc.)?**
  
- 6. Will the current production philosophy change in future years? If so, how?**
  
- 7. Can the current facility handle future growth demands?**
  
- 8. Has the organization established lead times for the ordering of inventory?**
  
- 9. Does the current facility allow for flexibility with regard to growth?**
  
- 10. If a new building is being considered, has the organization planned for:**

- a) Adequate warehouse/office space for future expansion?.....
- b) Efficient loading docks and ground-level door entrances?.....
- c) Ease of transportation to roadways, railroads, and airports?.....
- d) Convenient to customers and suppliers?.....

**11. Has the organization properly negotiated the lease (lease rates, free rent, term of lease, responsibility of roof repairs and maintenance, etc.)?**

**12. What are the lease rates?**

**13. Has the facility been properly designed to allow for efficient use of space and productivity in:**

- a) Office? .....
- b) Warehouse? .....

**14. Is the facility accessible to the handicapped?**

**15. Who is organization's banker?**

**16. Does the product need to be patented?**

**17. If so, has the organization applied for a patent?**

<b>C.i.</b>	<b>FINANCIAL</b>	<b>Capitalization Requirements and Plan</b>
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1. **How much capital does the organization need for two years of operation?**  
\$ \_\_\_\_\_.
  
2. **What will the capital be used for?**
  
3. **What type of borrowing structure is the organization looking for?**
  - a) Debt only
  - b) Debt/Equity
  - c) Limited partnership
  - d) Stock purchase
  - e) Venture capital
  
4. **Is the organization aware of the Small Business Administration (SBA) procedures for obtaining a loan?**
  
5. **What existing loans does the organization have?**
  
6. **What will be done with these loans?**
  
7. **What are the organization's assets?**
  
8. **What are the organization's business liabilities?**
  
9. **How much working capital will the organization need?**
  - a) One year \$ \_\_\_\_\_
  - b) Two years \$ \_\_\_\_\_
  
10. **What does the organization have to pledge as collateral** (inventory, accounts receivable, fixed assets, stocks, other marketable securities, contracts, etc.)?

11. **Is there any other financing that will be paid off with new proceeds?**
  
12. **If so, what and how much?**
  
13. **Are there any co-signers or other guarantors for the new proceeds? Who?**
  
14. **Does the organization have controlling interests in other businesses?**
  
15. **What equipment is needed?** (List type of equipment and retail cost, i.e., machinery and equipment, furniture and fixtures, vehicles, office machines and equipment, telephone systems.)
  
  
  
  
  
  
  
  
  
  
16. **What inventory is needed?** (List the type of inventory needed.)
  
  
  
  
  
  
  
  
  
  
17. **Will the organization be leasing office/warehouse space, or purchasing?**  
Give details.
  
  
  
  
  
  
  
  
  
  
18. **What type of computers are needed to operate the business?**
  
  
  
  
  
  
  
  
  
  
19. **How many computers are needed?**



20. **What kind(s) of software are needed** (business management, accounting, word processing, mailing lists, etc.)?

21. **What other equipment is needed to operate the business?**

<b>C.ii. FINANCIAL</b>	<b>Operating Budgets and Forecasts (Including Assumptions)</b>
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1. **When does the fiscal year end?**

2. **What were the last three years' prior results?**

<b>SALES</b>		<b>Yr. 1</b>		<b>Yr. 2</b>		<b>Yr. 3</b>
Cost of sales		_____		_____		_____
(variable costs)	-	-	-	-	-	
Gross Profit		_____		_____		_____
	-	-	-	-	-	
Operating Expenses		_____		_____		_____
(fixed costs)	-	-	-	-	-	
Profit or loss		_____		_____		_____
	-	-	-	-	-	

3. **What type of inventory does the organization have?**

- a) FIFO (First in, first out)
- b) LIFO (Last in, first out)

4. **How much inventory does/will the organization carry in an average month?**

5. **What is the sales tax rate for each state, city, or county in which the operation plans to transact business?**
  
6. **When is the business financial statement updated (monthly, quarterly, annually)?**
  
7. **What is the break-even point, according to the organization's financial projections?**
  
8. **Does the business have a current profit and loss statement, balance sheet, cash flow statement, and at least two years financial projections?**
  
9. **What is the current production capacity in units of output and in dollars on a monthly basis?**

<b>C.iii. FINANCIAL</b>	<b>Cash Flow &amp; Investment Return</b>
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1. **How will the return on investment be received?**
  
2. **What type of payback to the lender/investor is the organization looking for?**
  
3. **How much in receivable does the organization carry on average?**
  - a) 30 days .....

- b) 60 days .....
- c) 90 days .....
- d) 120 days .....
- e) Over 120 days .....
- f) TOTAL .....

**4. What are the profit margins?**

**5. Financial Resources:**

Current cash available is \$ \_\_\_\_\_

Current ratio is:

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \dots\dots\dots$$

Quick Ratio is:

$$\frac{\text{Cash and Equivalents} + \text{Accounts Receivable} + \text{Notes Receivable}}{\text{Total Current Liabilities}}$$

**6. How will the organization maintain cash flow for the slower times of the year?**

**7. Are there any supporting documents the organization can use that will help it solidify its claims to the investors/lenders** (newspaper articles, quotes by industry experts, magazine articles, brochures, graphs, charts, copies, of contracts, etc.)?

**D. MARKETING**

**1. What is the organization’s unique selling advantage?** (Give details on why the product/service is unique.)

**2. What would the organization like to achieve in annual sales volume?**

- a) Year one \$ \_\_\_\_\_
- b) Year two \$ \_\_\_\_\_
- c) Year five \$ \_\_\_\_\_
- d) Year ten \$ \_\_\_\_\_

3. How does the organization plan to achieve the annual sales volume?

4. What is organization's client/customer profile?

a) **Business Client/Customer**

- b) Type of business.....
- c) Size of business (approximate annual revenues) .....
- d) Geographical area .....
- e) Number of employees.....
- f) Years in business .....

g) **Individual Consumer**

- h) Age .....
- i) Income .....
- j) Sex.....
- k) Occupation.....
- l) Family size .....
- m) Culture .....
- n) Education.....

5. Who is the competition?

- a)
- b)
- c)
- d)
- e)
- f)

6. How is the competition promoting its product or service?

7. What are the organization's sales and marketing plans?

8. **What are the organization's technical and engineering plans?**
9. **What are the organization's plans for distribution?**
10. **Will/does the organization have salespeople?** If yes, please indicate their territories, commissions, and salary structures.
11. **How many sales people do/will the organization have on staff during the next 24 months?**  
a) Outside \_\_\_\_\_  
b) Inside \_\_\_\_\_
12. **How will the organization be promoting the product or service?**
13. **How much will the organization spend on advertising in a typical year?**  
(List in dollars and as a percentage of gross revenues.)
14. **Has the organization defined the market for the product/service into a narrow window?**

- 15. What is the organization's market?**
- 16. What is the current and/or anticipated market share over the next five years? (E.g., 25%, 30%?)**
- 17. Does the organization have one or two (or more) faithful customers who buy from it on a regular basis?**
- 18. What percentage do they represent of the overall business?**
- 19. What is the primary means of distribution (dealers, sales people, mail order, etc.)?**
- 20. What are the coverage areas for distribution?**
- 21. Does the market strategy incorporate any of the following :**
- a) Executive Selling (i.e., owners or managers of your company out in the field selling)? .....
  - b) Direct Sales Force? .....
  - c) Manufacture's Reps? .....
  - d) Distributors? .....
- 22. If so, please give some details.**

- 23. How does the organization set prices?**
  
- 24. What are the economic forecasts that indicate spending trends are favorable to the specific industry?**
  
- 25. Is the business seasonal?**
  
- 26. How will the product or service differ from similar products or services?**
  
- 27. How will the organization satisfy customers' needs and wants?**
  
- 28. Will the organization or services save customers time, money, or both?  
How?**
  
- 29. What is the life cycle of the product or service?**
  
- 30. How many competitors share the market?**

31. **Who are they and where are they located?**
  
32. **How is the share of the market distributed among the major participants?**
  
33. **What are the *strengths* of the organization's products or services?**
  
34. **What are the *weaknesses* of the organization's products or services?**
  
35. **What are the *strengths* of the organization's marketing plan?**
  
36. **What are the *weaknesses* of the organization's marketing plan?**
  
37. **What advantages does the organization have over its competition in the areas of quality and reliability?**
  
38. **What advantages does the organization have over its competition in the areas of production and efficiencies?**



- 39. What advantages does the organization have over its competition in the area of distribution?**
  
  
  
  
  
  
  
  
  
  
- 40. What advantages does the organization have over its competition in the area of area pricing?**
  
  
  
  
  
  
  
  
  
  
- 41. Who or what is the target market?**
  
  
  
  
  
  
  
  
  
  
- 42. How will the organization promote its products and services (television, radio, seminars, brochures, salespeople, direct mail, etc.)?**
  
  
  
  
  
  
  
  
  
  
- 43. What are the associated costs for each area of promotion?**
  
  
  
  
  
  
  
  
  
  
- 44. What are the associated frequencies of the media coverage?**

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