

BOLTON COMMUNITY DEVELOPMENT PROGRAM

Business Plan Guidelines

Program Mission Statement

The Bolton Community Development Program is a revolving loan fund that seeks to leverage private equity for economic development that promotes and results in sustainable economic growth, job creation, expanding tax base, and a year-round community.

These guidelines are recommended for the formulation of a business plan, as required in the loan application. This guide is a greatly reduced version of business plans usually requested by the commercial lending department of any bank, but contains reduced areas of interest to this committee for consideration of any citizen's application for a loan from the Bolton Community Development Program Advisory Committee (BCDPAC). The guide here follows very closely the Palo Alto Business Plan Pro software, generally considered to be the premier computer-generated business plan on the market today and is designed to assist the applicant in the correct formulation of the plan.

This BCDPAC strongly recommends that any applicant purchase a good computer-generated business plan so that you may be guided through the steps needed to successfully formulate such a plan. Some of these computer-generated plans are available at Staples, Kinkos, or on line, just to name a few sources. This written plan, if thought out completely, will greatly assist the business owner in operating the business and greatly reduce the chance of failure.

All of the plans are to be typewritten, or computer-generated, using software like Word and Excel.

Some of the information required in this business plan section is also required in other sections of the loan application.

Any plan any loan candidate submits should contain the following sections:

1.0 Executive Summary

1) Does it completely summarize the plan? This should be at least one page long. Completely describe and explain the function of the business, stating what (good and/or service) is being provided to the customer.

What is your exact location in the Town of Bolton?

Describe yourself, including your name, as well as your primary helpers. What are the credentials of this management team?

1.1 Objectives/goals clear and distinct?

1.2 Mission statement concise? This is not a marketing statement.

1.3 Keys to success stated? Employees mentioned? Available funds?

1.4 Why should the BCDP Committee lend you the money?

2.0 Company summary

2.1 Company ownership--structure, organization type, articles of partnership or incorporation, sole, joint, LLC? Why did you choose this form?

2.2 Start up summary, in detail AND, how is it paid for? List all of the items (including costs).

NOTE: This is an Income and Expense (I&E) Statement aimed only at the startup, which ends when the first customer walks through the door. Quite naturally, it will show a loss, but the startup costs must be funded. You show how.

3.0 Products and services

- 1) What are you selling? Goods? Services? Combination?
- 2) Where do you get the goods? Manufacture? Purchase?
- 3) Why are they good? What is your competitive advantage?

4.0 Marketing summary, i.e., who are you selling to, and how are you going to do it?

4.1 Target market or markets i.e., market segmentation

4.2 Target market segment strategy. How will you go after your target market?

4.3 Service business analysis, if providing a service

4.3.1 Competition and buying patterns

Referencing the above:

- 1) How did you get your figures? Warren County Census?
- 2) Who will buy your goods/services? Demographics?
- 3) Why will they purchase them?
- 4) How did you do your market analysis? See 1 and 2 above.
- 5) Who is your competition? Prices? Operations? Locations?
- 6) Is the advertising/promotion clearly described?

5.0 Web plan summary i.e., tell us about your web site

5.1 Website marketing strategy

5.2 Development requirements

6.0 Strategy and implementation summary

6.1 SWOT Analysis

INTERNAL

6.1.1 Strengths

6.1.2 Weaknesses

EXTERNAL

6.1.3 Opportunities

6.1.4 Threats

Referencing the above: You should be able to identify at least 6 in each category, and describe them. Internal is within your business, while external is outside your business.

6.2 Competitive edge-complete description, i.e., what makes your product best? .

6.3 Sales forecast: here you show units sold times unit price. Show how your product is priced.

Monthly

Yearly. 12 consecutive months

7.0 Management and licensing/permitting summary

There are 4 functions of management—planning, organizing, leading, and controlling/monitoring. Have you covered all of these items?

7.1 Personnel plan

a) Are all management jobs clearly described? Who will do what?

7.2 Are all permits/licenses listed?

7.3 Are you in compliance with all local regulations?

7.4 Checked all of the Bolton building ordinances, if building is considered?

8.0 Financial plan

NOTE!!! This is the area which causes the greatest difficulty, both in planning, and execution. Please pay special attention here. It is not difficult. It does, however, require time to assess. Losses are NOT acceptable, except in the very early stages of operating a start-up, BUT they must be funded. Show how.

8.1 Start-up funding I and E analysis, including funding for this stage of the operation. Section 2.2 accomplishes this.

8.2 Important assumptions you have made in this plan.

8.3 Break-even analysis i.e., how many units must be sold to cover all costs?

8.4 Projected Income and Expense (I & E) Statement, monthly, by category of income per product, and all expenses by category, also on a monthly basis. All lines should be cross-footed, to produce yearly totals, both income and expense. Once this has been accomplished, then an I and E for each of the two following years is needed. All of these I & E s are projected figures.

Referencing the financial section above:

- 1) Are the I & Es accurate and workable?
- 2) How was pricing arrived at? Describe fully
- 3) Are pricing and units in the financials, or accompanying notes?
- 4) Is the breakeven clearly described, formula and/or graph? Clearly show fixed and variable operating costs, in detail. Quote references for figures.
- 5) Assets to accomplish goals/objectives realistic?
- 6) Personnel adequate? Pay levels adequate? Owner paid?
- 7) Revenue and where from clearly described?
- 8) Costs and where from clearly described?
- 9) Production assets for volume production adequate?
- 10) LOANS THOROUGHLY DISCUSSED—AMOUNT, INTEREST RATE, TERM, PAYBACK SCHEDULE, OTHER LENDER-IMPOSED CONDITIONS. Attach a computer-generated loan payback schedule.**
- 11) Insurance type and costs fully described?
- 12) Are the goals/timeframes workable?

MAJOR QUESTION: If you were a banker in the commercial lending department of a financial institution, and accountable for protecting the institution's assets (through repayment of principle by the borrower) and ensuring that the bank makes money on the deal through interest payments, would you feel comfortable presenting this deal to the entire loan committee in the institution? Remember, your reputation, and maybe your job, is at stake here.