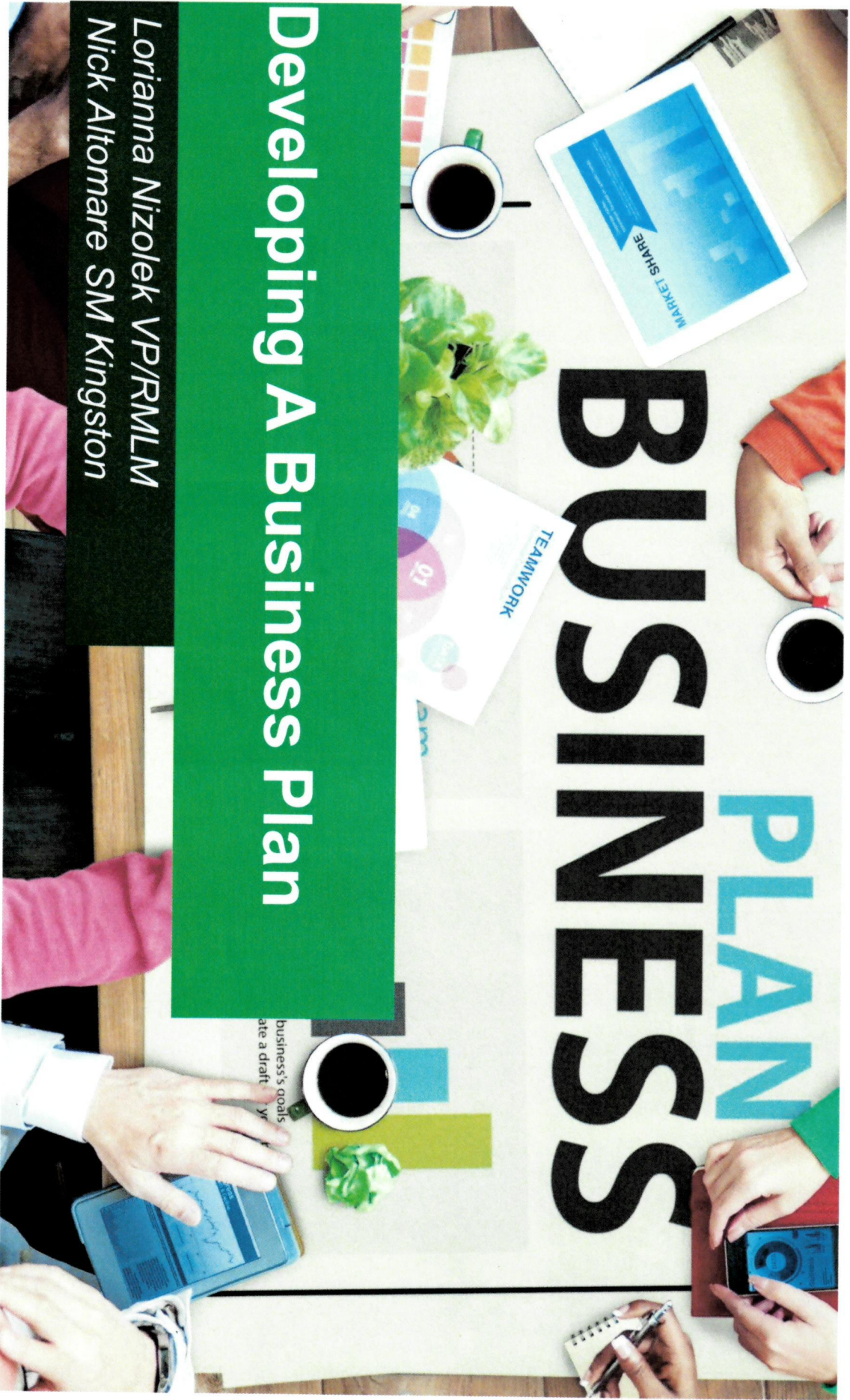




America's Most Convenient Bank®



# Developing A Business Plan

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# Introductions



- This workshop is intended for business owners who want to develop a business plan to start or grow their business.

# Research



Planning is a critical component of a successful business

- Seeking outside funding
- Recruiting key personnel
- Increase your chances of success
- Your venture's feasibility
- Smart planning reflects management and leadership capabilities



# Research



- **Financials**
  - Cash flow, profit and loss, balance sheet
- **Customer base**
  - What is needed to run your business, daily, weekly and monthly?
- **Competition**
  - Who is your audience and how you will reach them?
- **Operations**
  - Do you have a plan for sustainability?
- **Future plans**
  - What advantage do you have over your competitors?



# Research



- It's normal to have two versions
- Focus your plan on your intended reader
- Be honest and realistic with your financial projections.
- Use layman's terms when explaining your produce or service.
- Substantiate your statements.
- Stay flexible

# Business plan components



1. The Executive Summary
2. The Products and Services
3. The Market
4. The Marketing Strategy
5. The Competition
6. Operations
7. The Management Team
8. Personnel
9. Financial Data
10. Supporting Documentation

# Business plan components



## Executive Summary

A persuasive synopsis of your company and includes the following elements:

- Business description
- Company objectives
- Product / service offerings
- The market
- Customers
- Competitive advantage
- Key management team members
- Financial and funding requirements



# Business plan components



Describe what business you are in. Think of an elevator pitch...

What are your company's objectives? Describe your company's short-term goals and what you are hoping to achieve over the next few years.

Next, provide a clear and concise description of your product or service in layman's terms.

Explain who your target audience is and why they need or want your produce service.

If you have an existing business, list your major clients and/or the percentage of the market you own. If your business is new, describe your company's market potential.



## **Business plan components**

Write a persuasive statement of why and how the business will succeed and your company's competitive advantage.

Detail how funds will be used.

# Explain your product / service offering in detail



- Is your product or service already on the market, or is it still in the research and development stage?
- If you are still in the development stage, what is the rollout strategy or timeline to bring the product to market?
- What makes your product or service unique? What competitive advantage does the product or service have over its competition?
- Can you price the product or service competitively and still maintain a healthy profit margin?



# Understand your target market and market opportunities



- A detailed description of your market
- A detailed description of your niche and why you chose it
- An explanation of the market demand for your product or service offering (requires supporting documentation)
- What percentage of market share do you project you can capture?
- What is the growth potential of the market? (Requires supporting documentation)
- Will your share of the market increase or decrease as the market grows?

# Understand your target market and market opportunities



- How will you satisfy market growth?
- How will you price your goods or services to remain competitive in a growing market?

# Developing a business plan



Once you've identified who your market is, you will want to explain your strategy for reaching your customers and distributing your product or service.



# Competition



- Why are my competitors successful?
- Why is my competitor struggling?
- Who are your closest competitors and what are their product/service offerings? Where are they located, if appropriate?
- What are their revenues?
- How long have they been in business?
- Who is their target market?
- What percentage of market share do they currently hold?

# Competition



- Do they service a local, geographic market or a national customer base? Is that the same or different from your approach?
- In what other ways do your operations differ from each of them? How are they similar?
- What do your competitors do well? Where is there room for improvement?
- In what ways is your business superior to the competition? How is their business doing? Is it growing, declining or stable?
- Are there certain areas of the business where the competition surpasses you (management team, economies of scale, better distribution, volume or discounts)?

# Resources



- **R&D** – depending on what stage your business is in, outline R&D, prototype needs if appropriate
- **Purchasing** – what services, products to you need to purchase in order to manufacture, supply or develop your product or service
- **Staffing** – staffing requirements to run daily operations
- **Equipment** – trucks, computers, manufacturing equipment, printers, etc.
- **Facilities** – includes office space, manufacturing plants, warehouses, etc.



# Roll Out Plan



- Do you have current relationships or do you need to establish new ones?
- Who will you choose and why?

# Management Team



- Can the management team implement the plan?
- Identify how you can compensate in areas where you are lacking
- Additional training
- Additional management staff

# Management Team



## Personal History of the Principals

- Business background of the principals
- Past experience – tracking successes, responsibilities and capabilities
- Educational background (formal and informal)
- Personal data: age, current address, past addresses, interests, education, special abilities reasons for entering into business
- Personal financial statements with supporting documentation.

# Management Team



## Work Experience

- Direct operational and managerial experience in related businesses
- Indirect managerial experiences

## Duties and Responsibilities

- Who will do what and why? Who is responsible for final decisions?
- Organizational chart with chain of command and listing of duties



# Management Team



## Salaries and benefits

- A simple statement of what management members will be paid, by position
- Listing of bonuses in realistic terms
- Benefits (medical, life insurance, disability, etc.)

# Employees



What are your current personnel needs (full- and/or part-time)?

How many employees do you envision in the near future, and then in the next three to five years?

What skills must your employees have?

What will their job descriptions be?

Are the people you need readily available? If not, how will you attract them?

Will you pay salaries or hourly wages?

Will you provide benefits? If so, what will they be, and at what cost?

Will you pay overtime?

# Financials



- Establish a Financial Management System
- Balance Sheet
- Breakeven Analysis
- Income Statement
- Cash Flow

# Financials



## Balance Sheet

Indicates what the cash position if the business is and what the owner's equity is at any given point (the balance sheet will show assets, liabilities and retained earnings).

## Breakeven Analysis

Shows the volume of revenue from the sales that are needed to balance the fixed and variable expenses. Without exception, all businesses should perform this analysis, which is based on the income statement and cash flow.



# Financials



## **Income Statement**

Also called the profit and loss statement, this indicates how well the company is managing its cash, by subtracting disbursements from receipts.

## **Cash Flow**

Projects all cash receipts and disbursements. Healthy cash flow is critical to the survival of any business.

# Forecasting



## Yearly Financial Forecast

- Demonstrate the need for funds and the future value of equity investment or debt repayments.
- Should cover a 3 to 5 year period, broken down into monthly increments

## Forecasts

- Are you an integral part of your financial portfolio
- Carefully and accurately state your assumptions
- Honest is the best policy



# Supporting Documents

- Resumes
- Credit information (include in appendix)
- Quotes or estimates
- Letter of intent from prospective customers
- Letters of support from credible personal references
- Leases or buy/sell agreements
- Census/demographic data
- Legal documents relevant to the business

# How does a developing a business plan help you access capital?



## 5 Cs of Credit<sup>1</sup>

- Character
- Capacity
- Capital
- Collateral
- Conditions



<sup>1</sup>Forbes, November 5, 2013



# Let's get digital!



Visit the **TD Bank Small Business Resource Center** for virtual workshops and more:

- Video tutorials on a variety of topics including:
  - Creating a competitive advantage
  - Preparing a balance sheet
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# Stay in touch!



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