



# YOUNG ENTREPRENEUR FOUNDATION

## YOUR Business Plan

Exercise  
3-6a

**Think about YOUR business** (based on your passion/interest area and/or Mind Mapping Exercise outcome). **Fill out the sheet below outlining some beginning thoughts on your business plan. Be creative, where you don't have data, GUESS and make a note to verify as a future task.**

**I. EXECUTIVE SUMMARY** - One page description of the business (the most important sentence from each of the below sections).

**II. PRODUCT OR SERVICE DESCRIPTION** - Clear and concise description of product/service.

### **III. MARKET LANDSCAPE**

- **INDUSTRY AND CHARACTERISTICS** - Market information and demonstrated need
- **BUSINESS'S TARGET MARKETS**
- **COMPETITION**

#### **IV. OPERATIONAL PLAN**

- **TEAM/ROLES AND ORGANIZATION'S STRUCTURE**
- **FORM OF OWNERSHIP (SOLE PROPRIETORSHIP, ETC.)**
- **BUSINESS LOCATION**
- **MATERIAL SOURCES FOR PRODUCT/SERVICE**
- **MAJOR YEAR 1 TASKS AND FUTURE GOALS (Hint: Thinking about "how" exercise)**

## **V. SALES AND MARKETING STRATEGY**

- **PRODUCT** – Is it a known, accepted product/service? Or, is it new and innovative?
- **PLACE** – Where is your product/service sold? (Web, over phone, etc.)
- **PRICE** – How much does the product/service cost?
- **PROMOTION** – How is it promoted? Advertising, Publicity, Personal Selling

**VI. SEE PART 2 - FINANCIAL PLAN** – Projected income and expenses. Include section for investors where applicable.

- **PROJECTED INCOME: REVENUE – EXPENSES = INCOME**
- **PROPOSED PLAN TO MEET CAPITAL (= “MONEY”) NEEDS**

<b>Year 1 Financial Summary</b>	
A. Revenue (enter 3a answer from Part 2)	\$
B. Expenses (enter 4d total from Part 2)	\$
C. Income (enter 5a answer from Part 2)	\$
D. Profit (enter 6a answer from Part 2)	%
E. Need to borrow (enter 6b answer from Part 2)	\$

After completing Part 2, fill in the chart above. Discuss your plan to meet borrowing needs if appropriate (e.g., if you have a number in box E.)

**VII. APPENDICES** – Detailed spreadsheets, market research, and other “bulky” items

## Part II: Financial Worksheet (Adapted from an exercise by Dr. Susan G. Duffy)

As part of your business plan, you must project financials (e.g., How much money you will bring in and what expenses or costs you will have). This allows you to determine income, profit, and how much money you might need to start your business. After completing this section, you will be able to fill out the financial section of your business plan outline. *(Note: Many business plans will have much more detail, use excel spreadsheets, and cover several years. This exercise is a great first step to understanding the basic elements in a financial plan for a business).*

**FILL OUT Section VI (previous page) after completing the exercise.**

### Financial plan worksheet

**1. Defining a unit.** For example, one pizza could cost \$10. What does “one unit” of your service or product cost?

1a. Write the cost of one unit here \_\_\_\_\_.

**2. Defining your market.** How many people do you think would buy this product or service? Imagine you talk with 20 people about this each week. Or deliver 20 flyers to houses each week. How many might REALISTICALLY buy the service or product? 2? 5?

2a. Write down your guess as to how many people might buy per week \_\_\_\_\_.

2b. Multiply your answer for 2a by 52 (weeks in a year) and write your answer \_\_\_\_\_.

**3. Revenue.** The price per unit, multiplied by the number of buyers = your revenues.

3a. Multiply your answer to 1a by your answer to 2b. Write down your answer \_\_\_\_\_.

This is your estimated annual revenue.

**4. Expenses.** Expenses are costs to run your business. Think about whether the following expenses apply to your business. Write down a weekly or monthly estimate for each item that could apply to you (use the blanks below).

- \_\_\_\_\_ **Your time** – many entrepreneurs do not count this as a “cost” to start with. This is “sweat equity” or your own effort invested in the business.
- \_\_\_\_\_ **Salaries** – will you need to pay other people in starting or running your business?
- \_\_\_\_\_ **Rent** – will you need to pay rent for your business? Low cost start-up ideas include working from home.
- \_\_\_\_\_ **Utilities** – will you need to pay power, gas, or other utilities if running your business from home?
- \_\_\_\_\_ **Telephone** – will you use your cell phone or home phone for business calls?
- \_\_\_\_\_ **Car** – will you use your car, or your parents’ car, or incur gas expenses?
- \_\_\_\_\_ **Insurance** – will you need to insure your business? Check with an advisor.
- \_\_\_\_\_ **Machinery** – will you need special machinery for your business?
- \_\_\_\_\_ **Equipment** – will you buy any office equipment (fax machine, computer, etc.)
- \_\_\_\_\_ **Office** – will you buy paper, pens, or other supplies for your business?
- \_\_\_\_\_ **Inventory** – will you need to buy materials to make a product you are selling?
- \_\_\_\_\_ **Marketing/Promotion** – will you buy advertising space, print flyers, or do other types of marketing or promotion?
- \_\_\_\_\_ **Professional Dues or Fees** – will you subscribe to a magazine to learn about your market? Will you join an association requiring dues (in your industry or chamber of commerce)? Will you hire a lawyer to help you incorporate your company?

4a. Take the number you wrote in each blank and write it in the second column (below).

4b. If you estimated on a weekly basis for the expense, write "52" in the third column next to that item. If you estimated on a monthly basis for the expense, write "12" in the third column next to that item.

4c. For each row, multiply the number in the second column by the number in the third column. Write the answer in the fourth column.

4d. Total all the rows (except the example) in the fourth column. Write your answer in the bottom right box of the table below.

1. Expense Category	2. Expense Amount	3. Incurred how often? (Monthly, weekly)	4. Totals (Column 2 x Column 3)
<b>EXAMPLE EXPENSE</b>	<b>\$100</b>	<b>12 (Monthly)</b>	<b>\$1,200</b> <i>(do not include in total)</i>
Your time			
Salaries			
Rent			
Utilities			
Telephone			
Car			
Insurance			
Machinery			
Equipment			
Office			
Inventory			
Marketing/Promotion			
Professional Dues or Fees			
Other expenses			
<b>GRAND TOTAL</b>			

The number in the bottom right box is your estimated annual expense total.

## 5. Income

5a. Subtract your TOTAL EXPENSE from the chart above, from your TOTAL REVENUE from 3a. Write down your answer here \_\_\_\_\_.

If you have a negative number, you have a LOSS. If you have a positive number, you have a GAIN. Many businesses have a LOSS when they first start. It may take several weeks, months, or even years (in some cases) to build revenues.

## 6. Profit / Borrowing need

6a. If your number from 5a is positive, divide that number by the revenues from 3a. Write your answer here: \_\_\_\_\_. This is your profit.

6b. If your number from 5a is negative, add any additional funds you might need to the number and write the total here: \_\_\_\_\_. This is your total borrowing need.

**Return to Section VI and fill in the table with the numbers you have calculated.**