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Getting Started With Your Business

Starting a business is often both exciting and scary. Concern over success and failure can be paralyzing, making it more difficult for a business owner to realize his or her dreams. Many of these concerns may be mitigated through careful business planning. A successful business plan defines goals and forms them into reality. Such a plan is critical in creating a profitable business, no matter the size.

The Business Plan

Approximately three-fourths of Texas Main Street managers cite a lack of business planning as the primary reason for failed new businesses. One of the most important things that a potential business owner can do to improve his or her chances for success is to create a solid business plan.

Writing a business plan requires that a potential business owner ask and answer critical questions about the nature of the proposed business and the market in which it competes. A carefully considered business plan gives an entrepreneur a good idea of how much money he or she will need in startup capital and also helps to acquire financing. Banks normally require a comprehensive business plan before they lend startup money.

How Do I Write A Business Plan?

Use the following outline from the U.S. Small Business Administration (SBA) to begin gathering information and necessary documents for a business plan.

Elements of a Business Plan

I. Cover sheet

II. Statement of purpose

III. Table of contents

A. Your Business

1. **Description of your business**
2. **How you will market your business**
3. **Your competition**
4. **Your operating procedures**
5. **Your personnel**
6. **Consider what business insurance you need**

B. Financial Data

1. **Loan applications**
2. **Capital equipment and supply list**
3. **Balance sheet**
4. **Breakeven analysis**
5. **Pro-forma income projections (profit & loss statements)**
   - **a. Three-year summary**
   - **b. Detail by month, first year**
   - **c. Detail by quarters, second and third years**
   - **d. Assumptions upon which projections were based**
6. **Pro-forma cash flows**
   - **a. Three-year summary**
   - **b. Detail by month, first year**
   - **c. Detail by quarters, second and third years**
   - **d. Assumptions upon which projections were based**

C. Supporting Documents

1. **Tax returns of principals for last three years**
2. **Personal financial statement (all banks have these forms)**
3. **In the case of a franchised business, a copy of franchise contract and all supporting documents provided by the franchiser**
4. **Copy of proposed lease or purchase agreement for building space**
5. **Copy of licenses and other legal documents**
6. **Copy of resumes of all principals**
7. **Copy of letters of intent from suppliers, etc.**

Once the required data has been gathered to complete each of these topics, the entrepreneur can begin writing his or her business plan. There are several software programs available that assist with preparing plans. Business plan software can walk the user through each step of the business plan writing process and is particularly useful for calculating financial data.

Other Resources

Business plan software:

http://www.paloalto.com

Small Business Development Center at Brazosport College:

https://www.brazosport.edu/business-community/sbdc/

References

U.S. Small Business Administration, http://www.sba.gov

View sample business plans at http://www.bplans.com

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