

BUSINESS PLAN COMPONENTS

Whether you are starting a business, already own one, or are buying an existing business, be sure to give any prospective lender a detailed description of the business. A detailed business plan gives the lender an understanding of the business and shows that you have thought through the components of the business: what it is about and where it is going.

A business plan should include the following topics and be given to the lender when applying for business financing of any kind:

Executive Summary	This should consist of a mission statement and a history of the business and owner. It should include a brief description of the products and services supplied by the business and an overview of where the business is now and any plans for future growth.
Market Analysis	Describe the industry. What is the target market and who are the competitors?
Business Description	Describe how the different parts of the business integrate: production, sales, business cycles, and a breakdown of management.
Organization	How is the business structured (Corporation, LLC, Sole Proprietor, etc.)? Copies of the business' organizational documents should be included (Articles of Incorporation, LLC Operating Agreement, Partnership Agreement, etc.).
Marketing and Sales Strategies	How does ownership plan to grow? How does the business advertise? What sets it apart from the competition?
Loan Request	What loan amount is the business looking for? How much is the business contributing? What is the purpose of the loan and what is the source of repayment of the loan? How long does the business need to repay the loan? What is the proposed collateral for the loan request?
Financial Information	If the loan is for an existing business or for purchase of an existing business, a minimum of three years of financial statements or tax returns should be included. Personal financial statements and three years of tax returns from each owner should also be included. Whether it is a new or an existing business, 12 months of business projections are important.
Additional Information	Any additional information that the owner believes to be pertinent should be included. This could consist of licenses, leases, rental agreements, contracts or references.

As the owner, you know your business better than anyone. It is imperative that you give the lender as much information as possible about your business. This helps the lender not only understand your business but also better understand your business' needs and evaluate the loan request.