

THERE ARE 10 MAIN ELEMENTS OF A BUSINESS PLAN:

1. **The Summary** -- the summary includes information on The Industry, The Company, and Its Products. You should not write your summary until after you have written your entire plan. When drafting each section of your plan, underline one or two sentences that are important enough to be included in your summary. Your summary should be thorough but brief and should not run more than two pages. It allows the investor(s) to quickly determine whether or not the venture is of interest.

Your summary should indicate when the company was formed and what it will do. Give information about what experience the owners have and what makes them qualified to pursue the business venture. State what is unique about your company and products. Discuss the current status and prospects for the industry in which the proposed business will operate. Identify and explain the market opportunity. Explain the markets and customers (size and growth rate); indicate what percentage of the market will be captured. Make a brief statement about industry trends and factors that could affect the venture positively or negatively. Indicate your plans for expanding the company and its product. Make sure to identify the source of all information used. Include in your summary financial projections for the first and second year of operation after obtaining the funding. Also indicate how much financing you are seeking and what your company is prepared to offer in return and what you will do with the capital proposed. Discuss any trade secrets or unique skills that will give your company a competitive edge in the market.

The Industry, The Company and Its Products -- **(a) Industry** - This section will introduce and present the business that you are in, the products you will offer and the nature of the industry and opportunities that are available to market the products. Discuss the current status and prospects of the industry. Discuss any developments, markets, customers, requirements, companies and national or economic trends and factors that could affect the venture positively or negatively. You must identify any source of information that is used to describe the industry trends. **(b) The Company** -- should discuss what business area your company is in, what products and services it will offer and who the customers will be. **(c) The Products** - will discuss in detail what is being sold. Emphasize any unique features of product and services and highlight any differences between the current market and what your company will offer that will account for your market penetration.

2. **Market Research and Analysis** - includes the following information - **(a) Customers** - Discuss who your customers are for the product you intend to sell, the major market segment and characteristics. **(b) Market Size and Trends** - Should state what the total size of the current market is for the products offered, and don't forget to discuss *dollars and cents* when describing the size of your total market. **(c) Competition** - Don't be ridiculous - there's always competition, so make a realistic assessment of the strengths and weaknesses of competitive products. Don't be afraid to name the company that supplies the products.

Compare your product with the competition's the basis of performance and other ways in which they are not meeting customer needs. You may want to have a discussion of the competitor's share of the market, sales, distribution and capabilities. **(d) Estimated Share and Sales** - Discuss in summary what it is about your product that will make it successful in the face of current competition. Estimate your share of the market including your sales in units and dollars and cents for each of the next three years in relation to the growth of the industry, its customers, and the strengths and weakness of the competitors. **(e) On going Market Evaluation** - This section should explain how you will evaluate your target market on a continuous basis to assess customer needs, and your plans for expansion of your productions and facility.

3. **Marketing Plan** - Your marketing plan should describe how your sales projections would be attained. You should detail the overall marketing strategy, sales, distribution and advertising strategies that will be utilized to achieve the estimated market share and sales projections. Specifically state what is to be done, how it will be done and who will do it. State your marketing philosophy and strategy of the company based on your research of the market and evaluation. For example you should discuss what kind of customer groups will be targeted for initial selling effort, what customer groups for later selling efforts, and how potential customers in these groups will be identified. Indicated whether your product will be introduced locally or nationally, including seasonal trends and what can be done to promote sales. In addition to the above you should discuss plans for concerts, tours, show participation, advertising in trade magazines, promotional literature and the use of advertising agencies. Also include the costs that will be incurred for significant advertising expense.

4. **Design and Development Plans** - Your product (of course) will need to be developed (produced) so you should fully discuss the nature and extent of the work to be done. Discuss the current status of the product, including the cost and time required producing a finished and marketable product. Your budget should include all expenditures, i.e. travel, labor, materials, equipment, consulting fees, technical fees, and staff. Don't underestimate your costs, as

this data will become a very important part of the financial plan. Discuss and describe the status of the products and services and explain what remains to be done to make the products marketable. Identify the type and extent of technical assistance that will be required, who will supervise the production and their experience in related work. Discuss any major anticipated problems and solutions and their possible effect on the schedule. Additionally, you should discuss the development of any on-going developmental work that is planned to keep your products and services competitive as well as development of new products that will be sold to the same customer group.

5. Manufacturing and Operations Plan - This section should describe the type of facilities, office location, space requirements, capital equipment and labor (part-time and full-time) that are necessary to provide the company's product and services. Include in your discussion your ability to minimize overhead, leasing and renting of required equipment and the skill of the labor force. Discuss, if necessary, the type of recording facilities, location, labor and any other fact with regard to the production of the product. Discuss how and when the necessary components to start production will be acquired and indicate the costs and timing of such actions. Specify how much of the proposed financing will be devoted to production and equipment. You will include these costs as part of your financial plan. Discuss the "processes" involved in your production.

6. Production and Management Team - The Production Team is the key to turning a good product into a successful hit record. Investors want to know that your Production Team is committed to the venture and whether they have a balance of technical skills and experience in doing what is needed. Discuss the key Production people and whether they have worked together in the past. Explain how their skills complement each other and their exact duties and responsibilities. Complete a "Bio" for each key Production member. State whether the members will be salaried and/or a partner in the venture. If any of them will be a partner, state the amount of their equity investment (if any) and the amount of shares they own in the company. Candidly discuss the strengths and weaknesses of your team, state the extent and timing of any training that will be required to overcome the weaknesses and obtain effective operation. In addition to the production team, discuss any other members of the company, their background, whether they have any technical and management experience and how they will benefit the venture and company. Describe the Legal, Advertising, Accounting and Banking Organizations that you have selected for your venture. If have a Board Of Directors, discuss the company's philosophy as to the composition of the Board. Indicate any proposed members and include a statement about the members' background that shows how they can benefit the company. Discuss candidly the strengths and weaknesses of any Board members and what will be required to overcome the weaknesses.

7. Overall Schedule - Your schedule can be an extremely effective sales tool. A well-prepared and realistic schedule can demonstrate the abilities of your production team; Show the timing and interrelationship of the major events necessary to launch the product including any deadlines. Your schedule should include the structure of your business and its commencement, start and completion date of production, when sales and distribution representatives are obtained; performances at shows; concerts and tours; when distributors or record companies are contracted, receipt of first orders, first sales and deliveries; payment of first accounts receivable - (\$\$cash in) and the number of management team; production team and any additions to company in the way of equipment and offices.

8. Critical Risks and Problems - No one wants to think about the risks they may be taking or of any problems they may encounter with their new venture. But we all know in the back of our mind that - "whatever can go wrong - will go wrong". Any business development has risks and problems. Don't shy away from discussing and identifying any major problems and risks that you may have to deal with to develop your venture or product. Discussing and identifying any problems demonstrates that you have thought the venture through and can handle the problems that may arise. Your discussion may include excessive design or production costs, late production schedule, difficulty in attaining funding, unavailability of trained labor, etc.

9. Community Benefits - Any business venture should be an instrument of community, human and economic development. Therefore this section should deal with the potential economic and non-economic benefits to members of the community that could result from your venture. For example you may generate jobs in the community, new employment opportunities for previously unemployed or under employed individuals. You also may discuss technical skill's development as well as career opportunities for community residents, improvement in the living environment, community support and development of community-owned economic structure.

10. The Financial Plan - This last section should represent the entrepreneur's best estimate of future operations. It should indicate the venture's potential and the timetable for financial viability. When developing your financial plan, you should include three basic forecasts. Profit and loss for three years, cash flow projections for three years, and pro forma balance sheets at start-up, semi-annually, annually, and at the end of each of the first three years of operations.