**HOME BASED**

**PROFESSIONAL**

**SERVICES**

***Business Plan***

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**INTRODUCTION**

Creating an extensive business plan is unnecessary for most businesses to get started. However,

creating a short business plan offers several benefits that more than outweigh the investment of time:

• The process of thinking and writing the plan provides clarity for the business.

• If capital is needed from outside sources, investors want to see a plan that demonstrates a solid

understanding and vision for the business.

• The plan will help prioritize tasks that are most important.

• With growth, the plan offers a common understanding of the vision to new leaders.

A simple business plan for a start-up service company can be completed rather quickly. Keeping in

mind who the intended audience is, write simply. The plan needs to be understandable, readable, and

realistic.

This template is organized into seven sub-plans or sections to be completed.

**1.** Executive Summary

**2.** Company Overview

**3.** Business Description

**4.** Market Analysis

**5.** Operating Plan

**6.** Marketing and Sales Plan

**7.** Financial Plan

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It is recommended to complete the Executive Summary last, after all of the other sections have been

completed. As information is filled in, from the Company Overview to the Financial Plan, the writing

should tell the story of the motivation and vision behind the business. Be sure to include what will

make the business successful, how success will be achieved, and how success will be measured.

It is important to keep the business plan updated in order to see progress, celebrate success, and

adjust where issues arise. This is best done on a quarterly, if not monthly, basis.

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**1. EXECUTIVE SUMMARY**

**The Executive Summary should be written last** after the remainder of the plan has been finished.

It is an overview (with a suggested length of no more than one page) of the business, including the

problem the business aims to solve, why this business’ solution is different, the business’ ideal

customer, and the expected results. The Executive Summary should provide a high-level and

optimistic description of the company.

If the business requires outside investment or external investors, include how much is needed, how it

will be used, and how it will make the business more profitable. Think of this section as the first thing

a potential investor reads, thus, it must capture their interest quickly.

Suggested headings to organize this business plan include the following.

• **Opportunity:** What problem will the business solve?

• **Mission:** What do we do? How do we do it? Whom do we do it for?

• **Solution:** How will the service uniquely solve the problem identified?

• **Market focus:** What market and ideal customers will the business target?

• **Competitive advantage:** How does the business intend to succeed against its competitors?

• **Ownership:** Who are the major stakeholders in the company?

• **Expected returns:** What are the key milestones for revenue, profits, growth, and customers?

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**2. COMPANY OVERVIEW**

The Company Overview is a brief summary of the intended business, including what it uniquely

delivers, the mission, how it got started, market positioning, operational structure, and financial goals.

After reviewing this section, the reader should have a broad understanding of what the business is

setting out to do and how it is organized.

This section is not meant to be lengthy. Keep it short and succinct. This is the snapshot of the

business. The type of business will determine what of the following sections will be required for the

business plan. Only include what is needed to properly represent the business and remove anything

else.

• **Company summary:** This is the introductory section to the company, also known as the ‘elevator

pitch’ of what the company stands for and is setting out to do. Include the company’s goals and some of the near-term objectives.

• **Mission statement:** This is a concise statement on the guiding principles of the company and

what the company aims to do for customers, employees, owners, and other stakeholders.

• **Company history:** This provides the back story, especially the personal story, of why the

business was founded. Use this section to give the overarching history of the company from its start and bring the reader up-to-date on where the company is now in terms of sales, profits, key services, and customers.

• **Markets and services:** This outlines the target market and related needs that the company will

address. Include brief descriptions of offered services and targeted markets and customer types. This section can be a general overview as more details will be suggested in a later section of this plan.

• **Operational structure:** This describes the operational details of the business. List any potential

employees needed on the payroll to make the business run.

• **Financial goals:** This describes the start-up capital needed, projected revenue and profits,

forecast, and budget of the business.

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**3. BUSINESS DESCRIPTION**

This section will first frame the business opportunity and should answer the question: what problem(s)

is the company trying to solve? Use a case example to describe the customers’ pain point and how it

is solved today. If the business’ service addresses something the market has yet to identify as a

problem (for instance, a new mobile app or a new clothing line), then also describe how the business’

solution reduces stress, saves money, or brings joy to the customer.

After framing the opportunity, describe the service in detail and how it is the solution the business

offers, how it solves that problem, and what benefits customers will receive.

This section also describes in more detail how the services will be rendered and the pricing structure

(e.g., fixed rate versus an hourly fee). Describe how the company plans to differentiate from its

competitors. What is the target market and how can the customer capitalize on your unique offering?

Depending on the type of business, the following sections may or may not be necessary. Only include

relevant sections and remove everything else.

• **Opportunity:** Describe the current market for the business’ offered service. At a high level, what is

the market and who are its participants; is it business customers or consumers; what is the specific geography, etc.? More details on the market will be provided in the next section of the plan. Next, describe the current state of available services and how the business will offer better. Also discuss any additional services the company plans to offer in the future.

• **Product overview:** Describe the service offerings of the business in as much detail as possible. If

it is effective to include pictures, this would be a good place to place them.

• **Key participants:** Identify any strategic partners in the business, such as critical suppliers,

distributors, referral partners, or any others. In some businesses, products are custom-made and any break in their supply will impact the business. There may be key contributors to the services offered, so it is important to identify them.

• **Pricing:** Provide pricing of the service, gross margin projects, and upgrade paths. Describe why

the company’s pricing will be attractive to the target market. Have a gauge on the competitor’s pricing and explain how the business’ service is unique to justify its pricing structure.

o Note the difference between working hours and billable hours. All working hours are not

billable. If the business has employees with differing skill levels (for example, in a law practice,

there are associates, paralegals, lawyers, partners, etc.), indicate the various billing rates.

o Communicate rates clearly to clients and customers. If there are potential additional fees which

will be passed on to clients or customers, define and establish them up front.

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**4. MARKET ANALYSIS**

• **Industry type:** Begin with the broader descriptions of the market opportunity. For instance, if the

intended business is a home-based travel agency, the industry type would be service industry. In this particular market, the global revenues are projected to exceed $183 billion, but the local agency will have a much smaller market. Identify the potential clientele in the company’s local geography that might fit into the target demographic group. This section will also identify any industry regulations and evaluate trends in market growth and stability.

• **Market segmentation:** This section defines the main market segments and those the business is

targeting now. A market segment is a group of people (or other businesses) within the industry, identify smaller segments, such as luxury travel or exotic cruisers. The market can also be segmented by criteria such as quality, price, range of products, geography, demographics, and others. Consider answering questions such as: Is the segment growing, shrinking, or will it be flat for the next few years? What percentage of the market will be reachable? What share of the market is anticipated within the next 2-3 years? Graphics are best used in a section like this to either show growth (line graph) or percentages of markets or groups (pie chart).

• **Competition:** All businesses compete in one way or another. It may be with specific, direct

competitors or it may be with the way customers have been doing things for a long time. When identifying the competition, identify who else is providing services to solve the same problem the business seeks to address. What are the business’ advantages over these competitors? How will the company’s voice be heard over the noise of competitors? Sometimes a business plan includes a matrix of features and compares how each business offers or does not offer those features. This section reflects how the company’s solution is different and better suited for the identified target market compared to the competition.

• **SWOT analysis:** A SWOT analysis may be included by completing the boxes below to assess the

business’ current environment’s strengths and weaknesses (internal) and opportunities and threats (external). This is a good exercise to go through on an annual basis. After completing the analysis, provide thoughts on: how the business’ strengths can help maximize opportunities and minimize threats; how its weaknesses can slow the company’s ability to capitalize on the opportunities; and how the business’ weaknesses could expose it to threats.

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**STRENGTHS WEAKNESSES**

|  |  |  |  |
| --- | --- | --- | --- |
|  | • Advantage• Capabilities• Assets, people • Experience• Financial reserves • Value proposition• Price, value, quality |  | • Disadvantages• Gap in capabilities • Cash Flow• Suppliers• Experience• Areas to improve• Causes of lose sales |

***SWOT***

**OPPORTUNITIES THREATS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | • Areas to improve • New segments• Industry trends• New products• New innovations • Key partnership |  | • Economy movement • Obstacles faced• Competitor actions• Political impacts• Environmental effects • Loss of key staff• Market demand |

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**5. OPERATING PLAN**

Additionally, it is necessary to outline how the company currently and will continue to develop and

maintain a loyal customer base. This section includes management responsibilities with dates and

budgets and making sure results can be tracked. What are the envisioned phases for future growth

and the capabilities that need to be in place to realize growth?

The operating plan describes how the business works. Depending on the type of the business,

important elements of this plan should include how the company will bring services to market and

how it will support customers. It is the logistics, technology, and basic blocking and tackling of the

business.

Depending on the type of business, the following sections may or may not be necessary. Only include

what is needed and remove everything else. Remember: try to keep the business plan as short as

possible. Excessive detail in this section could easily make the plan too long.

• **Order fulfillment:** Describe the company’s procedures for delivering services to its customers. As

a service company, determine how to keep track of the customer base, form of communications, and how best to manage sales and data.

• **Payment:** Describe the standard payment terms and the payment methods accepted. Describe

the pricing plans (one-time service fees, hourly-based fees, markups, and any other fees) and any impact on cash flow.

• **Technology:** If technology is critical to the business, whether it is part of the service offering or is

fundamental to delivering a service, describe the key technologies used that are proprietary. If the business data (company or customer) is at risk, describe the data security plan in place, as well as any backup or recovery in the case of a disaster or outage.

• **Key customers:** Identify any customers that are important to the success of the business due to a

partnership, volume, or pathway to a new market. Also identify any customers who bring in more than 10% of the company’s revenues.

• **Key employees and organization:** Describe unique skills or experiences that are required of the

current team. If necessary, describe any proprietary recruiting or training processes in place. List key employees that are necessary for success. Include an organization chart to support this section.

• **Facilities:** As a home-based business, be educated on legalities and tax filings for such business

types.

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**6. MARKETING AND SALES PLAN**

Promoting the business, whether through generating leads or traffic to a website or store, is one of

the most important functions of any business. In this section of the plan, provide details of intended

marketing of the business. Describe the key messages and channels used for generating leads and

promoting the business. This section should also describe any sales strategy. Depending on the type

of business, the following sections may or may not be necessary. Only include what is needed and

remove everything else.

• **Key messages:** Describe the key messages that will elevate services in the target customers’

eyes. If there is sample collateral or graphical images of some messages, include them.

• **Marketing activities:** Which of the following promotion options provide the company the best

chance of product recognition, qualified leads, store traffic, or appointments?

o Media advertising (newspaper, magazine, television, radio)

o Direct mail

o Telephone solicitation

o Seminars or business conferences

o Joint advertising with other companies

o Word of mouth or fixed signage

o Digital marketing such as social media, email marketing, or SEO

• **Sales strategy:** If needed, what will be the sales approach? Will there be full-time commissioned

sales people, contract sales, or another approach?

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**7. FINANCIAL PLAN**

Creating a financial plan is where all of the business planning comes together. Up to this point, the

target market, target customers, and pricing have all been identified. These items, along with

assumptions, will help estimate the company’s sales forecast. The other side of the business will be

what expenses are expected. This is important on an ongoing basis to see when the business is

profitable. It is also important to know what expenses will need to be funded before customer sales,

or the cash they generate, is received.

At a minimum, this section should include estimated start-up costs and projected profit and loss,

along with a summary of the assumptions being made with these projections. Assumptions should

include initial and ongoing sales, along with the timing of these inflows.

• **Projected start-up costs:** The table below shows a sample of ongoing and one-time cost items

that the business might need in order to open. Many businesses are paid on credit over time and do not have cash coming in immediately. It is necessary to make assumptions about how many months of recurring items, in addition to one-time expenses, to estimate when cash will begin to flow into the company. To begin with, the company will have to fund out of savings or an initial investment. There is a blank table in the Appendix to complete potential start-up cost projections.

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**START-UP COSTS**

Your Home-Based Agency January 1, 20XX

**COST ITEMS MONTHS COST/ MONTH ONE-TIME COST TOTAL COST**

Advertising/Marketing 3 $300 $2,000 $2,900

Employee Salaries\* 4 $500 $2 $2,002

Employee Payroll Taxes and Benefits 4 $100 $1,500 $1,600

Rent/Lease Payments/Utilities 4 $750 $2,500 $5,500

Postage/Shipping 1 $25 $25 $50

Communication/Telephone 4 $70 $280 $560

Computer Equipment $0 $1,500 $1,500

Computer Software $0 $300 $300

Insurance $0 $60 $60

Interest Expense $0 $0 $0

Bank Service Charges $0 $0 $0

Supplies $0 $0 $0

Travel & Entertainment $0 $0 $0

Equipment $0 $2,500 $2,500

Furniture & Fixtures $0 $0 $0

Leasehold Improvements $0 $0 $0

Security Deposit(s) $0 $0 $0

Business Licenses/Permits/Fees $0 $5,000 $5,000

Professional Services - Legal, Accounting $0 $1,500 $1,500

Consultant(s) $0 $0 $0

Inventory $0 $0 $0

Cash-On-Hand (Working Capital) $0 $1,000 $1,000

Miscellaneous $0 $2,000 $2,000

**ESTIMATED START-UP BUDGET $26,472**

\*Based on part-time employees. This may change once you hit your growth benchmark.

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**Projected profit and loss model:** The model below shows a sample of the projections a small business is forecasting for their first 12

months of operations. The top portion of the table shows projected sales and gross profit. This is a good place to begin creating the

company’s sales forecast. The next section itemizes the recurring expenses the business is projecting for the same months. These

should be consistent with the estimated start-up costs completed in the prior section. At the bottom of this model, it will possible to see

when the company is becoming profitable and what expense items are the most impactful to its profitability. There is a blank table in the

Appendix to complete the business’ own start-up cost projections.

**START-UP COSTS**

Your Home-Based Agency January 1, 20XX **REVENUE JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC YTD** Estimated Sales $5,000 $13,000 $16,000 $7,000 $14,500 $16,400 $22,500 $23,125 $24,549 $22,000 $25,000 $27,349 $216,423 Less Sales Returns &

Discounts $0 ($350) $0 ($206) ($234) $0 $0 ($280) ($1,200) ($1,600) $0 ($2,400) ($6,270) Service Revenue $0 $0 $0 $0 $0 $250 $350 $100 $0 $0 $1,245 $1,360 $3,305 Other Revenue $0 $0 $0 $0 $0 $0 $0 $1,500 $0 $0 $0 $0 $1,500 Net Sales $5,000 $12,650 $16,000 $6,794 $14,266 $16,650 $22,850 $24,445 $23,349 $20,400 $26,245 $26,309 $214,958 Cost of Goods Sold\* $2,000 $5,200 $6,400 $2,800 $5,800 $6,560 $9,000 $9,250 $9,820 $8,800 $10,000 $10,940 $86,569 Gross Profit $3,000 $7,450 $9,600 $3,994 $8,466 $10,090 $13,850 $15,195 $13,529 $11,600 $16,245 $15,369 $128,389 **EXPENSES JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC YTD** Salaries & Wages $2,500 $2,500 $3,500 $5,000 $5,000 $5,000 $8,000 $9,000 $9,000 $9,000 $9,000 $9,000 $76,500 Marketing/Advertising $400 $450 $450 $450 $900 $900 $900 $900 $900 $900 $1,200 $1,200 $9,550 Sales Commissions $250 $650 $800 $350 $725 $820 $1,125 $1,156 $1,227 $1,100 $1,250 $1,367 $10,821 Rent $1,250 $1,250 $1,250 $1,250 $1,250 $1,250 $1,125 $1,125 $1,125 $1,125 $1,125 $1,125 $15,000 Utilities $250 $150 $200 $200 $200 $250 $250 $250 $200 $200 $250 $250 $2,650 Website Expenses $175 $175 $175 $175 $175 $175 $175 $175 $175 $175 $225 $225 $2,200 Internet/Phone $110 $110 $110 $110 $110 $110 $110 $110 $110 $110 $110 $110 $1,320 Insurance $165 $165 $165 $165 $165 $165 $165 $165 $165 $165 $165 $165 $1,980 Travel $100 $0 $0 $250 $0 $0 $0 $0 $675 $800 $0 $0 $1,825 Legal/Accounting $1,200 $0 $0 $450 $0 $500 $0 $0 $0 $0 $0 $250 $2,400 Office Supplies $125 $125 $125 $125 $125 $125 $125 $125 $125 $125 $125 $125 $1,500 Interest Expense $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0Total Expenses $6,525 $5,575 $6,775 $8,525 $8,650 $9,295 $12,100 $13,131 $13,827 $13,825 $13,575 $13,942 $125,746 Income Before Taxes ($3,525) $1,875 $2,825 ($4,531) ($184) $795 $1,750 $2,064 ($298) ($2,225) $2,670 $1,427 $2,643 Income Tax Expense ($529) $281 $424 ($680) ($28) $119 $263 $310 ($45) ($334) $401 $214 $396 **NET INCOME ($2,996) $1,594 $2,401 ($3,851) ($156) $676 $1,488 $1,754 ($253) ($1,891) $2,270 $1,213 $2,246** \*In the service industry, Cost of Goods Sold is the monetized value of the time spent on the client.

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**APPENDIX**

**START-UP COSTS**

Your Home-Based Agency January 1, 20XX

**COST ITEMS MONTHS COST/ MONTH ONE-TIME COST TOTAL COST**

Advertising/Marketing

Employee Salaries

Employee Payroll Taxes and Benefits

Rent/Lease Payments/Utilities

Postage/Shipping

Communication/Telephone

Computer Equipment

Computer Software

Insurance

Interest Expense

Bank Service Charges

Supplies

Travel & Entertainment

Equipment

Furniture & Fixtures

Leasehold Improvements

Security Deposit(s)

Business Licenses/Permits/Fees

Professional Services - Legal, Accounting

Consultant(s)

Inventory

Cash-On-Hand (Working Capital)

Miscellaneous

**ESTIMATED START-UP BUDGET**

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**Instructions for Getting Started with Estimated Start-Up Costs**

Determining a business' startup costs is critical to ensure enough cash is available to begin business

operations within the budgeted time frame as well as within the cost budget. Startup costs typically

fall within two categories: monthly costs and one-time costs. Monthly costs cover costs that occur

each month during the startup period, and one-time costs are costs that will be incurred once during

the startup period.

**Steps for preparation:**

• **Step 1:** Enter the company name and the date this estimate is being prepared.

• **Step 2:** Enter the number of months and the monthly cost for each cost item that is recurring. For

one-time costs only, skip the monthly costs. If there are cost items that have both recurring and one-time amounts, enter those as well.

• **Step 3:** Once all of the costs are entered, review the individual items and total amount to see

where the budget can be fine-tuned or move something out into the future when more revenue is coming in.

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**START-UP COSTS**

Your Home-Based Agency January 1, 20XX

**REVENUE JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC YTD**

Estimated Product Sales

Less Sales Returns & Discounts

Service Revenue

Other Revenue

**NET SALES**

**COST OF GOODS SOLD**

**GROSS PROFIT**

**EXPENSES JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC YTD**

Salaries & Wages

Marketing/Advertising

Sales Commissions

Rent

Utilities

Website Expenses

Internet/Phone

Insurance

Travel

Legal/Accounting

Office Supplies

Interest Expense

Other 1

**TOTAL EXPENSES**

**INCOME BEFORE TAXES**

**INCOME TAX EXPENSE**

**NET INCOME**

\* In the service industry, Cost of Goods Sold is the monetized value of the time spent on the client.

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**Instructions for Getting Started on Profit & Loss Projections**

Completing projections for Profit and Loss of a new company is a good exercise to understand and

communicate when the company will begin to break even and see how sales and profits will grow. The

top portion of the model to the left, Revenue, is a good way to forecast sales, month by month for the

first year. The lower portion then applies estimated expenses for the same period of time to derive the

business' profitability.

**Steps for preparation:**

• **Step 1:** Enter the company name and the date this projection is being prepared.

• **Step 2:** For each month, beginning in January or whenever the start is estimated, enter the

expected sales to be. This could be for a single service or multiple services. Add lines to this model for additional offerings. From this, subtract any product returns or discounts that are to be tracked (these should be shown as negative numbers, for example, -10). Below Net Sales, enter the Cost of Goods Sold. This refers to the monetized value of the time spent on a particular client.

• **Step 3:** For each month, enter the estimated salaries, marketing, utilities, and other items that are

projected.

• **Step 4:** Once all of the costs have been entered, review the individual items and total amount to see

where projections can be fine-tuned or move something out into the future when more revenue is coming in. The objective is to get to profitability and positive cash flow as quickly as possible.

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