

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.
 - 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.
 - 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.

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.

HOME BASED PROFESSIONAL SERVICES

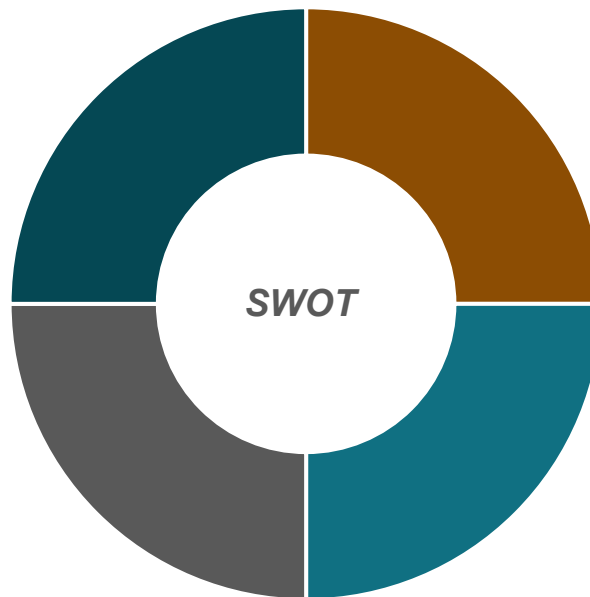
Business Plan

STRENGTHS

- Advantage
- Capabilities
- Assets, people
- Experience
- Financial reserves
- Value proposition
- Price, value, quality

OPPORTUNITIES

- Areas to improve
- New segments
- Industry trends
- New products
- New innovations
- Key partnership



WEAKNESSES

- Disadvantages
- Gap in capabilities
- Cash Flow
- Suppliers
- Experience
- Areas to improve
- Causes of lose sales

THREATS

- Economy movement
- Obstacles faced
- Competitor actions
- Political impacts
- Environmental effects
- Loss of key staff
- Market demand

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.

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?
 - Media advertising (newspaper, magazine, television, radio)
 - Direct mail
 - Telephone solicitation
 - Seminars or business conferences
 - Joint advertising with other companies
 - Word of mouth or fixed signage
 - 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?

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.