



75 Basic Questions Behind a Business Plan

A business plan is a written document that clearly defines the goals of a startup or existing business and outlines specific methods for achieving these goals. An effective business plan acts as the management and financial blueprint for developing and growing your business.

Your business plan needs to detail how your business will be capitalized, managed and marketed. A typical business plan includes all of the following sections: Executive Summary, Business Description, Product/Service Description, Marketing Plan, Operational/Management Plan and Financial Plan. Each section provides answers to many of the following questions.

The following questions are presented to serve as a guide to the main topics that need to be addressed in your business plan. Not all of these questions will apply to every business and answering all of the questions may not adequately describe some businesses. These questions are intended to stimulate your strategic thinking for your first draft of your business plan. Your final draft will be written in paragraph form.

I. EXECUTIVE SUMMARY

- A one paragraph summary of your unique business, target market, goals and objectives for your business. (Although this is the first section of your Business Plan, this section should be written last). This is the most important part of the Business Plan and in some cases, all that a reviewer will read.

II. BUSINESS DESCRIPTION

- What is the name of your business?
- What type of business is it?
- Where will your business be located?
- Is your business full-time, part-time, seasonal, etc.?
- What is your business structure? (Sole Proprietorship, Partnership, Corporation, S-Corporation or Limited Liability Company?)
- What is the status of your business? (Startup, expansion, etc.)
- What makes your business unique and likely to be successful?
- What factors will lead to the growth of your business?

III. PRODUCT SERVICE DESCRIPTION

- What is your product/service? What are the features?
- What is unique (special qualities) about your product/service?
- How does your product/service satisfy your customer's needs?
- What are the benefits and added value of your product?

IV. MARKETING PLAN

Target Market:

- Who are your potential customers?
- Where do they live?
- How old are they?
- Are they male or female?
- What is the size of your target market?
- Is your target market stable, growing or shrinking?
- What are the local and/or national trends in your industry?

Analysis of Competition:

- Who are your five nearest competitors?
- What are each of their strengths and weaknesses?
- Who are their customers?
- Why do their customers shop there?
- How much do your competitors charge?
- Is their business steady, increasing or decreasing and why?
- How will your business be different/better?

Position:

- How will your business be positioned against your competition? (Better service? Lower price? Special niche?)

Packaging:

- For a product business: How will your product be presented? A bag with your business name and logo? A box? (Attach if available)
- For a service business: What will your marketing material look like - business cards, logo, website, etc.? (Attach if available)

Location:

- Where will your business be located?
- What factors will influence your choice of location?
- What features will your location have?
- How will your building contribute to your marketing strategy?
- What are the features of your building layout?

Pricing:

- What is/are the price(s) of your product(s) and/or service(s)?
- Why will your customers pay your prices?
- If your price is higher than your competition: What special advantage do you offer to justify the higher price?
- If your price is lower than your competition: Is your price profitable?

Promotion:

- How will you attract customers/clients?
- How will you promote sales?
- How will you retain your customers/clients?
- How will you expand your market base?
- How will/does your promotion/advertising reach your target market?

Physical Distribution:

- How will you get your product to your customers?
- Will they come to your business or will you deliver your product?
- What are the cost and benefits of your distribution plan?
- Who are your suppliers and why?

V. OPERATIONAL/MANAGEMENT PLAN:

- Who will manage the business?
- What is the management's experience and qualifications?
- Will you have employees now? Later?
- How many employees will you need and what will they do?
- Will your employees be full or part-time?
- Will you pay salaries or hourly wages?
- Will you provide fringe benefits?
- Who will train your employees?
- How will you manage your finances?
- How will you manage your record keeping?
- What professional resources will you use? (accountant, attorney, other)
- What legal form of ownership will you choose and why?
- What licenses and permits will you need?
- What regulations impact your business?

VI. FINANCIAL PLAN:

- What is your total estimated income for your initial year of operation? By month? By quarter?
- What will it cost to open your business and sustain it for twelve months?
- What will be your monthly cash flow during the first year? (cash flow projections chart/spreadsheet for 1st year)
- What will be your personal monthly financial needs?
- What is your break-even point?
- What sales volume will your business need in order to make a profit during the first three years?
- What will be your projected Assets, Liabilities and Net Worth (balance sheet) on the day before you expect to open your business?
- What will be the value of your equipment?
- What is your financing strategy?
- What are your potential funding sources?
- How will you use the money you receive from lenders or investors?
- How will your loan be secured?
- What will you use the proceeds from your requested loan for?

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What should a business plan tell the reader:

Marketing – Getting someone, who has a need, to know, like and trust you (from John Jantsch at Duct Tape Marketing) – how do you get customers to want to purchase your services

Operations – How you will deliver the product or service to the customer so they will pay for it – what does the company need to do to make sure customers get what they expect and are willing to pay for it

Finance – Tells how the financial side of the business operates so that all involved are appropriately compensated