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Introduction

The Workbook Exercises of writing and thinking through your business requirements are as important as the final business plan document. This section is intended to allow you to challenge your assumptions, and produce a rough format with which to guide the creation of your business plan. You will use the notes from this workbook, as a reference for when you create your formal business plan.

Follow through the business plan outline questions and write your responses on a separate piece of paper. Our purpose is to communicate with you, to help you take ownership of your work. Use your own style. It should be a personal expression (an art form) as much as a professional document (scientifically and structurally sound).

Workbook Objectives

- To challenge your ideas and format them for presentation
- Provide a format for developing your venture
- To understand what is a business plan
- Why you need a business plan
- How to start
- How to write an effective business plan
- How to sell your venture to investors, and to build it successfully

The whole process of business planning is not just about creating a report. It is an exercise, an evolving document that is a guide for you. It shows investors the status of your business and it's road map for development.

Ultimately, it is a framework for you to start and grow your business. This is a dynamic plan, each business has its own personality and potential, make sure that yours is not just a carbon copy of another business, but truly reflects the uniqueness of the business and your skill set to make it happen.

Marketing Plan
A. Industry Overview
B. Product/Service
C. Target Market
D. Competitive Analysis
E. Marketing Mix
E.1. Promotion
E.2. Place
E.3. Price
E.4. Product

E. 3. Pricing Strategy

The general categories of costs for a service or a product as follows;

Pricing a Product or Service:

Labor _____	Labor = direct man hours into a product or service
Overhead _____	Overhead = Indirect costs to produce the product or service (electricity, machine time, etc.)
Materials _____	Materials = the direct cost of materials going into the product/service

Your desired profit margin will be based on the pricing strategy you choose to follow. Here are some considerations:

- retail cost and pricing
- competitive position
- pricing below competition
- pricing above competition
- price lining
- multiple pricing

Is your target market price sensitive? Low Med High

How important is value to the customer? Will the price reflect the perceived value of the product? _____

Will you be discounting the price on a regular basis for ongoing sales, retailer sales discounts, distribution discounts, sales agent discounts, volume discounts, etc.? _____

What will be your Break-Even point? _____

Note: Break Even Point =
$$\frac{\text{Fixed Costs}}{\text{Unit selling price} - \text{Unit Variable costs}}$$

Unit Selling Price: is the price per unit at which you will sell your service/product

Unit Variable Costs: Costs that you only incur if you are producing a unit.

Fixed Costs: These are costs that you incur regardless of how many units your produce (eg. Rent, Property tax, Telephone, etc.)

What does "Pricing" cover ?

The pricing of your product/service is the fee that you will charge to the customer. This is a number that will be based on your costs, competition, and customers' perceived value for your product or service.

The pricing strategy should provide with a desired profit level, and should be consistent with the positioning of the product/service in the market.

If you would like download a financials worksheet please click [here](#)

4. Introduction

5. Workbook Objectives

6. Business Plan Research

4. Business Plan
➔ **Outline**
(drafts)

6. Actions

SUMMARY OF FINANCIAL PROJECTIONS:

Year	-1	-2	-3	-4	-5
Net sales	\$___				
Gross profit	\$___				
Gross margin	___%				
Net income after tax	\$___				
Profit margin after tax	___%				
Return on equity	___%				
Return on assets	___%				
Current Ratio	__ : 1				
Quick Ratio	__ : 1				
Debt-to-Equity Ratio	__ : 1				
Debt Ratio	__ : 1				

What do the Financial Projections provide?

The Financial Projections Summary provides a broad overview of the upcoming expectations and commitment levels for your business. The cash, equity and sweat the principals have invested in the business during the past ___ months/years has directly contributed to the opportunity outlined here.

The Use of Funds is an important point as well. It outlines how you will use the money that you are borrowing from the bank, private investor, partner, etc. It will highlight the capital allocation for the business.

If you would like download a financials worksheet please click [here](#)

Outline Below how you will you use the needed funding for the next year or so. You define the term of investment:

USE OF FUNDS:

Acquisition of business	\$___
Professional fees, consultants	\$___
Marketing campaign for launch	\$___
Working capital (incl. cash reserve)	\$___
Plant and equipment	\$___
Yours ___?	\$___
Total	\$___

Financial Templates

* All figures are computer generated, you must plug your figures into the table below

Profit & Loss Projections

	<i>mo. 1</i>	<i>mo. 2</i>	<i>mo. 3</i>	<i>mo. 4</i>	<i>mo. 5</i>	<i>mo. 6</i>	<i>mo. 7</i>	<i>mo. 8</i>	<i>mo. 9</i>	<i>mo. 10</i>	<i>Total</i>
Total Sales	20000	22000	25000	40000	42000	40000	45000	50000	50000	52000	386000
Less: Cost of Sales	(2600)	(2860)	(3250)	(5200)	(5500)	(5200)	(5900)	(6000)	(6500)	(6800)	(49810)
Gross Profit	17400	19140	21750	34800	36500	34800	39100	44000	43500	45200	336190
Payroll Expenses											
salaries	10000	10000	10000	10000	12000	12000	12000	12000	12000	12000	112000
taxes	2800	2800	2800	2800	3360	3360	3360	3360	3360	3360	31360
benefits	500	500	500	500	500	500	500	500	500	500	5000
Total Payroll Costs	13300	13300	13300	13300	15860	15860	15860	15860	15860	15860	148360
Operating Costs											
rent	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
advertising	500	500	500	500	500	500	500	500	500	500	5000
leases	800	800	800	800	800	800	800	800	800	800	8000
printing	500	500	500	500	500	500	500	500	500	500	5000
postage	100	100	100	100	100	100	100	100	100	100	1000
travel	600	600	600	600	600	600	600	600	600	600	6000
other	10000	9000	8000	11000	6000	9000	4500	8000	11000	10000	86500
Total Operating Costs	13500	12500	11500	14500	9500	12500	8000	11500	14500	13500	121500
Other Income (expense)											
interest income	300	300	300	300	300	300	300	300	300	300	3000
investment income	200	200	200	200	200	200	200	200	200	200	2000
other income	200	100	50	150	175	75	200	0	50	300	1300
(interest expense)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	-3000
Total Other Income (expense)	400	300	250	350	375	275	400	200	250	500	3300
Net Income (loss)	(9800)	(6960)	(3300)	6650	10765	6165	14840	16440	12890	15340	63030