Millionaire’s Club
Entrepreneurial Project Planner

So, you’re thinking of doing an entrepreneurial project as part of your Millionaire’s Club experience. Good for you! This planner will help you organize your project. It’s provided in two parts:

1. INSTRUCTIONS

This document incudes all the written instructions and guidance you will use when filling in your project planner form. PRINT THIS DOCUMENT and refer to it as you complete the project planner form.

1. PLANNER FORM

The other part is the same planner, but without all the written guidance. It’s designed as a fill-in-the-blank form. Follow the guidance in these instructions when filling in your form.

This planner consists of both narrative and several financial worksheets. The narrative template is the body of the planner. It contains questions divided into several sections. Work through the sections in any order that you like, except for the Executive Summary, which should be done last. Skip questions that do not apply to your project vision. When you are finished writing your first draft, you’ll have a collection of small essays on the various topics of the business plan. Then you’ll edit them into a smooth-flowing narrative.

The real value of creating a project plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your project in a systematic way. The act of planning helps you to think things through, do your research, and look at your ideas critically. It takes time now, but avoids costly mistakes later.

This planner is suitable for all types of projects. However, you should modify it to suit your entrepreneurial project. Before you begin, review the section titled Refining the Plan, found at the end. It suggests emphasizing certain areas depending upon your type of project (manufacturing, retail, service, etc.).

It typically takes time, maybe several weeks, to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions. But that’s the value of the process. So, make time to do the job properly. Those who do never regret the effort. And be sure to keep notes on your sources of information and on the assumptions underlying your financial data.

Good luck!

Product/Service Name

COVER

Business Name

Address Line 1

Address Line 2

City, ST ZIP Code

Telephone

Fax

E-Mail

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Executive Summary

Write this section last.

Make it two pages or fewer.

Include everything about your business that you would cover in a five-minute interview.

Explain the fundamentals of the proposed business:

What will your product be?

Who will your customers be?

Who are the owners?

What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.

General Description

What business will you be in? What will you do?

Mission Statement: Many businesses have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan, followed by:

Project’s Goals and Objectives: Goals are destinations—where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a successful business that emphasizes customer service and that has a loyal customer following. Objectives might be sales targets and some specific measures of customer satisfaction.

Business Philosophy: What is important to you in this business?

To whom will you market your product or service? (State it briefly here—you will do a more thorough explanation in the Marketing Plan section).

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your business be poised to take advantage of them?

Describe your most important strengths and core competencies. What factors will make the business succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you (and any partners) personally bring to this new venture?

Products and Services

Describe in-depth your product or service (technical specifications, drawings, photos, sales brochures, and other bulky items belong in Appendices).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique features.

What are the pricing structures of your product or service?

Marketing Plan

Market research - Why?

No matter how good your product and your service, the project cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that you already know about your intended market. You need to do market research to make sure you’re on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

Market research - How?

There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Start with your school library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has good information on the local area. Trade associations and trade publications often have excellent industry-specific data.

Primary research means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.

Economics

Facts about your industry:

What is the total size of your market? Is it the student body? Your community?

Current demand in target market.

Trends in target market—growth trends, trends in consumer preferences, and trends in product development.

Growth potential and opportunity for a business of your size.

What barriers to entry do you face in starting your project? Some typical barriers are:

High costs

Consumer acceptance and brand recognition

Training and skills

Shipping costs

And of course, how will you overcome the barriers?

How could the following affect your project?

Change in weather

Change in regulations

Change in the economy

Change in your consumers’ demands

Product

In the Products and Services section, you described your products and services as you see them. Now describe them from your customers’ point of view.

Features and Benefits

Describe the most important features of your product or service. What is special about it?

Describe the benefits. That is, what will the product or service do for the customer?

Note the difference between features and benefits, and think about them. For example, a discount booklet that you sell contains various money-saving coupons; those are its features. Its benefits include saving your customers money, and driving business to the businesses that participate in your coupon booklet. You build features into your product so that you can sell the benefits.

What after-sale services will you give? Some examples are delivery, support, follow-up, and refund policy.

Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics.

You may have more than one customer group. Identify the most important groups. Then, for each customer group, construct what is called a demographic profile:

Age

Gender

Location

Income level

Social class and occupation

Education

Other (specific to your industry)

For business customers (if you are considering a product or service for businesses), the demographic factors might be:

Industry (or portion of an industry)

Location

Size of firm

Quality, technology, and price preferences

Other (specific to your industry)

Competition

What other businesses will compete with you?

List your major competitors:

Will they compete with you directly with a similar product or service, or just for certain customers, or in certain locations?

Will you have important indirect competitors? (For example, video rental stores compete with theaters, although they are different types of businesses.)

How will your product or service compare with the competition?

Use the Competitive Analysis table below to compare your project with your two most important competitors. In the first column are key competitive factors. Since these vary from one industry to another, you may want to customize the list of factors.

In the column labeled Us, state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. And remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your strong and weak points.

Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer.
1 = critical; 5 = not very important.

Table 1: Competitive Analysis

| Factor | Us | Strength | Weakness | Competitor A | Competitor B | Customer Importance |
| --- | --- | --- | --- | --- | --- | --- |
| Products |  | ❒ | ❒ |  |  |  |
| Price |  | ❒ | ❒ |  |  |  |
| Quality |  | ❒ | ❒ |  |  |  |
| Selection |  | ❒ | ❒ |  |  |  |
| Service |  | ❒ | ❒ |  |  |  |
| Reliability |  | ❒ | ❒ |  |  |  |
| Stability |  | ❒ | ❒ |  |  |  |
| Expertise |  | ❒ | ❒ |  |  |  |
| Reputation |  | ❒ | ❒ |  |  |  |
| Location |  | ❒ | ❒ |  |  |  |
| Appearance |  | ❒ | ❒ |  |  |  |
| Sales Method |  | ❒ | ❒ |  |  |  |
| Credit Policies |  | ❒ | ❒ |  |  |  |
| Advertising |  | ❒ | ❒ |  |  |  |
| Image |  | ❒ | ❒ |  |  |  |

Now, write a short paragraph stating your competitive advantages and disadvantages.

Niche

Now that you have systematically analyzed your product or service, your customers, and the competition, you should have a clear picture of where your project fits into the world.

In one short paragraph, define your niche, your unique corner of the market.

Strategy

Now outline a marketing strategy that is consistent with your niche.

Promotion

How will you get the word out to customers?

Advertising: What media, why, and how often? Why this mix and not some other?

Have you identified low-cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals?

What image do you want to project? How do you want customers to see you?

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

Should you have a system to track repeat customers and then systematically contact them?

Promotional Budget

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)

Pricing

Explain your method or methods of setting prices. For most businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually, you will do better to have average prices and compete on quality and service.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?

What will be your customer service and credit policies?

Proposed Location

Probably you do not have a precise location picked out yet. This is the time to think about what you want and need in a location. Many start-ups run successfully right from their home.

You will describe your physical needs later, in the Operational Plan section. Here, analyze your location criteria as they will affect your customers.

Is your location important to your customers? If yes, how?

If customers come to your place of business:

Is it convenient? Parking? Interior spaces? Not out of the way?

Is it consistent with your image?

Is it what customers want and expect?

Where is the competition located? Is it better for you to be near them (like car dealers or fast food restaurants) or distant (like convenience food stores)?

Distribution channels

How do you sell your products or services?

Retail

Direct (mail order, Web, catalog)

Your own sales force

Independent representatives

Sales Forecast

Now that you have described your products, services, customers, markets, and marketing plans in detail, it’s time to attach some numbers to your plan. Use a [sales forecast spreadsheet](http://www.score.org/template_gallery.html) to prepare a projection. The forecast should be based on any historical sales, the marketing strategies that you have just described, your market research, and industry data, if available.

You may want to do two forecasts: 1) a "best guess", which is what you really expect, and 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

Remember to keep notes on your research and your assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. This is critical if you are going to present it to funding sources.

Operational Plan

Explain the daily operation of the project, its location, equipment, staffing, processes, and surrounding environment.

Production

How and where are your products or services produced?

Explain your methods of:

Production techniques and costs, if any

Quality control

Customer service

Inventory control

Product development

Financial controls (handling the income and expenses)

Location

What qualities do you need in a location? Describe the type of location you’ll have.

Physical requirements:

Amount of space

Type of building

Zoning or permits/permissions

Power and other utilities like water for a car wash

Access:

Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centers?

Include a drawing or layout of your proposed location if it is important.

Construction? Most new companies should not sink capital into construction, but if you are planning to build a kiosk, for instance, costs and specifications will be a big part of your plan.

Cost: Estimate any occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

Legal Environment

Describe the following:

Licensing and bonding requirements

Permits

Health, workplace, or environmental regulations

Special regulations covering your industry or profession

Zoning or building code requirements

Insurance coverage

Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

Number of staff needed to run the project

Quality of existing staff and their best fit within the project (like good art skills can come in handy with designing the marketing flyers)

Training requirements

Do you have schedules and written procedures prepared?

Have you drafted job descriptions for each specific job associated with the project? If not, take time to write some. They really help internal communications.

For certain functions, will you use additional staff from outside?

Inventory

What kind of inventory will you keep: raw materials, supplies, finished goods?

Average value in stock (i.e., what is your inventory investment)?

Lead-time for ordering?

Suppliers

If you are making and/or selling a project identify key suppliers:

Names and addresses

Type and amount of inventory furnished

Credit and delivery policies

History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

Do you plan to sell on credit? (not likely)

Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?

If yes, what policies will you have about who gets credit and how much?

How will you check the creditworthiness of new applicants?

What terms will you offer your customers; that is, how much credit and when is payment due?

Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)

Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing Your Accounts Receivable

If you do extend credit, you should do an aging at least monthly to track how much of your money is tied up in credit given to customers and to alert you to slow payment problems. A receivables aging looks like the following table:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Total | Current | 30 Days | 60 Days | 90 Days | Over 90 Days |
| Accounts Receivable Aging |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

You will need a policy for dealing with slow-paying customers:

When do you make a phone call?

When do you send a letter?

When do you get your attorney to threaten?

Managing Your Accounts Payable

You should also age your accounts payable, what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables aging looks like the following table.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Total | Current | 30 Days | 60 Days | 90 Days | Over 90 Days |
| Accounts Payable Aging |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Management and Organization

Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

If you’ll have more than 10 staff involved, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Include position descriptions for key staff.

Financial Statement

Include [financial statements](http://www.score.org/template_gallery.html), showing assets and liabilities held by your project and the project’s net worth.

Startup Expenses and Capitalization

You will probably have [startup expenses](http://www.score.org/template_gallery.html) before you even begin operating your project. It’s important to estimate these expenses accurately and then to make sure you have enough funds in your treasury to cover these costs. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, starting a project has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little “padding” to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. The second approach is to add a separate line item, called contingencies, to account for the unforeseeable. This is the best approach.

If possible talk to others who have started similar projects to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20 percent of the total of all other start-up expenses.

Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have

Financial Plan

Businesses need a financial plan that consists of a [12-month profit and loss projection](http://www.score.org/template_gallery.html), a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your project.

The project will probably take place over a shorter time period, like 3 – 4 months. But you may want to develop a longer-term financial plan to help with the project if you keep it going.

12-Month Profit and Loss Projection

Many business owners think of the 12-month profit and loss projection as the centerpiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it’s time to revise your plan.

Four-Year Profit Projection (Optional)

The [12-month projection](http://www.score.org/template_gallery.html) is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Projects fail because they cannot pay their bills. Every part of your project plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn’t be taken by surprise.

There is no great trick to preparing it: The [cash-flow projection](http://www.score.org/template_gallery.html) is just a forward look at your checking account.

For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and inventory purchases.

You should also track cash outlays prior to opening in a pre-startup column. You should have already researched those for your startup expenses plan.

Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.

Explain your major assumptions, especially those that make the cash flow differ from the Profit and Loss Projection. For example, if you make a sale in month one, when do you actually collect the cash? When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup, that should be budgeted?

Loan payments and equipment purchases, usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

Opening Day Balance Sheet

A [balance sheet](http://www.score.org/template_gallery.html) is one of the fundamental financial reports that any business needs for reporting and financial management of its project. A balance sheet shows what items of value are held by the business (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is the business’s equity.

Use a startup expenses and capitalization spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some business people want to add a projected balance sheet showing the estimated financial position of the business at the end of the project.

Break-Even Analysis

A [break-even analysis](http://www.score.org/template_gallery.html) predicts the sales volume, at a given price, required to recover total costs. In other words, it’s the sales level that is the dividing line between operating at a loss and operating at a profit.

Expressed as a formula, break-even is:

Break Even = Fixed Costs + Variable Costs

Include all assumptions upon which your break-even calculation is based.

Appendices

Include details and studies used in your project plan; for example:

Brochures and advertising materials

Industry studies

Blueprints and plans

Maps and photos of location

Magazine or other articles

Detailed lists of equipment owned or to be purchased

Copies of leases and contracts

Letters of support from future customers

Any other materials needed to support the assumptions in this plan

Market research studies

List of assets available as collateral for a loan

Refining the Plan

The generic business plan presented here should be modified to suit your specific type of project and the audience for which the plan is written.