Business Plan Brief for Veterans

Introduction

To be an entrepreneur you must have the initiative and motivation to learn new things and do the necessary work.

This template gives you a model to follow for writing your business plan. We have written it specifically for veterans to help you adapt what you already know- op orders, ops plans, etc.- into business language and practice.

Writing your business plan will have three principal stages:

1. Market Research
2. Writing the first draft of the plan.
3. Refining the plan.

The standard five paragraph Op Order- Situation, Mission, Execution, Sustainment (or Logistics/Admin or Service Support), Command and Signal- can be adapted to the business world. You will use your experience in executing an order or in creating an order if you were in a leadership position.

A business plan has several parts. There is no specific order for working on them, although it's wise to begin with market research and then work on the other parts. You could be working on financial projections and get some new information which forces you to change some of your objectives. This is just like getting a frago for an op order. New information means the plan *must* be adapted.

Do the *Executive Summary* last. As it is a summary you must do it *after* you finish the plan you wish to summarize. **Do the executive summary last.**

Purpose of the business plan

There are two purposes for the plan. The most important is to make you think systematically about your business idea and how to launch it. You would never go on a mission without some kind of plan. The planning process forces you to consider your assumptions and what you *think* you know about business. Many factors can cause a mission to fail. It's not only the threats that you know that can kill you. It's also the problems you don't even know exist. The same applies in your business.

The second purpose of the plan is to explain to potential lenders or investors what your idea is and how you will make it happen. The **only** thing a lender cares about is your ability to repay. "How is Captain America or Gunnery Sergeant Leatherneck going to pay back this loan?" The only thing an investor cares about is the return on their investment. You must understand this point clearly.

> If you have never owned a business before, a lender or investor has no way to assess you except through your business plan. You must create a plan that convinces them you are the person who can do this. Period. It cannot be sloppy. It cannot be full of hazy numbers and grammatical errors.
>
> Ask yourself, would ***you*** lend $100,000 to, or invest that much with a person who presents an incomplete, sloppy plan full of bad writing and numbers that don't add up. Would **you** have confidence in that person?

So pay attention to detail and do the job right. The mission- your new business- depends on it.

Formatting and Writing Style

The style of the writing should be knowledgeable and *quietly* confident. Don't distract the reader's attention with buzzwords and obscure jargon. Don't use a big word when a smaller word says the same thing. Make your points directly. Write something other people will *want* to read. Be clear, complete, and concise.

Use a 12-point font. The default font in Word is good. To make it legible use 1.5 spacing between lines.

Business Plan

Your Business Name

Owners

Street Address

City, ST Zip Code

Telephone

Fax

E-mail

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I. Executive Summary

Even though the executive summary is the first part of the business plan, it is the part you will write **last**. The summary is a succinct description of your business. The material in this summary comes from sections of the business plan that follow the executive summary. The summary should be only one to one and a half pages long.

The Concept & Your Product or Service

What are you selling, why are you selling it, and why will people want to buy it? You must be very clear in this section so readers will know exactly what you intend to sell to make a profit.

The Market

What is your target market? Which segments will you target? Who will be your first customers? How will you market to them? Remember this is only a summary.

Economic and Financial Model

Clearly, but succinctly, describe your sales and revenue model. How much money will you need to launch? During your start-up period what is your expected burn-rate of cash? When will the company begin breaking even month-to-month?

Your Company and Team

Who are you, and why can you do what you say you can do? Who else is part of the company? Do you have advisors who add to your credibility?

II. General Description of Company

The company, your concept, and the products or services

What is the legal structure of your company? (Sole proprietorship, corporation, or partnership?)

Company history and how you came up with the idea

Describe it **briefly**. Do not give your life story. Be concise here.

Unique Value Proposition

Discuss your **unique value proposition**, that is, what are the measurable or tangible results the customer will get from your product or service? This will require careful thinking on your part. The whole point of this business plan is to make you think clearly about what exactly you are trying to sell and why it can make money.

Your products or services

Describe your products or services with enough detail to generate interest. A basic marketing idea is the difference between features and benefits. This is related to the value proposition.

- A **feature** is an objective, measurable fact about the product.
  - Thor's Gym has padded rubber floors.
  - It has 1.5-inch climbing ropes with forty-foot ceilings.
  - It has five-foot diameter truck tires.
- A **benefit** is what the features do for the customer.
  - The rubber floors ensure I don't slip when deadlifting.
  - The forty-foot ropes allow me to develop climbing endurance.
  - Truck tire flipping develops complex functional strength.

Differentiating between features and benefits is easier for products than for services. Nevertheless you must try to do it. For a service the features might be the training of your employees, weekend business hours, or other specific characteristics of what you provide. The benefits will be like the benefits of a product. What do weekend business hours or the proficiency of your employees offer the customer?

Growth Strategy

Tell the reader your strategy for growth in the first three to five years. Make a timeline with specific objectives. We all know that a three-year plan will probably change. But it is important for you to show you are thinking carefully about this.

III. SWOT: Strengths-Weaknesses-Opportunities-Threats

Why does the SWOT matter?

Imagine you are a lender or an investor. If they look at your plan and see Weaknesses and Threats you did not discuss, will they have confidence in you?

The purpose of your SWOT analysis is to make the reader think, “This entrepreneur has thought of everything and has plans to handle all contingencies.”

In your SWOT Analysis you should fall on the side of more detail and explanation rather than less. A good SWOT cannot be done in less than one page.

We say again: A good SWOT cannot be done in less than one page.

If you write less than a page it means you have not carefully considered the important factors affecting your business. The SWOT should be at least two pages long. When you have finished your analysis, you may summarize it as a list in the final draft you show lenders or investors. But to have something to summarize you must *do the work.*

SWOT Format

You might have seen templates that show you a four square grid for doing a SWOT Analysis. Do not use those. They have barely enough room for short sentences in bullet points. You cannot adequately discuss your Strengths, Weaknesses, Opportunities, and Threats in bullet points. You must *discuss* and *analyze* them. The SWOT Analysis is the core of your business plan and the best way to convince the reader that you can pull this off.

Strengths are positive, advantageous *internal* characteristics of your business or yourself. If you have ten years of experience in the type of business you wish to open, that is a strength because you are not a rookie. It gives the reader confidence that you know what you’re talking about.

NOTE: All those expressions like “attention to detail”, “can-do attitude”, “diligence”, “work ethic”, etc. are **not** strengths because they are just words. A strength is some *specific* knowledge, experience, or skill you have that can help you *make money*.

If you want to open a shooting range and you were an armorer, an infantryman, or master-at-arms for ten years, then that is a strength. If you were a Food Service Officer in charge of the galley on a ship, and you want to open a small restaurant, your knowledge about managing a food service team is a strength. **But,** since you never had to pay for the flour, the meat, etc., then financial management is a weakness you have.

Weaknesses are negative, disadvantageous *internal* qualities of your business. That means your personal weaknesses in knowledge or something inherent to the type of business. A personal weakness might be not knowing anything about financial management. How will you correct that?

What if your kind of business needs 4000 sq. ft. but the only location you can afford is 3000 sq. ft.? How will you handle this problem? How will it affect your sales and cash flow? How will it affect other costs and expenses? Describe *exactly* what you will do to mitigate the effects of the smaller space.

Opportunities are positive, advantageous *external* circumstances in which your business will operate. You can discover your opportunities by doing thorough market research. See the market research and marketing plan template for information. The opportunities are where and how you will make money. In fact, the Opportunities section is *closely related to your market research*. Be specific about the opportunities you identify.

Threats are the negative, *external* factors or circumstances that can stop you from making enough sales to have positive cash flow. You should be used to identifying threats from your military experience. A good example is Blackberry vs. iPhone. It's easy to forget the iPhone is *less than ten years old.* Before June 2007, Blackberry and Nokia ruled the mobile phone world. Blackberry ignored the threat; Samsung didn't.

Another threat could be the regulatory environment. Do you expect any changes in the laws that regulate your business? If the laws or regulations change, can you still make money? If the answer is “maybe”, then tell us *exactly* what you’re going to do if this happens.

Another example: Do you have to compete on price or quality? If you must compete on price, can you still make enough money to make all your work worth the trouble?
If you must compete on quality, do you have any strengths that help you?

Remember, strengths and weaknesses are ***internal***, but opportunities and threats are ***external***. Sometimes it will be hard to decide if a factor is a weakness or a threat. Likewise, it might be hard to decide if a factor is a strength or an opportunity. Is the factor internal or external? The more you think about this, the more you will understand the business you wish to start.

IV. Industry and Market Research

Industry

What industry and sector are you entering? How many firms will you be competing against? What are the biggest barriers to entry? Does your business have infrastructure requirements?

If you will be manufacturing your products, what are the principal sources of raw materials? What is the regulatory environment?

Does your industry have benchmarks for profit margin, costs, or expenses? If so, have they been steady for many years or are they changing?

Market Research

In military terms, what is your Area of Operations? Describe the size of the market in terms of customers, how much annual sales for the industry, and any relevant trends. Is the market growing? Market research is like the **Situation** section of an op order. What is the situation in your market?

How is your market segmented and who is your target? Describe your ideal buyer or buyers. (*Hint*: The answer is **not** “everyone”.)

Describe your buyers’ behavior. Why do they buy? Where do they buy? Are they motivated only by price or by something else?

In the SWOT section we said your **Opportunities** are related to your market research. In this section you can expand on that.

Competitors

Analyze and discuss your specific competitors and how you will deal with them. Expand the analysis you did in the **Threats** portion of the SWOT.

V. Marketing Plan

This section is analogous to the **Situation** and **Execution** paragraphs of an op order. The situation is what's happening in your market. The execution part is how you will do your marketing. It's very possible you can't write a marketing plan at this point. It depends on so many factors that for now all you have is a vague idea. Eventually you will have to make a detailed plan to ensure customers know about you.

Here you can summarize what you are thinking of doing for marketing. The sub-sections below are suggestions. We give here a definition of a marketing plan.

> A marketing plan is a specific and *well-defined* series of actions **you** do to
> 1. Find your customers, *and*
> 2. Drive, push, or pull them to your business, *and*
> 3. Get them to *buy* something once they come to your location or website.

Things that are *not* marketing plans

"If I build it, they will come" is NOT a marketing plan.

A Facebook page is NOT a marketing plan.

A fancy website is NOT a marketing plan.

Word-of-mouth is NOT a marketing plan.

Websites and social media can be *part* of your plan. They can be ***tools.*** But they are not the *entire* plan.

The Four P's

The four P's are **Product, Price, Place,** and **Promotion**. Here are concise definitions.

Product: What, exactly, are you selling?

Price: For how much are you selling it?

Place: Where are you selling it? That is, a brick and mortar location, online, government contracts, trade shows, or somewhere else?

Promotion: How will you market and promote this?

Unique Value Proposition

Briefly review it here. Your value proposition is a succinct description of the problem you are solving, the need you are satisfying, or the pain you are relieving, and why your customers will want your product or service.

Market, Message, and Medium

The **market** is the specific, well-defined group of people or entities you intend to sell to.

The **message** is what you are going to say to them to induce them to buy something from you.

The **medium** is the method you will use to send the message. The medium could be newspaper advertising, online advertising, direct mail, radio, and so on. You might use two or more media or you might use only one. You don't *have* to use a particular medium. You only have to use *the ones that will work*.

Put simply, **who** are you talking to? **What** are you saying to them? **How or where** are you saying it?

Sales Projections

Make monthly estimates of your sales for the first year. The projections must be based on your market research and marketing plan. These projections must be reasonable and sober.

VI. Economic and Financial Model

Margins and profitability

What are the industry benchmarks for margins and profitability? What does a successful business in this industry look like? For example, most restaurants make a higher profit from alcohol sales than from food sales. Good food brings in the customers but beer, wine, and liquor have higher profit margins.

In your business, which products or services will earn you the most profit?

Costs and Expenses

For accountants and financial analysts there is a technical difference between costs and expenses, but in your first business plan you don't need to worry about it. You will learn it later. For now let's just call them costs.

At the beginning you just need to be aware costs and expenses are money you must spend so you can sell your products or services.

Rent, raw materials, office supplies, wages for employees, insurance, and so on are examples of costs you will have. You must know and fully understand your costs.

Some costs are **fixed**, like rent. Your rent payment is the same every month. Other costs are **variable**, like your electricity or heating bill. It can change from month to month.

In your business, are your costs mostly fixed or mostly variable? This difference can affect your cash flow. If you have high fixed costs because of a loan, for example, your cash flow might be low but still positive. When the loan is paid off, that fixed cost will disappear and cash flow will be higher.

If instead you have high variable costs because your business has seasonal highs and lows, you will have to manage your cash flow carefully every month and plan ahead for months that have high costs and low revenue.

Financial Plan

Start-up Budget

Discuss how much money you'll need to launch the business. Here you can insert a summary chart. Put a detailed, itemized chart in the appendix.

Break-even Calculation

When will your monthly cash flow be positive? Insert here a summarized table or chart to show this. The summary chart can be a simple table showing your cash flows month-by-month, showing the cash position at the end of each month (is your position negative or positive?).

In your appendix you should have a detailed chart of the monthly cash flows showing the itemized categories of expenses and costs for cash paid out (i.e. utilities, lease, advertising, marketing, wages, and so on) and for cash receipts (sales).

VII. Financial Projections

Your financial projections are like the **Sustainment**, **Service Support,** or **Logistics/Admin** section of an op order. Logistics is what keeps an army or navy fighting. Cash is what keeps a business open.

There are three fundamental financial statements or projections: *Income*, *Cash Flow*, and *Balance Sheet*. **Before** you launch they are called *projections* because they are predictions of future performance. **After** you launch they are *statements* describing your past performance. Here we refer to *projections*.

Your projections naturally come from the market research that tells you how much you can expect to sell. Thus, they are *only as good as your research*. We shall give only brief descriptions of these projections here. It is your job, as an aspiring entrepreneur, to use available resources to learn about these financial projections. If you wish to start a business you must have the initiative and motivation to learn new things. You can e-mail us with questions as well.

Cash Flow Projection

The cash flow projection shows the flow of cash in and out of your business. Cash inflow comes from operations (your sales to customers) and financing activities (such as loans to you or selling stock to investors).

Cash outflow comes from paying suppliers, making loan payments, paying taxes, or buying machinery and equipment. The projection is a month-by-month prediction of how much cash you'll have going out and coming in.

The cash flow projection (and later, the cash flow statement) does not show your profitability. It only shows how much cash you are generating and how much cash you are paying out. Naturally, the projection *must* be based on your sales projections from the Marketing Plan in Section V.

Income Projection (or Profit & Loss Projection)

The income projection (also called a P & L, for Profit & Loss) is a month-by-month listing of your revenue *minus* the expenses and costs you incurred to get that revenue.

Each month start with your sales revenue at the top. One line down subtract one of your costs. Next line down subtract another cost. Keep going until you've subtracted all your costs. After subtracting all costs and expenses you get to the "bottom line." That's where the expression comes from. That's your profit.

Balance Sheet

The balance sheet is pretty simple for a startup. It can be summed up in one short equation:

ASSETS **minus** LIABILITIES **equal** NET WORTH

(Assets – Liabilities = Net Worth)

A balance sheet is only a snapshot of the business at a specific moment in time. Prepare an Opening Day Balance Sheet to show your assets and liabilities on your first day of business. It does not show your profits or the cash flows. It will serve as a baseline so at the end of the year you can do another one and see how the business has grown.

Assets are everything the business owns that you could sell for cash if you needed to. Equipment, property, tools, machines, furniture, cash, etc. are all assets. Liabilities are all the financial obligations of the business: Loans, unpaid bills from suppliers and vendors, and so on.

VIII. Operational Plan

Most veterans are pretty good in this section. Think of the **Execution** paragraph and **concept of the operation** sub-paragraph of an op order. You also had SOPs in the military. In this section you can use that military experience to form your operational plan and your business SOPs.

Who will do the different tasks? When will they do them? Who is responsible for aspect X of the business? Who is responsible for aspect Y?

What will be a typical day in the business? How much capacity can you handle? What is your plan for dealing with more customers than you expected? What is your plan if you have fewer customers than expected?

What is your production plan? What is your typical sales cycle?

You must think about these questions, try your best to answer them, and make a plan. Your first one won't be perfect. It doesn't matter. What matters is getting started, thinking about it, and beginning the plan.

IX. Appendices

Whether you put tables, graphs, pictures, and diagrams in one appendix or in several appendices does not matter as long as it is organized and easy to follow.

For example, you can make three appendices, one each for the products, the market research, and the operational plan.

Or you can make one appendix if you don't have too much to put in it.