ELEMENTS OF A TYPICAL BUSINESS PLAN

I. Executive Summary
   A. One sentence explanation of the enterprise
   B. Define the market opportunity
   C. Simple definition of the product or service
   D. Identify and briefly qualify the CEO/management team
   E. Financial summary
   F. Revenue, Gross Margin, SO&A, EBIT, EBT
   G. Sources and Uses of financing

II. Market Summary
   A. Define the overall market and your segment
   B. History and development of the market
   C. Size -- total market and your segment
   D. Growth rates -- historical and projected
   E. Customers -- definition and target
      1. Explanation of purchase decision
      2. Segmentation
      3. Price assumptions
      4. Value Analysis
         a) Break Even
         b) Value Proposition
   F. Competition -- identify the top five or ten competitors
      1. Size/relative position
      2. Management and ownership
      3. Market share overall and by segment
      4. Strengths and weaknesses
      5. Overall competitive threat
   G. Trends -- what is occurring in the industry today
   H. Needs -- what needs to occur in the industry

III. Marketing and Distribution
   A. Marketing strategy -- define the company's marketing objectives and execution plans
   B. Channels -- define the company's distribution system
      1. What are its strengths and weaknesses
      2. Who else competes in the company's channels
   C. Pricing -- define the company's pricing policies
   D. Promotion -- how will the company communicate and promote itself and its products
   E. Geographic penetration -- where will the company focus its efforts
   F. Service and Support -- to what extent and how will it be delivered
   G. Priorities -- how does the company choose its marketing priorities
   H. Sales
      1. How is the company's sales effort structured
      2. Direct sales force
      3. Outside sales representatives
      4. Direct marketing
      5. House accounts
      6. How does the company source prospects and identify decision makers
      7. How does the company set its sales priorities and sales budgets
      8. What are the company's sales efficiencies and conversion rates
      9. What is the company's sales incentive and/or commission structure
   I. Identify the company's top ten customers along with $ sales and % of sales
IV. **Company History and Operations**
   A. Definition of the business in which the company operates
   B. Founding
   C. Development of the business over time
   D. The company today -- its distinctive competence
   E. Product/Service offerings
   F. Competitive advantages and disadvantages

V. **Management**
   A. CEO's background and qualifications
   B. Other management team's background and qualifications
   C. Planned additional management including job descriptions and qualifications
   D. Organization Chart
   E. Board of Directors
   F. Management compensation and incentives
   G. Employee career paths
   H. Ownership chart -- now and post financing "Reserved for future issuance"

VI. **Production/Operations**
   A. How product/service is produced
   B. Production advantages/disadvantages vs. competition
   C. Standard costs at present and future volume levels
   D. Opportunities for improvement
   E. Present capacity and future expansion plans

VII. **Growth Opportunities**
   A. Define the company's growth options
   B. New product development
   C. Expanding existing product/service sales
   D. Acquisitions
   E. Geographic expansion
   F. How will the company set its growth priorities

VIII. **Capital Needs and Liquidity**
   A. What are the company's capital funding needs over the next two years
   B. How will the funds be used
   C. How does the company plan to raise debt and equity capital
   D. Structure of offer to investors
   E. What are the company's options for providing investors with liquidity
   F. What value is expected to be created at the end of each of the next five years

IX. **Financial Information**
   A. Historical Financial Statements
      1. Last year's audited statement
      2. Summary of previous years
      3. Most recent internal statement
   B. Current year Budget
   C. Projected Financial Statements
      1. Monthly income statement, balance sheet and cash flow in first year
      2. Annual income statements, balance sheets and cash flow for five years
   D. Financial Covenants for five years with assumptions if leveraged
   E. If unprofitable, clearly define the breakeven point and when it will occur

X. **Appendix**
A. Marketing brochures and other product/service information
B. Third party market studies
C. Trade journal articles on the company, the industry and competitors
D. Supplementary financial information
E. Supplementary legal information
F. References