

# Arkansas Small Business and Technology Development Center

University of Arkansas at Little Rock - College of Business  
Donald W. Reynolds Center for Business and Economic Development  
2801 S. University / Little Rock, Arkansas 72204  
Phone: (501) 683-7700 Fax: (501) 683-7720

## Action Steps for Starting a New Business

If you are considering starting a new business, the ASBTDC recommends the following Action Steps. These steps are designed to help you learn about the critical issues related to starting a new business and guide you through the planning process.

### **Step 1: Attend the Starting a Business in Arkansas seminar.**

This seminar is offered by ASBTDC on a regular basis at locations throughout the state. It is highly recommended to those who are new to small business ownership. This seminar covers topics such as issues to consider when going into business; business feasibility and planning; license, permits, and tax requirements; and financing considerations.

- Calendar of upcoming Starting a Business in Arkansas instructor-led seminars
- For those who are unable to attend an instructor-led seminar, the ASBTDC offers an Starting a Business online learning program.

### **Step 2: Develop a business plan.**

Developing a business plan is one of the most critical steps in starting a new business. Not only will developing a plan improve chances for business success, it can also serve as a communication tool for potential lenders in obtaining financing for the business.

### **Step 3: If financing is needed, submit business plan to a potential lender.**

When trying to obtain a small business loan, submit your plan to your lender to determine if the lender is interested in financing your project.

Click below for additional information about obtaining a business loan and the financing process.

- [Obtaining a Small Business Financing](#)

## **Step 4: Finalize start up requirements.**

Once you have secured financing for the business, you can take care of issues such as obtaining licenses and permits, signing leases, making purchases and opening.

[webmaster@asbdc.org](mailto:webmaster@asbdc.org)

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## Business Plan Outline

### Why do I need a business plan?

The business plan is a key component for a successful business. A plan is vital because it:

- Provides an organized system for researching your business
- Drastically increases your chances of success
- Provides a game plan for your business to follow
- Provides insight into your business to facilitate funding and investment

Aside from these general business plan objectives, remember that every plan is unique. Don't struggle with trying to make your plan "fit" into the generic mold. Always customize your plan to your specific business objectives. Be clear, concise, and detailed. Focus on the quality of the content, rather than the quantity of pages.

This business plan outline serves as a guide to how to format your business plan. Each section contains questions that focus your attention to important aspects of the plan. Do not simply answer the questions. Provide detailed information on each issue in narrative form. Finally, this outline can be altered to fit your preferences. Sections may be rearranged to fit your needs.

Once complete, the business plan should identify the expectations you have for your new or existing business. If you plan to utilize the plan to obtain financing, the completed plan should "tell the story" of your business to a potential lender. The plan should serve as a stand-alone document in that all business issues are addressed without requiring additional verbal explanation. Review your plan regularly and make appropriate changes when your plans and strategies change.

# Writing a Business Plan:

The following is a suggested business plan outline.

## I. Cover Page

Provide your company name, address, and contact information along with owner name(s) and contact information for primary contact.

## II. Table of Contents

Include a table of contents as a quick reference to topics discussed in your plan.

- I. Cover Page
- II. Table of Contents
- III. Executive Summary
- IV. Financing Proposal
- V. Company Description
- VI. Industry Analysis
- VII. Products & Services
- VIII. Market Analysis
- IX. Management & Organization
- X. Operational Plan
- XI. Financial Plan & Projections
- XII. Supporting Documents

## III. Executive Summary

**WRITE THIS LAST! Summarize your business plan in two pages or less.** Be enthusiastic and concise. Include business goals, objectives, and monetary amount desired if applying for a loan.

## IV. Financing Proposal

**Explain how you intend to obtain capital and the amount required.** What are your desired terms? How do you plan to utilize the funds? Include any collateral you have available. What is the owner's equity/cash contribution?

## V. Company Description

**What does your company do?** Give a brief company history. Include a description of your products and services. Who are your customers? Describe your business location and facilities. What are your key strengths? List the owners and the legal structure. Why did you choose this type of structure? What, if any, are the planned changes for the company? Describe the goals and objectives of the company.

## VI. Industry Analysis

**What are the characteristics of your industry?** State whether it is growing/declining/ changing. What is the size of your market? Research your share of the market. Is it growing? Are more firms entering the industry and becoming increasingly competitive? List any current barriers to entry (e.g. licensing, permits). List strengths, weaknesses, opportunities, and threats of the industry/firm.

## VII. Products & Services

**List and describe your products (or services).** What are your distribution channels? Include details concerning your competitive advantage. Provide the pricing structure for your products/services.

## VIII. Market Analysis

**Use statistics, demographic research, and industry information where appropriate.** Be as specific as possible. Remember to cite your sources.

Product

**Describe the product or service from your customer's point of view.** What do customers like and dislike about your products/services? What services are offered as part of the product (delivery, service, warranty, support, and/or refund offers)?

Customers

**Describe your customers, their characteristics, and location.** Why do they trade with you? What do they like about your company?

Competition

**List major competitors - describe size, location, and reputation.** Compare your goods and services with theirs. What are their major advantages? What are yours? What value do you bring to customers that competitors do not?

Location

**Include your location needs.** What kind of space do you require? Is it leased or owned? Why is the area desirable? Why is the building desirable? Is it easily accessible? Is the street lighting adequate? Research market shifts or demographic shifts when choosing your location.

Marketing Strategy

**Explain your pricing policy.** How do you promote, advertise and sell? How do you distribute or deliver your products/services? What customer services will you offer?

Customer Demand

**Using the information obtained in the previous sections of the marketing plan, calculate a forecast for demand for your product/service.** How many customers do you plan to have in one year? Five years?

## **IX. Management & Organization**

**Who has management responsibilities?** Include the resumes of key managers as supporting documents. Include position descriptions for all key employees. List important advisors, such as attorney, accountant, banker, insurance agent, and advisory board or board of directors. Include estimated financial costs and necessary services provided.

## **X. Operational Plan**

Production/Service

**Discuss methods of production or service delivery, product or service development, quality control, inventory control.**

Credit Policies

**What is your credit policy?** Do/will you sell on credit? What are the terms? Explain how you perform a credit check. What are your collection policies?

Personnel

**How many employees are required?** What skills are necessary? Define the pay and personnel policies. Are there any position descriptions and/or training programs?

Equipment, Technology, & Inventory

**How much inventory is needed?** What is its value? Why is that amount of inventory appropriate for your business and location? List your major suppliers and discuss any terms they extend to your business. What equipment and technology is necessary to operate the business?

Legal

**Research and understand all legal issues.** (Licensing, bonding, permits, insurance, zoning, government regulations, patents, trademarks, copyrights, etc.)

Exit Strategy

**Describe exit strategies should the firm perform lower than expectations (personal or business).** Will inventory be liquidated? Will you close the business or sell?

## **XI. Financial Plan & Projections**

**The financial plan provides the numbers that correspond to your written plan.** Historical and/or projected figures should be included. In addition, you should always include a narrative explaining the assumptions you used to arrive at the dollar value of sales, expenses, etc. You must demonstrate that your numbers are reasonable. ***Detailed financial information is critical to the business planning process.***

Start-up Expenses and Capital

**Carefully calculate and categorize all start-up expenses including inventory, rent, etc.** For example, what amount will be needed for renovations and equipment? Remember to include any cash you may need to operate and pay bills until the business begins generating cash. Provide a detailed list of equipment, furniture, and/or fixtures to be purchased. Include actual price quotes for larger items.

Financial History

If yours is an existing firm, include the income statements, balance sheets and/or tax returns for the past three years.

Profit and Loss Projection (Income Statement)

**Include a monthly profit and loss projection for at least 12 months of business operation.** Be sure to provide a written explanation of assumptions used to develop your projections.

Cash Flow Projection

**Include a monthly cash flow projection for at least 12 months of business operation.** The cash flow projection differs from the profit and loss statement. Cash flow statements illustrate how much and when cash flows in and out of your business. Be sure to provide a written explanation of assumptions used to develop your projections.

Projected Balance Sheet

**Your plan should include a projected balance sheet showing assets (things owned), liabilities (debts) and owner's equity.** If yours is a start-up business, the balance sheet should show your financial position on opening day.

## **XI. Supporting Documents**

Personal résumés for owners and management  
Letters of reference  
Personal financial statements from all principals  
Contracts and/or letters of intent from suppliers and customers  
Copies of leases, licenses, permits, or any other legal documents  
Any document referred to within the plan but not included in body

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