

# Business Plan

## The Executive Summary

# The Tone of your Executive Summary

- We are going to use our “background” section to draw people into what it is our business does. We want investors, and other professionals, to have faith in you as CEO/President.

# **GETTING TO KNOW YOU AND YOUR BUSINESS (SECTION A & B)**

# Background

- In this section you will provide personal information about yourself. You are to discuss:
  - a) Details about yourself, and if you have any partners, your partners as well.
    - Include your educational experience, professional experience, any other information that proves you are an expert in your field. (Pretend you are 25 years old, and include everything you plan to accomplish between now and then.
  - b) You are also to discuss the history of your business idea and how the business idea came about. (Use your imagination)

Name of Company  
Name of CEO (Your name)  
Current Year

## Section 1: Executive Summary

a) Personal Information

b) History of your business idea

**YOUR BUSINESS PROBLEM &  
ITS SOLUTION (SECTION C)**

# What Problem is your business going to solve?

c) You are to use this portion of your summary to detail the problem your business is going to solve.

# What Problem is your business going to solve?

- Ask yourself, is there a shortage of products and/or services in your geographic area?
  - Is there no place for customers to buy a product that is the same or similar to the product your company offers?
- Example:
  - There are no daycare centers for children under the age of five years old within 50 miles of Ellicott City.
  - People in Columbia MD are forced to drive 100 miles to purchase buttermilk biscuits.



## Pt. 3 – Business Solution to the problem mentioned above

d) You are going to use this section of your program to detail your solution to the problem mentioned in the previous section.

# Business Solution to the problem mentioned above

- Focus on one particular problem, and do not spread your business over solving several problems. Your business will solve ONE problem.
- You are to describe your product or service, and how it functions as a solution to the problem you are solving.

c) Statement of the problem

d) Your business solution to the problem mentioned above.

**YOUR TARGET MARKET (SECTION E)**

# Target Market

e) This section will include details about your target market. You will select key information about your target market, and you will provide your logic behind selecting those details.

Section criteria on slide 17

# Target Market

- Your target market is NOT every consumer of products or services like the product or service you offer. Your target market is specific and finite.
- Your target market must be a measurable number.

# Target Market

- Example - If you were going to open an luxury auto body shop, your target market might be:  
Professionals who can afford to drive luxury cars in the Columbia/Ellicott City area.

# Your Target Market: Search Criteria

- How many people are in your target market?  
For the luxury auto body shop mentioned on the previous slide, we need to develop a search criteria that answers a key question:

Who can afford to purchase/own a luxury car in the geographic area of my business operation?



# Researching Your Target Market

- To help us understand our target market we are going to use national Census data. The Census collects information on American citizens and businesses, and most components of their lives and operations.

[www.census.gov](http://www.census.gov)

# Useful Data for our Auto Body Shop

- Mean travel to work time
- Number of people with at least a bachelors degree.
- Total retail sales
- Per capita income
- Median value of owner occupied housing units
- Civilian labor force percentage

# Using the Census website

1. Visit the Census data web page

[www.census.gov](http://www.census.gov)

2. Scroll down to the bottom of the page and find the section titled “find data.”

3. Under the “find data” tab select the “quick facts” option.

4. Enter your geographic region (city, state, county)

5. Select your data facts.

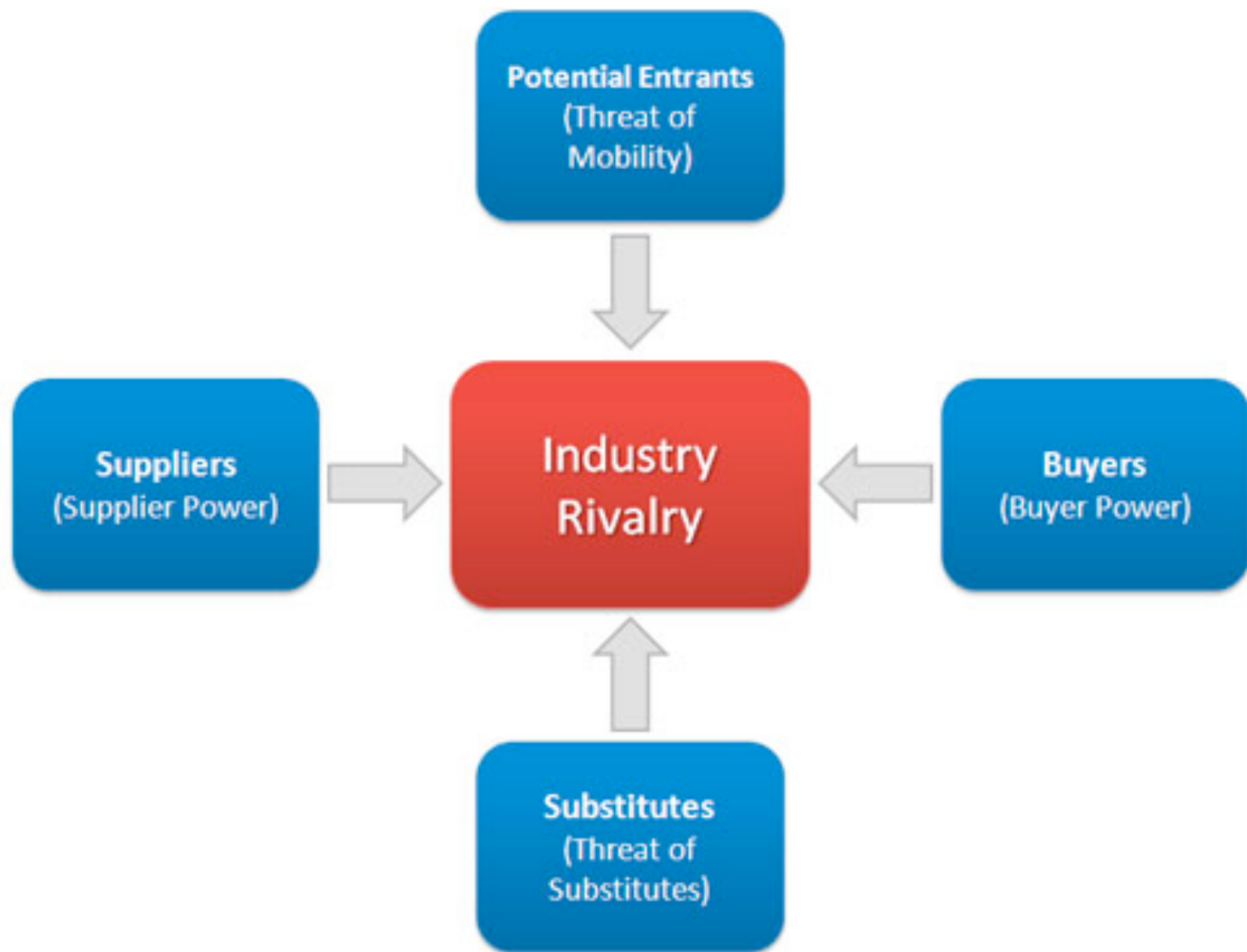
# Target Market Section (e)

- Visit the census webpage
- Take a look at the market indicators
- Select five indications that provide information about your target market.
- Document the data, and write at least three sentences detailing why you selected that data point, and what the data point tells you about your target market.
- Title this section “Market Analysis”

## d) Target market analysis

Porter's Five Forces Model

**CONSUMER ANALYSIS (SECTION F)**



# Threat of Substitute Products

- **Threat of substitute products** means how easily your customers can switch to your competitors product. **Threat of substitute is high** when:
  - There are many substitute products available
  - Customer can easily find the product or service that you're offering at the same or less price
  - Quality of the competitors' product is better
  - Substitute product is by a company earning high profits so can reduce prices to the lowest level.





# Threat of Substitute Products

- This section should be at least one paragraph in length
- This section should include:
  - The names of companies offering substitute products
  - The prices of similar products
  - Details about the physical quality of substitute products

# Threat of New Competitors

- **New entry of a competitor** into your market also weakens your power. **Threat of new entry depends upon entry and exit barriers.** Threat of new entry is high when:
  - Capital requirements to start the business are less
  - Few economies of scale are in place
  - Customers can easily switch (low switching cost)
  - Your key technology is not hard to acquire or isn't protected well
  - Your product is not differentiated



# Threat of New Competitors

- This section will be at least one paragraph
- Do you feel your company is going to be threatened by entrepreneurs who want to offer customers products the same, or similar to yours? Why or why not?

# Industry Rivalry

- **Industry rivalry** mean the intensity of competition among the existing competitors in the market. Intensity of rivalry depends on the number of competitors and their capabilities. **Industry rivalry is high when:**
  - There are number of small or equal competitors and less when there's a clear market leader.
  - Customers have low switching costs
  - Industry is growing
  - Exit barriers are high and rivals stay and compete
  - Fixed cost are high resulting huge production and reduction in prices



# Industry Rivalry

- This section will be a list
- What companies/businesses are offering the same or similar products in your area. How much are they charging. List them

# Bargaining Power of Buyers

- **Bargaining Power of Buyers means,** How much control the buyers have to drive down your products price, Can they work together in ordering large volumes.  
**Buyers have more bargaining power when:**
  - Few buyers chasing too many goods
  - Buyer purchases in bulk quantities
  - Product is not differentiated
  - Buyer's cost of switching to a competitors' product is low
  - Shopping cost is low
  - Buyers are price sensitive
  - Credible Threat of integration

**We will not include this section in our business plans**

# **STRENGTHS & WEAKNESSES OF THE COMPETITION (SECTION F)**



# Strengths & Weaknesses of the competition

- Two paragraphs
- Pick two of your competitors and detail the strengths and weaknesses of each operation.
- Strengths and weaknesses include
  - High or low cost
  - High or low quality of service
  - Forgiving return policies
  - Public transportation access
  - Etc.



# **CURRENT CONDITION OF THE ECONOMY (SECTION G)**

# Current Condition of the Economy

- Why is the current economic market a good one for you to start your operation?

# **ORGANIZATION OF YOUR COMPANY (SECTION H)**

# Hierarchy

