**Financial Proposal for**

Name of Company

Logo (if Applicable)

*Sole Proprietor, Partnership, LLC, S-Corp…?*

*Version XX.XX*

To be Submitted to (Name of Person, Title, Bank)

Submitted by: (Your Name)

(Address of Company)

(XXX) XXX-XXXX - Phone Number you can be reached on

# Executive Summary

Remember: the business plan is a company’s primary sales tool in raising capital. It must be well-prepared, persuasive, and answer as many questions as possible – before they are asked. Focus on conveying the potential clearly & concisely, and how you will move through the process.

This section can be formatted as either a summary or a letter and should be kept to 1-2 pages. Write this section **last**, as it should offer a compelling summary of your key points. It will likely be the lender’s first impression of the plan and is very important.

* If applicable, hook the lender by stating a problem (need) and then introduce the business as the solution
* Purpose of the loan (starting, buying, expanding, etc.)
* Summary of offerings
* Brief explanation of why the business is a success/why the business will be a success
* Summary of borrower’s capabilities/experience (why they are qualified to operate business)
* Loan details
  + Structure: Total amount, owner equity, seller financing, term
  + Parties involved
  + Brief uses of funds (5-6 categories)
  + Collateral
  + Contingency plan if applicable
* If in letter format, end with contact information for questions/additional information and signature

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**Balance Sheet**

**Cash Flow Statement**

**Break-Even Analysis / Ratios**

**Appendices (Not all are applicable to all business types)**

**Resume**

**Personal Financial Statement**

**Historical Tax Returns (3 years personal and, when applicable, business)**

**Proposed Legal Filing (LLC, etc.) and Operating Agreement**

**Copy of Purchase & Sales Agreement**

**Quotes from Contractors (New Construction, Build-out)**

**Proposed Menu / Pricing for Concessions**

**Floor Plan**

**Organizational / Staffing Chart**

**Equipment List**

**Letters of Recommendation**

**Images**

**List of Reference Sources from Business Plan**

# Business Description

The business description should outline what a business is and how they will maintain compliances. It should be about 1 page.

Lead with your Mission Statement. (A mission statement that answers (in 2-4 sentences) what the business does, how it does it, who it does it for, and what value it offers).

* If purchasing an existing business, describe the history (when it opened, how it has done, how it has changed over time, how established it is, changes new ownership plans to make.) Focus on the last 3 years when discussing levels of success.
* If purchasing an existing business: Agreed-upon asking price
* Legal entity
* Address
* The owner(s) name(s)
* Address any licenses and insurance needed
* Brief summary of offerings categories
* What do we do, how do we do it, who do we do it for, and what value are we bringing?
* What is the value you deliver to your customer?
* Timeline—what has been done so far and what will be done going forward?
* Proposed date of transfer/opening
* Include any permits, licenses, regulations, etc. that are important.

# Operations & Location

This section describes how the business is run/will run on a day-to-day basis. It should be about 1-2 pages and supplemented with appendices if necessary, such as staffing chart, map, equipment list, building layout, etc. Be sure to reference the appendices within the text.

* If this is an acquisition, discuss how the business is currently operating and what will change under new ownership.
* Hours/days open
* Staffing/labor
  + Number of full-time and part-time employees
  + Roles and responsibilities of employees
  + Pay rates
  + Schedule of hours
* Address of business
* Zoning of address
* Neighborhood information like traffic counts, quality/ease of parking, neighboring businesses and residential areas, miles from major cities>>Anything that shows the business is in a strong and stable location
* Square footage of space
* Layout of space if applicable
* If you are manufacturing or using the space to house employees: what’s the floorplan, layout, efficiency of the design, etc? Any specialty qualifications of the space – 3-phase power, 2 curb cuts, overhead doors, loading doors, clearance space, industry standards…?
* Number of seats (if important)

# Products & Services

This is where the business’ offerings should be discussed—address each general revenue stream separately if necessary. This section is usually 1-3 pages, depending on complexity of offerings. Supplemental appendices may be menus, pricing chart, cost list, photos, diagrams, brochures, etc. Be sure to reference the appendices within the text.

* Major revenue streams (Ex. Ticket sales, concessions, merchandise)
* What products fall into each revenue stream? How are they different from competitors?
* Pricing structures and anticipated margins
* Major costs for each revenue stream and how they will be managed (Tie to assumptions in the financial projections)
* Who will be the targeted customers of each revenue stream?
* If the offerings are complex, be sure to paint a clear picture that someone outside of the industry can understand
* If purchasing an existing business, will you add any new offerings and how will those additions enhance the business?
* Remember, this is explaining the REVENUE and COGS sections of your projections. All of your assumptions should be qualified and laid out here!

# Market & Industry Analysis

Depending on the market in which the business operates/will operate, this section may vary. The information may be self-explanatory, in which case the section will be brief, or the industry may be a driving force behind the success of the business, in which case it is important to discuss in detail. The section should be 1-2 pages. Not all of the bullets below may be relevant/important.

* National market/industry trends, State of Maine trends, County trends, Neighborhood trends>>Local trends may vary greatly from National trends!
  + Market size
  + Market future outlook and growth patterns
  + Consumer trends and spending habits
  + SBDCnet information (ask your advisor)
  + Internet search information
* What have you done for primary market research: Observation, secret shopping, interviews, surveys, etc.? Put the boots on the ground and get out and talk to potential customers, observe competitors, count customers coming through the doors, survey the region, etc. This is the most specific and *best* information to help determine feasibility!
* Who are your target demographic(s)?
* What relationship does each customer expect you to establish and maintain?

Take a paragraph or two to explain how COVID has impacted your industry and what you’ll do to address it.

# Competition

Use Competition Analysis Worksheet for your notes.

It is important to address what options exist for your potential customers, including direct and indirect competitors. This section should be 1-2 pages.

* Acknowledge key direct and indirect competitors. Indirect competitors serve the same need in a different way. For example, an indirect competitor of McDonalds would be a local sushi restaurant.
* Provide details on the top 3-4 competitors. If there are many additional competitors, mention them, but do not go into detail.
* For each of the top 3-4: Name competitor, address, distance from your business, primary offerings, prices if relevant, primary strength/differentiator of competitor, possibly a service/product they do not offer that your business will offer
* In the final paragraph of the section, be sure to describe your competitive advantage. In other words, do not close this section without addressing how you will handle the competition. Think about what makes you different and better. Remember: you don’t just compete on price! Consider quality, turnaround time, location, customer service, etc.

# Marketing Strategy

In Products & Services, a target market was identified. In Competition, a competitive advantage was identified. This section is to reiterate and elaborate on the target market and explain how they will hear of and acknowledge your offerings. This section will be 1-2 pages.

Review Marketing Handout to review your cost assumptions and pillars.

* If this is an acquisition, discuss how the business is currently operating and what will change under new ownership.
* Reiterate target market from “Products & Services” and explain further if necessary
  + Demographics, income levels, habits, preferences, etc.
* If you think “everybody” will patronage your business, great! However, for marketing purposes, focus on your CORE customers. Just because you could please everyone, doesn’t mean you should—focus your marketing efforts on reaching your *most likely* customers.
* Explain your plans to be active online
  + Website details, social media plans and details, a Google account, Search Engine Optimization, etc.
  + How will you interact and engage with customers on the web?
* Explain your marketing tactics offline
  + Community involvement: Will you join a chamber? Network with your neighbors? Perhaps you’ll partner with other local businesses to help promote each other?
  + Signage
  + Flyers/pamphlets/business cards
  + Radio/TV/newspaper advertisements
* If you are planning a grand opening or re-opening, explain. Perhaps you are planning on hosting events monthly or quarterly to increase awareness
* How will you retain customers: Loyalty programs, superior customer service (be specific), CRM technology, etc.
* If there are relevant long-term plans, they are worth mentioning. However, discussing anything too far in the future may fall on deaf ears if its not well-thought out or justified. It is okay to have dreams, but be careful to base this plan on specific, measurable, attainable, relevant, and timely (“SMART”) goals.
* Remember, this is explaining the SALES EXPECTATIONS and ADVERTISING BUDGET laid out in your projections. Make sure you’re explaining HOW you’re reaching your customers, WHAT it costs to do so, and WHY they’re buying your product / service!

# Management

Management should address staffing structure but should mainly iterate competency of primary manager. Often, that primary manager is the owner, but if they are not one-in-the-same, the owner’s role and capabilities should be addressed as well. This section should be 1-2 pages and should reference the owner resume appendix.

* Why the manager/owner is capable of running a business
* The manager/owner’s industry experience (and years) and other relevant experience
* The manager/owner’s education
* Who the manager/owner has available for resources (Ex. A spouse has experience bookkeeping or a sibling used to own a similar establishment)
* Names/companies of professional resources such as accountant, lawyer, banker, SBDC advisor, insurance provider, etc.
* If purchasing an existing business, explain any post-sale involvement with previous manager/owner and explain why the business will run well under new management
* For all owners that own more than 20% of the company, include their credit score.
* Include BAIL professionals - Banking, Accounting, Insurance, Legal – if you already have a working relationship with any / all. Also Add: SCORE Mentor, SBDC Advisor, etc. if applicable.

# Financials & Schedule

Along with a gripping cover letter, the financials are the most important part of a business plan. Financers want to know that they will get their money back, how they will get their money back, and that all projections are based on reasonable assumptions. They want to know that you have thought everything through and have a contingency plan for the worst-case scenario.

In one to two paragraphs, summarize major takeaways:

* If an acquisition: Historical revenues and profitability
* Anticipated revenue for next two years
* Growth percentages year-over-year
* Acknowledge that projections were made conservatively
* If an acquisition: Any major changes to expenses under new ownership
* Direct reader to Cash Flow Projections and relevant appendices for details
* Take some time to explain any key assumptions in your business plan that have not been covered in the sections above. If you have quotes, analysis, lease agreements, etc. supporting your projected expenses, discuss them and attach them as supporting documentation

# Proposed Company Offering

Summarize the sources and uses of funds needed for the project

* Total cost to start the business
* How much money or equity you are investing (owner’s contribution)
* If an acquisition, how much (if any) the seller is financing
* How much money you will need in the form of a loan
  + If there are multiple financers involved, list all. For example: $100,000 is needed in the form of a loan from Bangor Savings and $20,000 is needed in the form of a loan from CEI. Address who will be the primary lien holder.
* List what the funds will be used for—Break it down into a few categories: For example: Leasehold improvements/build-out, Equipment and Furniture, Deposits, Working Capital, Loan Closing Costs
* Mention collateral if significant (Ex. A personal residence)