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# WRITING A BUSINESS PLAN

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Writing a business plan is an important early step in starting or expanding a business. A business plan is important for a number of reasons. It assists the business owner by presenting ideas and plans in an organized way, especially to lenders and potential investors. It shows that the owner has considered all the aspects and options of a business, and addressed potential difficulties and obstacles in advance.

Below is a list of items FAME would expect to see in a business plan. As you develop your business plan, we would highly recommend you work with a business planning expert. The [Maine Small Business Development Centers](#) are an excellent resource and provide business planning assistance free of charge. Click their name to visit the site.

If you are requesting a loan directly from FAME, we recommend you discuss your project with a FAME Commercial Loan Officer, prior to submitting your loan application.

## SUGGESTED BUSINESS PLAN OUTLINE

### 1. Cover Letter

- Applicant name, address, phone and email

### 2. Executive Summary

- Brief statement of objectives. Include the following:
  - The principals of the business and their ownership interests
  - Attributes that will make this business successful
  - Amount being requested
  - Use of loan funds
  - How loan funds will be repaid and timeframe
  - Collateral offered
  - How will this loan benefit the local economy, create job opportunities, or improve Maine's future

### 3. Business Description

- Is business name registered with the Secretary of State?
- Type of business; nature of the product(s) or service(s); what is special or unique about the business
- Are licenses or permits required for your business, and have they been obtained?
- Business location and benefits/drawbacks to location
  - Location owned or leased? Terms of lease.
  - Describe how local zoning regulations impact business
- History of the business
- Market being served & business's share of that market
- Market's growth potential
- Industry trends
- Pricing of products or services
- How will you remain competitive?

### 4. Competition

- Identification of nearest competitors
- Assess their strengths and weaknesses
- Describe the advantages your business will have

### 5. Management Plan

- Personal history, education & experience of principals (resumes)
- Organizational structure of the business
- Duties and responsibilities
- Staffing plan
  - Include number of employees needed, salaries, fringe benefits, training needs, etc.

### 6. Sources and Uses of Funds

- Identify the items to be purchased
- Identify proposed sources of funds; including owner's cash injection, proposed bank financing, and funds from any other sources
- Include working capital needs, if applicable
- Closing costs

### 7. Marketing Strategy

- Identify method of selling products; direct, through distributors, retail chains, etc.
- How will products be serviced?
- What kind of marketing will be conducted? Identify costs.

### 8. Financial Data

- Federal Income Tax Returns (3 years) if existing business
- Historical Balance Sheets (three years, if available)  
*Sample: [Balance Sheet](#)*
- Current Balance Sheet (less than 90 days old)
- Historical Profit and Loss Statements (three years, if available)
- Personal Financial Statements of Principals with more than 20% ownership in the business  
*Sample: [Personal Financial Statement](#)*
- Cash Flow Projections: detail by month for the first year following receipt of the loan; by quarter for the second year. Include explanation and assumptions.  
*Sample: [Cash Flow](#)*
- Capital Equipment List
- Break-even analysis