**Writing a Business Plan**

One of the steps to starting a new business is obtaining a business loan if needed. Before a lending institution will loan new business money, the lender will want to know that the entrepreneur has planned and researched his or her business well.

The following is a list of basic parts of a business plan:

1. **Description of the business.** Will you manufacture a product or perform a service? Howand where will your product be manufactured and package? Or, what materials will you need to perform the service you intend to deliver: How did you decide on this product or service? Have you researched how your product or service has developed?
2. **The market of your business.** Who will your customers be? What other businesses arecurrently providing the product or service you are proposing? Why should customers use your product or service instead of the competitions? How will you price your product or service?
3. **Advertising your business.** How will you advertise your business? How does youradvertising plan ensure that you are reaching your targeted customers? Do you plan to do any kind of public relations work in the community? If so, what?
4. **The location of the business.** Where will your business be located? What advantagesdoes this location have? What are the costs of the lease, rent, or purchase of property at this location?
5. **Equipment and materials.** What equipment and/or materials will you need for your office,production area, or service delivery?
6. **Owner information.** What skills and experience do you have that will help you operate yournew business? Do you have plans for further training? Do you have sources of information for those times when you need advice?
7. **Financial plan.** A financial plan includes:
   * A projected cash flow statement,
   * A projected profit and loss statement,
   * A balance sheet,
   * Start-up expenses, and
   * Your personal profit and loss statement.

This information takes a lot of time and research to develop, but the lending institution will want to be able to see that the groundwork has been laid for the business to be successful and produce enough profits to repay the loan.