

## CREATING A BUSINESS PLAN AND COVER LETTER

### **What Is A Business Plan And Why Write One?**

A business plan is a clearly written analysis of your company. It explains the industry in which you compete, your company's goals and objectives, and your plan to meet these goals. It also provides a management tool that allows you to guide your business, and measure your success against projected goals, which, in-turn, allows you to assess whether you are meeting your goals or not.

- A business plan can help you obtain financing or investors
- A business plan organizes and formalizes your business thinking process
- A business plan clarifies the questions that may arise in managing your business

### **How Long Should A Business Plan Be?**

The shorter, the better (as short as possible without leaving out pertinent information). It is important to be as realistic and detailed as possible without being overly repetitious. A concise plan will be much more effective and yield better results. You should, however, ensure that enough information is present to allow you to convey the full scope of important points about your business, being sure to emphasize the positives, and honestly minimize the negatives. Often, you can diffuse the potential impact of negative information by disclosing it and offering a response, rather than having the reader reach an uninformed conclusion.

### **What Topics Are Covered In The Business Plan?**

The outline which follows is a set of guidelines for you to follow in developing your business plan. Some questions may not apply to your particular business, but you should spend some time thinking about what each section is trying to highlight and base your narrative on how your particular company operates.

The topics generally covered in a business plan are:

- I. Cover sheet and table of contents
- II. Statement of purpose and executive summary
- III. Business description/company history and time table
- IV. Marketing plan/analysis with supporting documentation
- V. Industry and competitive analysis, description and analysis of products and services
- VI. Management and operations
- VII. Financial data, financial analysis and budget projections
- VIII. Supplemental information

### **BUSINESS PLAN COVER LETTER**

The following is a sample cover letter that should be included as an introduction to your business plan. You may follow the same format but be sure to personalize everything according to your situation. A good cover letter will include a paragraph addressing each of the following: 1) area competition 2) site description 3) demographics 4) information about your search.

Other details to include in your business plan cover letter:

- Present yourself in detail. Describe your experience and desires to make your Franchise a successful one.
- Include information about the research you did in finding the right franchise for you, and in searching for the proper location. Who did you talk to, what did you talk about?
- Provide information on the conversations you had with the different Franchisors and how you arrived at the decision about which Franchise to choose.
- Discuss your search for locations and why you chose the specific location you did, and describe the location in your business plan including what other stores and markers are around it.
- What type of access does the location have? It is located near any major thoroughfares or on a popular street corner?
- What new businesses have opened in that area recently? Where did you get this information?
- Provide information about the average household income in that area and any demographics. What was your source?
- Talk about competition. Find out about the competition in that area and describe how it may or may not be direct competition for your new store.
- If you are already negotiating a lease, provide information on it.
- Include a closing that is positive and enthusiastic.

**\*\* Please do not duplicate this letter exactly. Your business plan cover letter must be original but does need to include the same type of information. \*\***

### ***Example Business Plan Cover Letter***

The following is a synopsis of our search in finding the right Franchise system.

We new that we wanted a business that we could succeed in. We took into consideration our strong and exceptionally successful backgrounds in retail, accounting, and art. We worked with # Franchise Broker's in Minnesota, and looked in great detail at # different Franchise systems. We have also looked at existing Franchise businesses that were for sale. We really did our homework by contacting Franchisees all over the United States and asking them detailed questions. After several months of research, we narrowed our choices down to one single Franchise system. That Franchise system is \_\_\_\_\_.

We personally interviewed two of the local Franchisees of this system. One store was more successful than the other. We collected financial information and it was this information that encouraged us to take the next step. We then planned and visited to the \_\_\_\_\_ headquarters.

After visiting the Franchise headquarters, we were thoroughly convinced that this was the perfect Franchise for us. It best suited our experience and was the industry we desired to become involved in. We were convinced that we could make this business venture extremely successful.

When considering the location we selected for our store, we visited every major shopping center, including several that were currently under construction. We visited these centers many times, at different hours of the day, and on different days of the week.

The site we have chosen is located at physical business address. The center is anchored by other stores including \_\_\_\_\_ and \_\_\_\_\_. (Describe the anchor stores and what type of retail store they are).

Our \_\_\_\_\_ store will be located next to \_\_\_\_\_. Customers leaving the other anchor stores will see our signage easily. Additionally our signage is visible from Highway \_\_\_, which is a major thoroughfare into the city for commuters from out-lying areas. The neighborhoods around the store location are upscale neighborhoods. Also, the store will be located just blocks away from the intersection of Interstate \_\_ and Highway \_\_. Our location is extremely visible and accessible.

Our research has shown that the average household income in (city) is \$\_\_\_\_\_, and (city) is growing very rapidly. There are several major lakes and regional parks in the area. (Business Area) is directly across the street from another shopping center which is anchored by \_\_\_\_\_, the city's most dominant grocery chain. There are several new restaurants in the area, as well as entertainment and a new sports arena. We have visited the site on a regular basis to observe traffic. These shopping centers and this intersection are always busy. We are excited about the opportunity for success that this location offers us.

Currently there is little competition in the area. There is a business name located one mile away in an area of light industrial manufacturing. This business is open by appointment only, and \_\_\_\_\_ is a sideline to this business. There is a \_\_\_\_\_ about \_\_ miles away, but is in a different suburb and shopping district, although it, too, is in an upscale area. There are also \_\_\_\_\_ and \_\_\_\_\_ stores several miles away, where framing is offered as a sideline. However, we believe \_\_\_\_\_ customers are looking for skilled professionals who do this for a living.