

PASS Requirements for a Business Plan From POMS SI 00870.026 - Business Plans

1. Overview of the Outline

The items at [SI 00870.026C.2.](#) - [SI 00870.026C.7.](#), follow an outline of a business plan, and identify the kinds of information that, at a minimum, a business plan must contain.

2. Title Page

The business plan should start with a title page. The title page should provide the following:

- The words, “Business Plan”
- Name of business and owner's name
- Owner's address and telephone number

3. Table of Contents

The business plan should have a table of contents listing the various parts of the plan. The pages should be numbered.

4. General Description of Business

This part of the business plan should describe the business the person is interested in starting. It should answer the following questions:

- What services or products will be offered?
- What name will the business go by?
- Where will the business be located?
- Why was this business chosen?
- What skills and experiences does the individual bring to this business?
- What are the person's goals for this business?
- What is the action plan to achieve these goals?

5. Marketing the Business

a. Product and Service Description

This section should answer the following:

- What is the product or service of the business?
- What demand is there for that product or service?

b. Description of Market

This section of the business plan should provide information about the businesses or people who will be buying the goods or services produced by the business. This section should provide answers to questions such as:

- Who is the customer?
- How does the individual know?
- Is the business involved in a fad or part of a trend?
- How does the individual expect the market to grow or change over the next few years?

Additionally, the section should describe any market research studies by industry experts or research the individual has done.

c. Competition

This section should list the business' competitors and identify their strengths and weaknesses. It should compare prices, product quality, etc., and explain the advantages the business will have over the competitors.

d. Selling Strategy

This section of the plan should provide information as to how the business will go about pricing and selling the goods or services. It should provide information to questions such as the following:

- How will the business deliver the product or service?
- How will the product or service be priced? Based on what?
- What advertising will the business do?
- What marketing promotions will the business do?

6. Organization

This section should provide information about the operation, including the management, of the business.

a. Production

This section should provide details concerning how the product will be made or how the service will be performed. It also should clarify who will make the product or perform the service by answering questions such as:

- Who will do the work?
- How many people will be involved?
- What relationship, if any, do the people have to the individual owner?
- Where will the work be done?
- When will business begin making product or providing service?
- What is expected rate of production or frequency of service?

b. Quality Control

This section should provide information regarding the process to ensure the quality of the goods or services by providing answers to questions such as:

- How will the business assure quality?
- What is the industry standard? (Describe it.)
- How will the business be competitive if it can't match or better the industry standard?

c. Legal Structure

This section should provide the particulars about the legal form of the business; i.e., whether it is to be a sole proprietorship, partnership, or incorporation. It should identify whether more than one person owns the business and include any agreements. It also should identify any permits or licenses needed.

d. Management

This section should identify the people involved in running the business by providing answers to questions such as:

- How will the business be managed day-to-day?
- Who will be responsible for monthly financial records? Will an accountant be involved?
- How will management change in the future?
- How will the business records be maintained?
- Will an attorney be involved?
- Are there other people to turn to for good advice? Who are they and what is their relationship to individual?

e. Other Issues

This section should include any other issues that are pertinent to the business, such as the type and amount of insurance to be carried by the business.

7. Financial Plan

a. Costs

This section should provide details regarding the expected costs for the business. It should provide answers to questions such as:

- How much will the worker earn? Will production be timed and priced by unit or task completed per hour?
- What equipment and supplies will the business need?
- What resources does the business have available?
- What financing will be needed for the business? See e. below if the business plan is part of a request for a loan.

b. Cash Flow Projections

This section should include monthly projections. These projections should include the individual's "best guess," giving "high side" and "low side" numbers.

c. Operating Budget

This section should provide a monthly budget for the first year. It also should include profit and cost estimates for the duration of the PASS and at least a year beyond its expected completion.

d. Supporting Material

This section should include any documentation to support the prior statements made about the business. Although not all inclusive, it should include such items as: brochures, business cards, summaries of market research studies, and references from people who know the individual or the business.

e. Purpose and Amount of Loan

- If a loan is to be sought, this section should provide information relative to the following:
- How much money is the business looking to borrow from a third party? How will the money be used?
- Does the individual have any credit problems? If yes, the problem should be described and an explanation included as to how the problem has been or will be resolved.