

Guide to Writing a Business Proposal

Read this individually and then go through the discussion questions as a group.

1. Executive Summary - This describes your basic business concept and structure, your value proposition, your financial needs, and projected return on investment (10 points).

How do I do this? - You wait until everything else is done and then pick the most essential, specific facts about your business. You should start with your value proposition, describe the plan and the prospects for a return on investment. You will have everything you need in the rest of your proposal. You just need to summarize in a compelling way. This will be your elevator pitch. *(1/2 to a full page)*

2. Market Analysis - This section describes the general industry or trade, including recent trends. It identifies your general customer base and the demographics, geographic distribution, and social and cultural preferences of core customers. You should define the total size of your market. Finally, you should describe comparable businesses in the local area, unmet needs within the local market, the share of the market you hope to capture, and what will set you apart: quality, performance, service, selection, convenience, price, sustainable practices, community support, or other quality. (20 points).

How do I do this? - This is a three-step process.

1) I will get an industry overview for you from the Small Business Development Center. These are 10-30 page reports on your industry. After going over this and similar information you can find on trade association websites and in business magazines, you will probably refine your idea.

2) Talk with business people doing something similar to what you want to do. Some are down on Main Street, others might take a bit more searching. These folks will give you information about both the general industry and about what it takes to run this kind of business in Durango.

3) There is specific information on how many similar businesses are located in our area available via the Durango Public Library website. This is where you can find out about your potential competition.

Once you have this information you'll have enough information to write this section, though you should also look into information from the census bureau to get a profile of how many of your target customers are in our area. *(1-2 pages)*

3. Service or Product Line - You will include a description of your product or service, how it is unique or superior to the competition, production methods, including materials, potential suppliers and necessary equipment. If you have a retail location, describe your facilities and hours (10 points).

How do I do this? - Talk to people. Again, find local people who do something similar and ask them how the products come to market. Videos on company websites might be a fruitful shortcut. The industry reports should have information on production methods. If there is one central input for your product, try to find the closest supplier and get rates. You can call trade associations with specific questions. You have the advantage of this being a class project, so business people won't feel like they're helping the competition or revealing secrets. They might even offer you a job. (1-2 pages)

4. Marketing Strategy - Here you will describe how you will position your product or service within the market, your overall marketing approach, and provide at least one slogan or tagline that communicates your essential message. This section is also where you describe your sales and distribution strategy and how you decided upon a price. You also want to describe your promotional strategy and use of advertising, public events or demonstrations, or direct marketing (10 points).

How do I do this? - With all of your excellent market analysis, you'll be in a good position to think about promotion. As a group, you might decide to you want additional information on marketing strategies. This is creative work, matching marketing strategies and promotional ideas to your core audience. Try out slogans on others in your group and get feedback on visual designs. In terms of pricing, think about whether demand for your product or service is elastic or inelastic. (1-2 pages)

5. Organization & Management - In this section you describe your labor needs, decision-making, and organization. You provide a wage scale for different employees and describe the need for outside help, such as a board of directors, lawyers, accountants, volunteers, etc. An organizational chart might prove helpful. You also include a timeline for growth and evaluation and monitoring of your success. You should describe the greatest risks facing the venture and how you will deal with them (10 points)

How do I do this? - This is also a creative decision. Think about your best jobs and jobs you've hated. How would you organize a work place? How would you make decisions? How would you motivate employees? Look at your value proposition. What kind of organizational structure is consistent with what you say in your value proposition (1-2 pages)

6. Financial Information - In the final section, you will use a budget of your fixed and variable costs to do what's called a "break-even analysis" that shows how long it will take before you are "breaking even." You will also enumerate your start-up costs and identify possible sources of funding. (20 points)

How do I do this? - You have to get estimates for your fixed and variable costs. This takes research. Interviews with people in the business is one source of information. Trade associations and the Internet is another. Follow the worksheet that I gave you to do your break-even analysis and experiment with different prices and quantities. You might have to run the numbers several times to find the sweet spot where you can break-even quickly and start moving toward making a profit. (2-4 pages)

