



Hands on Business Planning

Session 5

Operations Plan & Management Team



The Business Plan..

<p>(1) Executive Summary</p> <ul style="list-style-type: none"> • Compelling • Clear • Concise • Last Section Completed • Limit To One Page 	<p>(2) Description of Company</p> <ul style="list-style-type: none"> • Name • Mission Statement • Vision • Intentions 	<p>(3) Description of Product or Service</p> <ul style="list-style-type: none"> • Describe In Detail • Unique Attributes • Rules and Regulations 	<p>(4) Your Market</p> <ul style="list-style-type: none"> • Industry • Customer Base • Competition • Price • Distribution
<p>(5) Marketing Plan</p> <ul style="list-style-type: none"> • SWOT Analysis • Product Positioning • Forecasts • Marketing Budget 	<p>(6) Operations Plan</p> <ul style="list-style-type: none"> • Business Location • Type of Facility / Equipment • Type and Qty of Staff • Inventory 	<p>(7) Management Team</p> <ul style="list-style-type: none"> • Who • Qualifications & Experience • Roles & Responsibilities 	<p>(8) Financials</p> <ul style="list-style-type: none"> • Income Statement • Cash-Flow Projections • Balance Sheet • Assumptions • Historical Records • Plan/Use of Financial Assistance



Questions...

<p>Do you have a documented step-by-step process or flow on how your product is made or service is provided?</p>	<p>Can a supplier or vendor be an investor, board member or customer?</p>	<p>Do you have strong relations with your current suppliers/vendors? Do you have backups established?</p>
<p>Can you have a Management Proprietorship?</p>	<p>Does your business rely on outside services such as accountants, insurance brokers, etc. who thrive on your success?</p>	<p>Is the chain of authority clear within your business? If not, why?</p>



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What is the Operations Plan?

- An outline that describes the necessities of the business's operation that serves two purposes:

1. *Provides a holistic view*
2. *Explains the physical and procedural aspects*

- Sections of the Operations Plan

How the
PRODUCT or
SERVICE is
developed

EQUIPMENT,
both existing
and needed

LOCATION
and **FACILITY**

ACCOUNTING

PERSONNEL

INVENTORY
and
MATERIALS

SUPPLIERS

LEGAL

Operations Plan Section 1

How the
PRODUCT or
SERVICE is
developed



- **Production Process/How Services Are Carried Out**
 - *Outline the process of manufacturing the product, or all the moving parts and people to carry out the service*
 - *Best viewed as a checklist or flowchart*
- **Production Timeline**
 - *Length of time to create the product or provide and fulfill the service*
- **Production Feasibility**
 - *Demonstrate proof and/or ability to produce the product or provide the service*
 - *Research, testing, etc.*
- **Vulnerability**
 - *Identify potential problems during production and how they will be handled*
- **Quality Control**
 - *Supervision and oversight of the production or service process to ensure quality*
- **Customer Service**
 - *Plans for communication, follow up, returns, complaints, etc.*

EQUIPMENT,
both existing
and needed



- *Applicable to the Financial Section of Business Plan*

Operations Plan Section 3

LOCATION and FACILITY



- **Location & Space Requirements**

- *Explain the location (proximity to customer, territory, etc.). Describe the use of the space (office, warehouse, showroom, etc.) and amount allocated for each use.*

- **Type of Occupancy**

- *Plan to own, rent, purchase or construct. Rationale and justification why.*

- **Zoning**

- *Confirm business can operate within applicable zoning requirements, or explain variance needed or already obtained*

- **Access, Visibility and Hours of Operation**

- *Type of access – for employees, customers, shipping, receiving? Does it require visibility from street for drive by or impulse customers? Will building or property allow for desired hours of operation?*

- **Costs***

- *Preliminary figures for cost including rent or mortgage, maintenance, utilities, taxes, insurance, furniture, etc.*

**Applicable to the Financial Section of Business Plan*

Operations Plan Section 4

PERSONNEL



- **Startup Team**
 - *Who is the startup team, what is their responsibility and qualifications?*
- **Personnel**
 - *List the types of personnel, their description and quantity (table or bulleted), which are full time, part time, contracted, etc.*
- **Procedural Protocols**
 - *Written manuals and steps for carrying out individual positions and functions. Essential to maintain operational stability and accountability.*
- **Recruiting and Training**
 - *Approach for identifying and hiring employees, including job descriptions and desired skills. Plan for conducting training and preparing new employees, including cross training and continuation plans.*
- **Compensation***
 - *Estimated cost for each employee and job type, including incentives for performance and benefits, if included.*

**Applicable to the Financial Section of Business Plan*

INVENTORY and MATERIALS



- *Applicable to the Financial Section of Business Plan*

SUPPLIERS



- 11

Operations Plan Section 7

ACCOUNTING



- **Payment Terms**

- *Conditions the entity pays the amount owed. Over a period of time, in advance, on delivery, etc.*

- **Accounts Receivable**

- *Enforceable claim for payment for goods supplied or services rendered, in the form of invoices with an agreed upon time frame.*

- **Accounts Payable**

- *Money owed by the business to its suppliers/vendors, in the form of invoices with an agreed upon time frame.*

- **Notes Payable / Loans**

- *Money owed by the business under a legal instrument over a fixed or determined future*

- **Payment Policies**

- *Issuing credit, terms of credit, slow or non paying customers, background checks, security interests, etc.*

LEGAL



- 13



Operations Plan - Summary

- The components that allow your business to create value
- A detailed operating plan allows the business to identify issues and opportunities
- Demonstrates confidence to your customer, investor and employee

How the
PRODUCT or
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LOCATION
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The Management Team

- The quality, experience and structure of the management team is one of the most important factors in evaluating a business.
- 3 sections of the Management Team



Management Team Section 1



OWNERSHIP STRUCTURE

- **Legal Structure of Business**

- *It may be a single sentence if your business is a sole proprietorship. If business is a partnership or a corporation, it may be longer.*

- **Explain Who Holds Ownership**

- *List who owns portions of the business, type of ownership (% or shares) and background on their experience and qualifications*
- *Typically those who have equity in the business*

- **Types**

- *Sole Proprietorship*
- *General Partnership*
- *Limited Partnership (LP)*
- *Limited Liability Partnership (LLP)*
- *Corporation*
- *Non-profit Corporation*
- *Limited Liability Company (LLC) Most Common*



Management Team Section 2



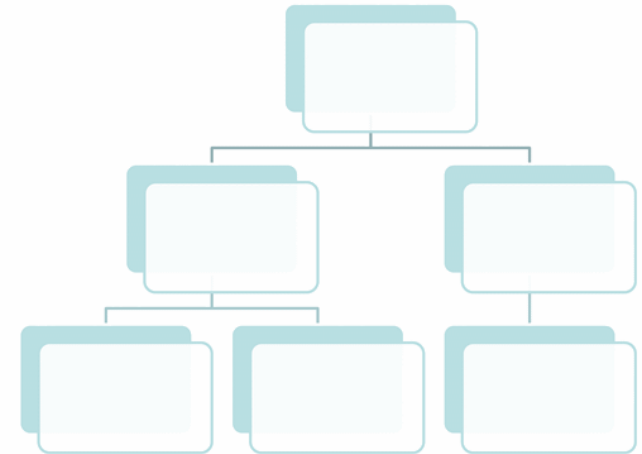
INTERNAL MANAGEMENT TEAM

- **Main Management Categories of Business**

- *Identify who's going to have responsibility for each category, and profile that person's skills.*
- *Include chain of authority*

- **Typical Categories**

- *Accounting, Finance*
- *Production, Operations, Facilities*
- *Marketing, Communications*
- *Sales, Customer Service*
- *Human Resources, Administration, Governance*



- **Format**

- *Provide organization chart that reporting structure and specific roles and responsibilities*
- *Include descriptions of each manager, including skills, experience, education, awards, licenses, certificates, etc.*

Management Team Section 3

NORTHEAST TARRANT
CHAMBER OF COMMERCE

EXTERNAL MANAGEMENT RESOURCES



- **Groups and Individuals Providing Guidance and Support**

- *The group that is the Internal Management Team's backup, providing the business credibility and proof of expertise.*

- **Typical**

- *Boards - Directors or Advisors*
- *Outside Services - Accountants, Attorneys, Bankers, Insurance Agents*
- *Industry Experts - Mentors, Business Consultants, Coaches*

- **Importance**

- *Can be the difference between success and failure*
- *Critical advice and support outside of management team regarding important decisions*
- *Don't have to be investors in the business, but investors are typically involved*



The Management Team Summary



- Who you surround your business with matters!
- The Management Team section tells a lot without going into details of the business
- Professionals are honored to be on boards. Provides exposure, gives back, expands network, professional development
- The need for a formal chain of authority is imperative, as roles and responsibilities change rapidly





Hands on Business Planning

Next Session

Financials



6 Sessions...

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