



Executive Summary for a Business Plan

The Company

The opening paragraph should state the name of the firm, type of architectural services offered, name of the owner(s), location, and target market.

Company Mission

Every company needs a driving mission such as high design, sustainable design, or great client relations. The mission statement can be used to differentiate the firm or define a niche market.

Services Succinctly describe which services the firm will offer and which will be outsourced to subcontractors and consultants. A thorough description would include the names of subcontractors and consultants.

Marketing Strategy

Unfortunately, potential clients do not start calling the day a firm hangs up its sign. Word of mouth is a relevant marketing strategy, but it only works when there are clients to do the talking. Thus, business owners need to develop a marketing strategy. This may include public relations or advertising, but the most important aspect of marketing is researching and understanding your client's needs—and being able to answer those needs.

The Competition

The section of the business plan that analyzes the competition is similar to the marketing section in its need for due diligence. Mine the local AIA component and chamber of commerce for data about competing firms. Determine how many firms could be considered direct

competition, and analyze the current size of the market. This section should answer these questions: Is there room for another firm? Which companies are the firm's five biggest competitors?

Target Market

Once the competition has been determined, define the firm's target market. Answer questions like these: Is the target market corporate clients, developers, public institutions, or private clients? What is the financial backing of potential clients?

Management Include a brief biography of the owner(s), and attach additional information in the appendix about past work and other relevant experience. Keep this type of information up-to-date.

Operations

The operations section will need to be explored much further if the summary business plan is to be used for funding purposes. If the plan will not be used to acquire funding, this section can be one or two

paragraphs. It should take the reader from the first day of operation through the first few years and include the following:

- Where the business will be located
- When the firm will hire staff, with associated financial benchmarks
- Salary ranges for staff and the owner
- Benchmarks for growth ☐ Long-reaching goals

Stage of Development

This section will continuously change throughout the life of a business and can be very brief. If the firm is not in operation, cite a timeline for start-up.

Financials

The goal of this section is to outline potential revenues for the first three to five years and assess cash flow and profitability based on these projections. The terms “financial performance” and “cash flow analysis” may sound intimidating, but don’t let that stop you from trying to develop this information. For those who really struggle with this area of the business plan, go to the local bookstore or library and look for business references that can help.

Format calculations in three separate columns with different scenario projections for “as expected,” “better than expected,” and “worse than expected.” Projections based on different circumstances are called pro forma. Develop a pro forma condensed balance sheet and condensed income statement. A pro forma balance sheet should include projected cash, current assets, current liabilities, retained earnings, and potential profit for each circumstance. Include subcategories for each.

A pro forma income statement should include expected revenues, expenses, and both net and gross profit for each circumstance. Remember that the firm or owner, depending on legal structure, will have to pay taxes on gross profits. Start to think about the profit benchmarks and revenue amounts needed to meet profitability goals.

Funds Sought and Utilization

Create a spreadsheet of all initial start-up costs, the more detail the better. List any costs the firm will incur in the first two months of business. Categorize start-up costs in a spreadsheet by one-time expenses (e.g., furniture and computers) and ongoing expenses (e.g., salary and utilities).

Typical start-up costs:

- Hardware (computers, printers, plotters, fax machine, phones)
- Business cards ☐ Software (accounting, BIM, CAD, graphic)
- Legal fees for business start-up
- Furniture and fixtures
- Start-up advertising fees

Ongoing Expenses

- Utilities, rent, insurance
- Public relations
- Salaries

Once these expenses have been identified, define where the money will come from. Will your savings finance the company? If not, how much external funding is needed and where will it come from?

CONCLUSION

Businesses do not always operate as planned, and initial projections may change drastically in the first year. Writing a business plan should provide insight into all areas of business ownership and give a potential owner a direction to follow.