### Operations Plan

Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

##### Production (Not all businesses/services will necessitate this factor)

How and where are your products or services produced?

Explain your methods of:

* Production techniques and costs
* Quality control
* Customer service
* Inventory control
* Product development

##### Location

What qualities do you need in a location? Describe the type of location you’ll have.

Physical requirements:

* Amount of space
* Type of building
* Zoning
* Power and other utilities

Access:

Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centers?

Include a drawing or layout of your proposed facility if it is important, as it might be for a manufacturer.

Construction? Most new companies should not sink capital into construction, but if you are planning to build, costs and specifications will be a big part of your plan.

Cost: Estimate your occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

##### Legal Environment

Describe the following:

* Licensing and bonding requirements
* Permits
* Health, workplace, or environmental regulations
* Special regulations covering your industry or profession
* Zoning or building code requirements
* Insurance coverage
* Trademarks, copyrights, or patents (pending, existing, or purchased)

##### Personnel

* Number of employees
* Type of labor (skilled, unskilled, and professional)
* Where and how will you find the right employees?
* Quality of existing staff
* Pay structure
* Training methods and requirements
* Who does which tasks?
* Do you have schedules and written procedures prepared?
* Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.
* For certain functions, will you use contract workers in addition to employees?

##### Inventory

* What kind of inventory will you keep: raw materials, supplies, finished goods?
* Average value in stock (i.e., what is your inventory investment)?
* Rate of turnover and how this compares to the industry averages?
* Seasonal buildups?
* Lead-time for ordering?

##### Suppliers

Identify key suppliers:

* Names and addresses
* Type and amount of inventory furnished
* Credit and delivery policies
* History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

##### Credit Policies

* Do you plan to sell on credit?
* Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?
* If yes, what policies will you have about who gets credit and how much?
* How will you check the creditworthiness of new applicants?
* What terms will you offer your customers; that is, how much credit and when is payment due?
* Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)
* Do you know what it will cost you to extend credit? Have you built the costs into your prices?

You will need a policy for dealing with slow-paying customers:

* When do you make a phone call?
* When do you send a letter?
* When do you get your attorney to threaten?