

# How to complete a Lender-Ready Business Plan in California

Comprehensive SBA-style business plan with executive summary, market analysis, use of funds, and 3-year projections.

## What this form is for

This comprehensive business plan is required by most SBA lenders and conventional banks when you apply for startup financing or expansion capital over \$50,000. It demonstrates to underwriters that you understand your market, have realistic financial projections, and can repay the loan.

## Before you start

- Three years of personal and business tax returns if you are an existing business, or personal returns only if you are a startup
- Current balance sheet and profit-and-loss statement prepared by a CPA or bookkeeper
- Detailed list of how you will use loan proceeds, broken down by category such as equipment, inventory, working capital, leasehold improvements, and debt refinancing
- Market research on your industry, target customers, and direct competitors within your geographic area
- Revenue and expense projections for the next 36 months with clear assumptions documented for each line item

## Step-by-step

1. Complete the executive summary last, even though it appears first. Summarize your business concept, loan request amount, and how the funds will generate revenue in two to three concise paragraphs.
2. Write the company description section with your legal business name, structure (LLC, S-corp, sole proprietorship), California business entity number, ownership percentages, and brief history if you are an existing operation.
3. Fill out the products and services section by describing what you sell, your pricing strategy, and what makes your offering different from competitors. Be specific about margins and suppliers.
4. Prepare the market analysis by defining your target customer demographics, total addressable market size, and identifying at least three direct competitors with their strengths and weaknesses.
5. Detail your marketing and sales strategy, including customer acquisition cost, advertising channels, sales process, and realistic timelines for reaching revenue goals.
6. Describe your organizational structure, listing key team members, their relevant experience, and any gaps you plan to fill. California employers must note workers' compensation and state disability insurance obligations.

7. Complete the use of funds table by listing every category where loan proceeds will go. Each line must have a dollar amount, and the total must match your loan request exactly.
8. Build your three-year financial projections with monthly detail for year one and quarterly for years two and three. Include profit-and-loss, cash flow, and balance sheet. Show loan payments as a monthly expense.
9. Attach supporting documents including your personal financial statement, resumes of principals, letters of intent from customers or suppliers, lease agreements, and California Seller's Permit or professional licenses if applicable.

## What lenders look for

- Underwriters compare your projected revenue per square foot or per employee against industry benchmarks, so wildly optimistic numbers hurt credibility. Use data from IBIS World or BizStats to validate assumptions.
- The cash flow projection matters more than profit-and-loss because it shows whether you can cover the monthly loan payment during slow months. Build in a realistic seasonal dip if your industry has one.
- Most rejections happen because the debt service coverage ratio falls below 1.25, meaning projected income does not sufficiently exceed all debt obligations including the new loan payment.