

How to complete a Lender-Ready Business Plan

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

What this form is for

You'll prepare this document when applying for an SBA loan, term loan, or line of credit over 50,000 dollars. Banks require it to assess whether your business model is viable and you can repay the debt.

Before you start

- Three years of historical financial statements if your business is already operating, or personal financial statements and tax returns if you're a startup
- Current balance sheet and profit-and-loss statement dated within the last 90 days
- A detailed breakdown of exactly how you will spend the loan proceeds, with vendor quotes or estimates where applicable
- Market research data showing your target customer demographics, competitors, and pricing strategy
- Month-by-month cash flow projections for year one and annual projections for years two and three

Step-by-step

1. Complete the Executive Summary last, even though it appears first. Write one tight paragraph each on your business concept, target market, competitive advantage, financial highlights, and loan request amount.
2. In the Company Description section, state your legal structure, ownership percentages, location, and whether you are a startup or existing business. Mention your governing state here and confirm you have selected one before submission.
3. Draft your Market Analysis by defining your customer segments, estimating total market size in your geography, identifying three to five direct competitors, and explaining why customers will choose you.
4. Detail your Products and Services with pricing for each offering. If you have multiple revenue streams, break them out separately.
5. Build the Management Team section by listing each owner and key employee with their role, relevant experience, and percentage of time committed to the business.
6. In Use of Funds, create a line-item table showing every dollar of the loan. Common categories include equipment, inventory, working capital, leasehold improvements, and debt refinancing. The total must match your loan request exactly.
7. Prepare three-year Financial Projections starting with monthly sales and expense forecasts for year one. Show revenue, cost of goods sold, operating expenses, and net profit. Include assumptions like average sale size and customer acquisition rate.

8. Add a break-even analysis showing the monthly revenue required to cover all fixed and variable costs.
9. Attach supporting documents in an appendix: personal financial statements, business tax returns, lease agreements, contracts, and licenses.

What lenders look for

- Underwriters compare your projected profit margins and growth rates to industry benchmarks, so wildly optimistic numbers hurt credibility. Use conservative estimates backed by data.
- The Use of Funds and projections must tell the same story. If you're buying equipment, your projections should reflect the revenue that equipment will generate.
- Inconsistent numbers between sections trigger immediate red flags. Double-check that your loan amount, use of funds total, equity injection, and projection assumptions all align.