BUSINESS PLAN EXAMPLE

Sourwood Bakery

The short plan — built straight from the Business Model Canvas.
Cookeville, Tennessee.

THE BIZ FOUNDRY

START HERE

How to use this

This is a finished business plan for a bakery that does not exist. It is here so you can see what the work looks like when it is done — not to be copied, because a plan that describes somebody else's business is worth nothing to you and worth less than nothing to a lender.

It follows the Business Model Canvas worksheet block by block, in the same order. If you have watched the canvas video and filled in the sheet, lay yours beside this one. Every box on your worksheet has a matching section here, so you can see how a box of scribbled notes becomes a paragraph somebody else can read.

THE BOXES IN THIS COLOUR ARE US, NOT THE BAKER

Wherever you see one of these, it is The Biz Foundry explaining why the number or the sentence above it is what it is. The rest of the document is written in the fictional owner's voice, the way your plan will be written in yours.

What this example is not

- **Not a template.** Two blanks you should fill in yourself are on the resources page — the Simple Business Plan and the Executive Summary questions.
- **Not a real business.** Sourwood Bakery, its owner and its numbers are invented. Any resemblance to a real bakery is coincidental, and the financials should not be read as anyone's actual results.
- **Not a guarantee.** The figures are built on published industry benchmarks and honest assumptions about a town this size. Yours will differ. What should carry over is the *method*: state the assumption, show the arithmetic, and let the reader disagree with a number rather than with a feeling.

WHY YEAR ONE LOSES MONEY IN THIS PLAN

Because that is normal, and a plan that shows a profit in month two tells a lender you have not done this before. Sourwood loses $11,058 in year one, breaks through in year two and nets 10.6% in year three. Showing the loss — and showing that you have the cash to survive it — is what makes the rest of the document believable.

ONE PAGE BEFORE NINE

The canvas, filled in

This is the whole business on one page. Everything after it is these boxes written out properly.

CUSTOMER Weekday morning commuters. Weekend households buying bread. Four cafés and two restaurants wholesale.	**PROBLEM** No early-morning source of good ordinary bread and pastry on the west side of town.	**VALUE PROPOSITION** Open at 6:30. Out in four minutes. A menu short enough that all of it is good.	**MARKETING** The corner itself. Wholesale as advertising. Daily local social. Farmers market.	**TEAM** Owner-baker, second baker, two counter staff, contracted bookkeeper.
ALTERNATIVES Grocery bakery aisle. Drive-through coffee. Baking at home.	**SOLUTION** Small counter bakery. Three breads, four pastries, coffee. Baked on site each morning.	**DISTRIBUTION** Counter, Tue-Sun. Van route before 7:00 for wholesale. No online ordering in year one.	**MILESTONES** Lease by month 0. Open month 3. Wholesale from month 4. Break-even month 16.	**MAKING MONEY** Retail $329,400 and wholesale $40,800 at steady state.
START-UP FUNDS $160,000 total.	**HOW MUCH** $40,000 owner equity.	**FROM WHERE** $50,000 SBA microloan, $70,000 gap loan.	**SPENDING MONEY** Ingredients 30.0%, labour 33.9%, rent 8.1%.	**INITIAL TARGET** 92 customers a day at $9.50.

DO THIS PART FIRST, AND DO IT BADLY

The canvas is meant to be filled in with a pen in twenty minutes and then argued with. Nearly every box on this one changed at least once — the original plan had no wholesale line at all, and it was adding that box that made the numbers work.

CANVAS BLOCKS 1 TO 5

Customer, problem, solution

Customer — who needs your help?

Two groups, and they are not the same people. The first is the weekday morning commuter heading toward the Tennessee Tech campus or the Jackson Street offices between 6:30 and 9:00 — one person, one coffee, one pastry, in and out in four minutes. The second is the weekend household buying a loaf of sandwich bread and something for Sunday, who will spend three times as much and does not mind waiting.

The wholesale customer is a third: four independent coffee shops and two restaurants who want fresh bread daily and do not want to bake.

Problem — what are you solving?

Cookeville has excellent specialist bakers and several very good cake shops. What it does not have on the west side is somewhere to buy an ordinary good loaf of sandwich bread and a decent croissant on the way to work, six days a week, before nine in the morning.

Alternatives — how do they solve it now?

- The grocery store bakery aisle. Cheap, always open, and the reason most people have stopped expecting bread to be good.
- The drive-through coffee chains. Fast and consistent; the food is an afterthought.
- Baking at home on Sunday, which perhaps one household in twenty actually keeps up.

Being honest about this matters. The competition is not the other bakeries in town — it is the grocery store and the drive-through, and they win on price and speed. Sourwood has to win on something else.

Solution and value proposition

A small counter bakery open from 6:30, with a menu narrow enough to be genuinely good: three breads, four pastries, drip coffee and espresso. Everything baked that morning, on site. The narrowness is the point — a short menu is what makes a two-person bake team possible, and the labour line is what decides whether this business works.

"FRESH AND LOCAL" IS NOT A VALUE PROPOSITION

Every bakery says it, so it distinguishes nothing. The defensible claim here is narrower and testable: open before seven, out the door in four minutes, and a menu small enough that nothing on it is mediocre. A customer can tell you whether that is true.

CANVAS BLOCKS 6 TO 9

Reaching people, and who does the work

Marketing — how will they hear about you?

- **The building itself.** A visible corner unit on a road people already drive at 7am does more than any advertising budget. This is the single largest marketing decision and it is made when the lease is signed.
- **Wholesale as advertising.** Every café serving Sourwood bread puts the name in front of people who have not visited yet. The wholesale line is priced thin on purpose; it pays for itself twice.
- **Local social, run cheaply.** One post a day, photographed on a phone, showing what came out of the oven. Budget $6,000 in year one, most of it in the first three months.
- **The Saturday farmers market** through the first summer, to build a customer list before the doors open.

Distribution — how do they buy?

Over the counter, six days a week, Tuesday to Sunday. Wholesale delivered by van each morning before 7:00 on a fixed route. No online ordering in year one — it adds a screen, a fee and a promise to be somewhere at a specific time, and none of those help a queue that is already moving.

Team — which skills are crucial?

- **Owner and head baker.** In at 4:00, bakes the morning run, manages ordering and the wholesale accounts.
- **Second baker**, part-time to start, full-time by month eight.
- **Two counter staff** covering the morning rush and the weekend.
- **Contracted bookkeeper**, monthly. Not optional — see the note below.

THE SKILL THIS PLAN IS MISSING ON PURPOSE

The owner is a baker, not an accountant, and the plan says so rather than pretending otherwise. Naming the gap and buying the answer — a bookkeeper at roughly $250 a month — is a stronger position than claiming to do everything. Lenders read the second version as risk.

Milestones and metrics

When	Milestone	How we know it worked
Month 0	Lease signed, loans closed	Funds in the account
Month 3	Doors open	First day's till
Month 4	First 3 wholesale accounts	Standing weekly orders
Month 9	90 customers a day	POS daily average
Month 16	Break-even	107 covers a day, sustained
Month 24	6 wholesale accounts	Van route full before 7:00

CANVAS BLOCKS 10 TO 14

The money

Making money — where does revenue come from?

Where the money comes from	Year 1	Year 2	Year 3
Retail counter	266,570	329,400	365,085
Wholesale bread	23,400	40,800	50,400
Total revenue	**289,970**	**370,200**	**415,485**
Customers a day	92	108	114
Average ticket	$9.50	$10.00	$10.50

Spending money — what does it cost to run?

	Year 1	Year 2	Year 3
Revenue	289,970	370,200	415,485
Ingredients	92,790	111,060	120,491
Wages, loaded	104,340	125,430	137,085
Rent, utilities, everything else	85,408	93,142	97,914
Depreciation and loan interest	18,490	17,196	15,785
Profit	**(11,058)**	**23,372**	**44,210**
Profit margin	-3.8%	6.3%	10.6%

THE NUMBER THIS WHOLE PLAN RESTS ON

Break-even is about 107 customers a day. The plan assumes 108 in year two. That is a margin of one or two customers, which is uncomfortably thin — and knowing it is thin is the reason the working capital reserve on the next page is as big as it is. If you take one habit from this example, take this one: find the number your plan depends on, and say out loud how close you are to it.

CANVAS BLOCKS 15 AND 16

Start-up funds

Opening Sourwood costs **$160,000**. Here is where it goes and where it comes from.

What the money buys	Cost
Leasehold improvements	55,000
Equipment	52,000
Signage and fit-out	6,000
Point of sale	2,500
Opening inventory	5,000
Permits and licences	1,500
Pre-opening payroll and training	7,500
Opening marketing	4,000
Working capital reserve	26,500
Total	**160,000**

Where it comes from	Amount
Owner equity	40,000
SBA microloan, via Pathway Lending	50,000
Gap financing, bank or UCDD/CAIC	70,000
Total	**160,000**

WHERE TO ACTUALLY ASK, LOCALLY

The SBA microloan programme caps at $50,000; in Tennessee, Pathway Lending is the microlender covering the Upper Cumberland. For the gap between a bank's offer and what you need, the Upper Cumberland Development District's lending arm specialises in exactly that — call (931) 432-4111. They do not publish rates, so ask. And the TSBDC will read your projections with you for free before you submit them.

BRING THIS TO A SESSION

What we would ask you next

If you brought this plan to a coaching session at the Foundry, these are the questions we would put to it. They are the same questions worth putting to yours.

- **Where did the customer count come from?** Ninety-two people a day is the entire revenue line. Did you count cars, or did you hope?
- **What happens at eighty?** Model the version where you are twenty percent wrong, because you will be, and see whether the reserve covers it.
- **Who bakes when you are ill?** A two-person bake team with no third person trained is one flu away from a closed shop and six lost wholesale accounts.
- **Is the wholesale price actually profitable?** Thin margins that buy exposure are a strategy; thin margins you have not calculated are a leak.
- **What is the lease term, and what happens at renewal?** Rent is 10.3% of revenue in year one. A landlord who raises it twenty percent takes most of year three's profit.

COACHING IS FREE, AND THERE IS NO PITCH AT THE END

Book a session at thebizfoundry.org. Bring a plan with holes in it — that is more useful to us than a tidy one, and you will get more out of the hour.