

THE DEFINITIVE GUIDE 12 MIN READ

The SBA-Ready Business Plan

Most loan applications don't fail on the business — they fail on the documents. This guide covers what SBA and bank underwriters actually evaluate, how a lender-ready plan is structured, and the mistakes that sink first-time applicants.

A bank loan is a documentation exam before it is anything else. The lender has never stood in your operation, never met your customers, and never seen your hustle — all they can underwrite is what's on paper. That's why a strong business with weak documents loses to a moderate business with strong ones, and why the plan deserves the same seriousness as the business itself. (We've made this argument at length: **a plan is an operating system, not a formality** (colemanma.com/blog/business-plans-are-not-documents-theyre-operating-systems/.)

≥1.25

debt-service coverage ratio
many lenders look for — cash
flow comfortably exceeding
the payment

Line-item

use of funds that wins —
quotes and bids, not "working
capital and growth"

Documents

where first submissions are
most often rejected — not the
business itself

Figures are illustrative of common lending practice, not a CMA client result.

Why plans get rejected

Underwriters read dozens of plans a week, and they reject most of them for the same handful of reasons: numbers that don't trace to assumptions, no demonstration the loan can be serviced from cash flow, a use-of-funds section that's a wish list instead of a budget, and template language the reviewer has seen a hundred times. The pattern underneath all four is the same — the plan was written to describe a dream rather than to answer a reviewer's questions.

A lender-ready plan flips that orientation. It anticipates the questions in the order underwriting asks them, and answers each one with evidence. Everything else in this guide is a consequence of that single principle.

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What underwriters actually check

Whether it's an SBA 7(a) loan through a bank, a 504 facility for real estate or equipment, or conventional financing, the evaluation runs on a familiar frame — the five Cs:

- **Capacity** — can the business service the debt from cash flow? This is where debt-service coverage lives, and it is the single most load-bearing number in the file. Lenders commonly want to see coverage comfortably above 1x — meaning cash flow exceeds the payment with room to spare — demonstrated historically and in projections.
- **Capital** — what are you putting in? Owner injection signals commitment, and most programs expect meaningful skin in the game.
- **Collateral** — what secures the loan? SBA programs exist precisely to soften this requirement, but the question still gets asked and the plan should answer it plainly.
- **Conditions** — the loan's purpose and the environment around it: industry, market, competition. This is where your market analysis earns its place.
- **Character** — credit history, experience, and the management story. The plan's bio section isn't vanity; it's underwriting input.

Treat debt-service coverage as the number to engineer toward, not the number to discover at the end. If your projected coverage sits at or below the threshold a lender expects, you've found the problem while it's still cheap to fix — long before underwriting finds it for you.

SBA programs differ in shape — 7(a) is the general-purpose workhorse; 504 pairs a bank with a certified development company for fixed assets — but both run on the same documentation logic. If your plan answers the five Cs with evidence, you're speaking the reviewer's language. Score yourself honestly against the **eight-point lender-readiness checklist** (colemanma.com/services/business-plans-and-funding/#calculator) before you start.

The plan, section by section

A lender-ready plan typically runs in this order, and the order matters — it mirrors review:

- **Executive summary** — the entire case in one page: what the business does, what you're borrowing, what it buys, and how it gets repaid. Many reviewers decide whether to read on here.
- **Company description** — entity, history, ownership, licenses. Clean facts, no salesmanship.
- **Market analysis** — who buys, what they pay, who else serves them, and the evidence behind each claim. This is the section that separates researched plans from templated ones (our **market research primer** (colemanma.com/blog/market-research-the-key-to-making-smarter-business-decisions/) covers the method).
- **Organization & management** — who runs this, and why they're credible. Map experience to the functions the loan depends on.
- **Products & services** — what's sold, at what price, with what margin.
- **Marketing & sales** — how customers arrive, concretely: channels, pipeline, repeat behavior.
- **Use of funds** — a line-item budget for the loan: equipment quotes, buildout bids, working-capital math. Specificity here reads as competence everywhere.
- **Financial projections** — covered in the next section, because this is where approval actually lives.



A lender-ready plan is a blueprint, not a brochure: every section answers an underwriting question in the order review asks it.

For a worked example of this structure carrying a real concept, read the **published Brooklyn Basketball Academy plan** (colemanma.com/case-studies/brooklyn-basketball-academy/) — it's the standard described in this guide, on paper.

The financials that pass

Projections fail in two opposite ways: hockey-stick optimism nobody believes, and lazy round numbers nobody can trace. The cure for both is the same — **build every figure from a driver**. Revenue comes from units × price × ramp, not from "10% growth." Payroll comes from a staffing plan with dates. Rent comes from the lease you're negotiating.

- **Three years of projections**, with the first year monthly — lenders want to see the ramp, not just the destination.
- **Cash flow, not just profit** — the loan is repaid in cash, and timing gaps between earning and collecting are where young businesses die.
- **Debt service modeled explicitly** — show the payment inside the projections and the coverage ratio it produces, year by year.
- **An assumptions page** — every driver listed, sourced, and adjustable. When a reviewer changes an assumption and the model holds together, you've earned trust no narrative can buy.
- **Historical statements reconciled** — if you're operating, your projections must connect to your actuals or the whole file reads as fiction.

Existing businesses should also expect the cash-flow questions to become operations questions — **they're usually the same problem** (colemanma.com/blog/why-cash-flow-problems-are-usually-operations-problems-and-how-to-fix-the-disconnect/).

Five mistakes that sink first submissions

- **Template language.** Reviewers recognize boilerplate instantly, and it transfers its reputation to your numbers. Custom beats polished-generic every time.
- **The missing repayment story.** Plans that sell the upside but never walk through how the payment gets made monthly have skipped the only question that matters.
- **Vague use of funds.** "Working capital and growth" is not a budget. Quotes, bids, and line items are.
- **Market claims without sources.** One unsourced "the market is \$4 billion" can poison the credibility of every real number in the file.
- **Inconsistency between documents.** When the plan, the application, and the tax returns disagree, underwriting stops. One set of numbers, everywhere — it's why we build **plans and decks together** (colemanma.com/blog/pitch-decks-that-win-how-to-captivate-investors-and-turn-ideas-into-funding/) for clients raising from investors too.

⚠ WATCH OUT

The fastest way to lose a file you've already won: let the plan, the application, and the tax returns disagree. One reconciled set of numbers everywhere isn't a formatting nicety — it's the difference between a reviewer who keeps reading and one who stops.

The path to submission

Sequenced properly, getting lender-ready is a defined project — not a scramble. Run it in order, and each step hands the next one the evidence it needs:

1

STEP 1

Gather your actuals

Pull together historical financials and personal financial documentation before anything else. The package the lender wants is mostly evidence you already have — assembled, not invented.

2

STEP 2

Build the driver-based model

Every figure traces to a driver: units, price, ramp, staffing dates, the lease you are negotiating. A model a reviewer can re-run is a model a reviewer can trust.

STEP 3

3 Write the plan to structure

Follow the section order underwriting reads in, answering each question with evidence rather than narrative. The order mirrors review, so it earns attention where attention is decided.

4 STEP 4 Assemble the use-of-funds evidence

Equipment quotes, buildout bids, working-capital math — a line-item budget, not a wish list. Specificity here reads as competence everywhere else in the file.

5 STEP 5 Review against the five Cs

Read the package as a skeptic before any lender does. Starting before you need the money is the single biggest advantage available — rushed files read as rushed.

If you'd rather compress that timeline, this is precisely what CMA's **Business Plans & Funding practice** (colemanma.com/services/business-plans-and-funding/) produces: custom-written, SBA-formatted plans with driver-based models — typically in days, at a fixed price, with **funding routes** (colemanma.com/blog/business-funding-101-how-to-secure-capital-and-grow-with-confidence/) through our lender-marketplace partnership when the documents are ready. Further reading: **what actually gets funded in 2026** (colemanma.com/blog/how-to-write-an-investor-ready-business-plan-in-2026-what-actually-gets-funded/) and **our long-form planning guide** (colemanma.com/blog/the-ultimate-guide-to-creating-a-winning-business-plan/) from the journal.

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