

Business Plan Inventory



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BUSINESS PLANNING & GENERAL RESOURCES

www.iabusnet.org This is the Iowa Small Business Development Centers Website. The website offers many articles and tools for small business start-ups and existing businesses

www.sba.gov The Small Business Administration's website offers more resources and tools including sample business, marketing plans, sample policy manuals and loan information.

www.iowasmart.com lowasmart.com is The Iowa Department of Economic Developments guide to doing business in Iowa. It includes state programs, information on permits, regulations, etc.

www.score.org This website offers info on business planning, marketing, etc.

<http://www.nebs.com/> This is the Nebs company website. Click on the tab that says Business Tools and you will find business plan, newsletter, and direct mail tools. You will also find a lease vs. buy analysis, a business start-up preparation analysis, and a loan amortization calculator.

www.toolkit.cch.com This is CCH Business Owner's Toolkit, Total know-how for Small Business. It includes a vast amount of general information on everything from starting a business, finance, and marketing to building wealth, protecting your assets, and getting out of business.

<http://www.nolo.com/> This is NOLO Law for All. It offers a lot of good legal and general information as well as books on the subject.

www.businessownersideacafe.com Business Owner's Idea Cafe is a fun little website that offers some interesting articles and info on grants.

www.missouribusiness.net This is the Missouri Business Development Network website. It has a lot of useful information and links to other helpful sites.

www.businesstown.com This is a website with a variety of information. Their motto is All Business No Bull.

www.business.gov U.S. Business Advisor website is sponsored by the SBA and provides a number of links such as business development, financial assistance, taxes, laws and regulations, international trade, workplace issues, buying and selling.

www.gsa.gov It is the government online shopping and ordering system that provides access to thousands of contractors and millions of services and products.

www.ccr.go It is the Central Contractor Registration's website and it has a self-certifying database under Dynamic Small Business Search tag.

www.quickmba.com The Quick MBA website motto is Knowledge to Power Your Business. It includes 'book knowledge' type information on a variety of business areas.

www.marketingpower.com This is the American Marketing Associations official website. It offers marketing templates, sales tools, and case studies.

<http://www.superpages.com> SuperPages is a website by Verizon and it is like an Internet Yellow Pages. It is a great site to research competitors, suppliers, and potential business clients/customers.

www.census.gov The U.S. Census Bureau. It offers information about population estimates, projections and profile, economic census, surveys of business owners, etc.

www.fedstats.gov This is a gateway to statistics from over 100 U.S. federal agencies.

www.zapdata.com With a free user name and pass word, you receive free industry reports and can work the database for additional information.

www.officedepot.com This is Office Depots' website. Click on Business Center for a variety of business information from start-up to going out of business. Use catalog to build equipment list of necessary items.

www.quickbooks.com Use this site to find information about QuickBooks and sample forms.

www.iowachamber.org - The Iowa Chamber of Commerce Executives home page with a useful directory listing Iowa Chamber of Commerce's and their key contacts.

<http://www.acinet.org> Find wages and employment trends, occupational requirements, state by state labor market conditions, millions of employer contacts nationwide, and the most extensive career resource library online.

www.equifax.com For inquiries into your credit. Cost \$9 for credit report.

www.daveramsey.com Common sense tips for paying of debts in order to save for wealth building. Some ideas on starting your business without borrowing money.

<http://connection.cwru.edu/mbac424/breakeven/BreakEven.html> Complete break-even analysis tool to use if you like to play with the numbers.

www.myownbusiness.org Site offering free training on accounting, business planning and marketing.

www.businesslaw.gov: Legal and regulatory information for America's small businesses from the SBA

www.businessmatchmaking.com Website about "Business Matchmaking" the SBA program designed to allow every small business the equal opportunity to learn about and ultimately take advantage of selling products or services to large corporations and government agencies.

BUSINESS PLAN CONCEPT

Writing a business plan is a good starting point for anyone with a business idea. The business plan helps a prospective business owner to detail his/her idea by thinking through all the implementation steps. This process helps the entrepreneur to see on paper whether the business has a chance to succeed. The business plan is also written with bankers and investors in mind when the entrepreneur is looking for financing.

The goal of the business plan is to communicate to yourself and others the "story" of your business from the beginning to the end: a description of the products and services that will be or are sold, the way the business will operate or currently operates, and the vision and goals of your business. If another party reads your business plan and has a clear understanding of what your business is all about, it means your business plan is soundly written.

It is important to think of yourself as an investor in your business. As a rational person, you would want to know everything about a business before you invest your money. The business plan will help you to learn everything you need to know about your business. Think of the business plan as a strategic communication tool for your business.

In summary, writing a business plan allows an entrepreneur to:

- Think about the business in detail.
- Focus on specific issues of the business that are not always apparent to a new entrepreneur.
- Be prepared to answer specific questions about the business when contacting a lender for a business loan.

A business plan should be written in third person. Words such as "I", "we", "my", and "our" should not be used. Instead, consider using words and phrases such "management", "the owner", "the company", "Mr. Smith", etc. In this aspect, it might help to pretend you are reporting on the business for a business magazine.

This Business Plan Inventory presents an outline of a business plan. Each part of the business plan contains a description of the content and some questions to consider. These questions will help you figure out what you should include in each part. The best thing to do is to brainstorm ideas as you answer the questions for the first time. After you have completed this step, go back and stream line you thoughts and incorporate these questions in a paragraph format for your business plan. The SBDC counselor can help clients develop business plans by answering questions, critiquing, requesting additional information to further clarify or define sanctions and help re-work those sections. At any time you have questions, feel free to contact your counselor.

BUSINESS PLAN OUTLINE

I. TITLE PAGE

II. EXECUTIVE SUMMARY

III. BUSINESS DESCRIPTION

IV. MARKET RESEARCH AND ANALYSIS

- a) Customer Description*
- b) Market Analysis*
- c) Industry Analysis*
- d) Competitive Analysis*

V. MARKETING PLAN

- a) Marketing Objectives*
- b) Products and Services*
- c) Pricing*
- d) Promotion*
- e) Place (Location and Distribution)*
- f) Ongoing Marketing Evaluation*

VI. OPERATIONS

- a) Business Operations*
- b) Facility*
- c) Office equipment*
- d) Business Forms*
- e) Accounting and Bookkeeping System*
- f) Suppliers*

VII. HUMAN RESOURCES MANAGEMENT

- a) Local Labor Market Conditions*
- b) Personnel Management*
- c) Outside Assistance*

VIII. FINANCIAL PLAN

- a) Sources and Uses of Funds*
- b) Depreciation Schedule*
- c) Sales and Cost of Goods or Services Sold Schedules*
- d) Loan Amortization Schedule*
- e) Income Statement*
- f) Cash Flow Statement*
- g) Balance Sheet*
- h) Breakeven Analysis*

BUSINESS PLAN CONTENT

I. Title Page

This page should include the title of the document, the name of the business, the logo if applicable, the address and telephone number of the business, and the name(s) of the owner(s).

II. Executive Summary

The executive summary is a condensed version of the entire business plan. It should be no longer than two pages. It may be easier to compose this section after the plan has been written in its entirety. Go back after your plan is complete and summarize the plan's most important points from every section in the Executive Summary.

The Executive Summary should address the following questions:

- Give the name and location of your business.
- What type of business do you plan to have or already have?
- Introduce yourself to the reader (i.e. Are you the current owner, the potential buyer...?)
- What is the industry/market of your business? Summarize the most relevant industry/market facts that demonstrate that demand for your products/services is strong enough to justify the existence of your business.
- What is unique about your products/services and what proprietary rights does the business have? (i.e. patents, licenses, royalties, distribution rights, franchise agreements, etc.)
- What is the current stage of development for the venture (i.e. start-up, initial operations, expansion, rapid growth, or stable operations)?
- What is or will be the legal form of the organization (i.e. proprietorship, partnership, limited partnership, S-corporation, or C-corporation) and why?
- Who will be the key management personnel and what skills do they have that will help the business? (Include name, title, and qualifications of each person.) List outside personnel such as accountants or lawyers as well.
- Are sales constant or variable throughout the year(s) (i.e. market seasonality)?
- How long will it take the business to reach break-even? Explain how long it will take this venture to generate profits.
- Who is requesting the funds?
- For what purpose are the funds being requested (i.e. start a new business, buy an existing business, purchase additional equipment for business expansion, etc.)?
- What are the expected benefits of this investment to your company?
- How will the funds be repaid?
- How much equity are you investing in the business?
- What collateral will be used to secure a loan (i.e. equipment, inventory, and home)?
- Summarize the financial projections. Indicate financial milestones.

III. Business Description

1. Business Status:

- Is it a start-up business? If so, when do you plan to open it?
- If it is an existing business, how long has it been in existence? What has its progress been?

2. Where is your business located or where will it be located?

3. Structure of your company:

- Who are the owners and investors and what is their proportion of ownership?
- What is the legal structure?
 - a. **Sole Proprietorship** - As a sole proprietor you will be personally liable for all contracts, debts and any other obligation of your business. Creditors can look to your personal assets as well as the assets of your business to satisfy your business liabilities. The income or loss generated from your business will be taxed only once, as reported on your personal income tax returns.
 - b. **Partnership** - Each partner will be personally liable for contracts, debts and other obligations of your business. Personal assets of each partner can be used to satisfy business liabilities. A written agreement should be made specifically setting forth responsibilities, understandings and conditions of your partnership. Partnerships do not file tax returns and income is reported on each partner's own personal income tax returns.
 - c. **Corporations** - Corporations are recognized as a separate legal entity. The Corporation is taxed and then dividends are taxed again on personal returns. The corporation has perpetual existence, unaffected by the death or withdrawal of shareholders. S-Corporation status can be selected, if you qualify under IRS rules. S-Corporations file an information return, but its income or loss is passed to the shareholders and taxed on personal tax returns. The Corporations' assets are liable for any claims from creditors, but the individual shareholders are shielded from contractual liabilities.

1. For Profit Corporations	Sub Chapter S	C-Corporation
2. Non-Profit Corporation		
 - d. **Limited Liability Companies (LLC)** - LLC's have the tax advantages of partnerships, with the limited liability advantages to their shareholders. They have the single tax benefits of S-Corporations, without the complications of such tax status. Members may be actively involved in the business or delegate responsibilities to managers.

4. Type of business: retail, wholesale, service, manufacturing, contracting, professional, importing/exporting, etc.

5. Mission of the company: a mission statement defines the reasons for the existence of the business.

6. Long-term goals: What do you plan for your business between 5 and 10 years from now?

7. Description of the products and/or services your company is selling. Keep this section short because you will describe your products/services in more detail in the *Marketing Plan* section.

8. If this is a takeover or purchase of an existing business, why are they selling? What will or did you pay for the business and how was that price determined?

IV. Market Research and Analysis

This section of the business plan consists of three main parts: customer description, market analysis, and competitive analysis. Start with a description of your potential customers. Findings from the market analysis section might reveal other opportunities for your business. Thus, you might want to reconsider the contents of your *Customer Description* section if you discover new market potentials in the *Market Analysis* section.

1. Customer Description

- Who are your potential customers? If they are individuals, define the demographic characteristics of your customers (i.e. sex, age, income, education, occupation, household size, and ZIP code of residence) as well as lifestyle or other relevant characteristics. If your customers are businesses, define your customers in term of statistical information (i.e. sales volume, number of employees, regional locations, main activities, main customers, etc.).
- Do you anticipate various product uses for different types of customers? If so, who are your primary and secondary target markets? (A primary target market is the group to whom your product is sold the most.) List all of your potential target markets and determine which ones will be your primary and secondary markets.
- Can you list potential customers in each group (at least in the primary target market)?
- Is the primary target market stable, growing, or decreasing?
- What is the basis of the purchase decisions of the customers: price, quality, service, personal contacts, political pressures, or some combination of these factors?

2. Market & Industry Analysis (feel free to utilize graphs, and other visuals to easily communicate industry and market situations.)

- What is your geographic market area? From what towns/parts of the city do your customers come from?
- What is the size of the different market segments (primary and secondary target markets) in terms of number of people and amount of products/services sold to them?
- According to potential distributors, dealers, sales representatives, trade associations and other resources, what are the current and past trends affecting the industry as a whole and the market you plan to enter? Does the economy affect this industry? Does the economy affect this Market. Is the Industry/Market growing, declining, or stable? What is the future outlook for this industry
- How easy or difficult is it to enter and exit the market for your type of business?
- What is the major external factors affecting Industry growth (i.e. social, economic trends, governmental/legal, societal, and environmental factors)?
- How much money is spent on your product or service within the Nation, your state and your geographic market area? Check US Census data, www.zapdata.com, trade associations, etc.

- Describe the potential annual growth of the total market for your products or services for each major customer group. Total market projections should be made for at least the next five years.

3. **Competitive Analysis**

Use a SWOT analysis table (see next page) to list and compare the major competitors affecting your business. This table will allow you to summarize their strengths and weaknesses and pinpoint the most threatening competitors. The table should compare competitors based on criteria that are relevant to your organization. Here are some criteria to consider when executing the SWOT Analysis.

- Products/services sold
- Location
- Price
- Target market(s) served
- Physical appearance of the location
- Reputation/image
- Customer service
- Warranty policy
- Expertise of the owners and/or employees
- Visibility of advertising (i.e. name recognition)
- Number of years in business (i.e. experience)
- Market share

	Internal		External	
	Strengths	Weaknesses	Opportunities	Threats
Your Business				
Primary Competitor				
Primary Competitor				

V. Marketing Plan

A marketing plan contains information about your company and its products, marketing objectives and strategies, as well as how you will measure the success of your marketing activities. It describes all the marketing activities you'll perform during a specified time period (usually one year). You'll also include any background information and research results you used to select those marketing activities. Finally, you'll document the costs associated with your planned marketing activities as well as the measurements you'll use to determine success."

A marketing plan is composed of six sections: **marketing objectives, products and services, pricing, promotion, place, and on-going marketing evaluation. Product, Price, Promotion, and, Place constitute the four elements of the marketing mix, also known as the 4 P's.** Each section should describe the different strategies you plan to take when approaching your customers, as well as the costs involved with each marketing activity.

1. Marketing Objectives

The main objective of a company is to increase its profits in many ways, one of which is increasing its sales. However, it is important for a business to have specific marketing objectives, so the owner knows exactly how the business will expand. Marketing objectives can be defined in terms of sales (sales volume, sales percentages), market share, number of customers, image/reputation, name recognition, or brand awareness. To be effective, marketing objectives must follow three conditions. They must be specific, measurable, and have a deadline. These conditions will allow you to measure the effectiveness of your marketing strategies and take corrective actions if the objectives have not been met.

2. Products and Services

This section should provide a detailed description of the products and/or services sold to your customers. You can group the products and services by category or brand if it is relevant to your business. It is important that the following issues be addressed in this section:

- An overall detailed description of product/service. (assume that the reader has no specific knowledge of your business or industry)
- Product/service positioning and image. Will you position the product as having value (less expensive) quality, etc. What image will your customers have about your product or service.
- Proportions of sales revenue for each type of product/service.
- Features/Benefits of your products/services.
- Level of quality for each type of product/service
- Seasonality of your products/services. What are the slow sales months? Busy months?
- Economic value of your products/services: necessity or discretionary (i.e. luxury) products/services?
- Propriety rights of your products/services (patents, copyrights, trademark, etc.) Warranty policy

- How do your products or services differ from your competitors?

3. Pricing

The pricing policy is one of the most important decisions you will have to make. The “price must be right” to penetrate the market, maintain a market position, and produce profits. Devote ample time to considering a number of pricing strategies, and convincingly present the one you select. It is important to know that, in many cases, price can reflect a perceived quality or value of a product or service.

Price can be calculated with the following equation: $\text{Price} = \text{image} + \text{service} + \text{product} + \text{overhead} + \text{profit} + \text{risk}$. Many factors can influence this equation, thus affecting pricing policies. Such factors are:

- Perceived value to customer (i.e. product, brand recognition, customer service, and specialized expertise)
- Price sensitivity, a.k.a. price elasticity (i.e. if the price of a product rises or drops, does demand for that product significantly increase, decrease, or remain unchanged?)
- Quality
- Product differentiation
- Competition
- Services accompanied with core product or service
- Location
- Target market
- Marketing objectives
- Cost of Goods or Services Sold

The following questions should be addressed when you describe your pricing strategy in your business plan:

- How will you price your products/services?
- What is the reasoning behind this pricing policy?
- How does your pricing strategy compare with your competitors (i.e. price positioning: low, medium or high price range)?
- If the price is higher than competition, justify it on the basis of newness, quality, warranty, service, etc.
- How much profit will you generate from this pricing strategy?
- Do you plan on implementing a discount policy? If so, what will your policy be?
- Will you accept credit cards?
- Will you offer customer credit (i.e. deferred payment)?

4. Promotion

Before promoting your products or services, think of the image concept you would like your products or services to be associated with. Think of visual designs that would help convey that image (i.e. logo, signage, packaging, etc.). If you have completed or draft logos and design ideas include them either in this section or in an appendix.)

This section should explain how you plan on reaching your customers. It describes the tactics you will implement to achieve your marketing objectives. In other words, what marketing activities will you use to promote your company and the products/services you provide to your target market(s)? Marketing expenses should be perceived as an investment and should generate a good return on the investment. The dollars spent on marketing strategies should be recovered by sales generated by these marketing tactics. Keep in mind that when you start a new business, your marketing budget will be limited. Do not rely on the misconception that mass media such as TV and radio are the best methods to promote the launching of a new business. These media are expensive and might not necessarily target the right audience for your business. You do not have to spend a lot of money in marketing to promote your company successfully. Lastly, some marketing tactics require more of your other resources (i.e. time and energy) than dollars.

Here are some marketing tactics you can consider to promote your business and products/services:

- Mass Media Advertising:
 - TV, radio, and press advertising
 - Outdoor advertising (billboards and public transportation)
 - Yellow Pages advertising
- Direct marketing (DM):
 - Letters and postcards
 - Brochures and flyers
 - Newsletters
- Public Relations (PR):
 - Public speaking (i.e. seminars, conferences, and workshops)
 - Press releases and news segment
 - Interview show
 - Community services (publicity)
 - Sponsoring of local events
 - Membership to general and trade associations (i.e. chamber of commerce, better business bureau, and industry-specific associations)
 - Offering a class through a Community College
- One-on-one Selling:
 - Sales force activities (sales representatives)
 - Sales force training
 - Presentation materials
 - Personal letters
 - Customized proposals
 - Telemarketing

- Sales Promotions
 - Promotional items (i.e. magnets, pens, coffee mugs...)
 - Promotional sales (i.e. “buy one get the second at half price,” contests, lottery discounts, rebates, etc.)
 - Coupons
- Other Types of Advertising:
 - Tradeshows
 - Web site
 - Co-advertising with other businesses
 - Advertising in church bulletin boards, grocery stores, and other retail locations
 - Referrals and word of mouth
 - Signage (indoor and outdoor)
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To implement these marketing activities, you have the choice between executing the process yourself (do-it-yourself advertising) or using an outside source such as a consultant, an advertising agency, a printing shop, or a direct mail company. This choice will depend on your time and budget.

After selecting the marketing activities you will use to promote your business and products/services, you need to calculate the cost of each activity. These costs can be integrated in a media-planning table. A media-planning schedule is a document that presents all of the marketing activities planned for one year with the costs associated with each activity. This document will help you to know exactly what marketing expenses you can anticipate in the short run and when they will occur. A sample Media Planning Table is on the following the page.

Media Planning Schedule

	January	Feb	Mar	Apr	May	Jun
Monthly Goals						
Significant Community events, holidays, etc.						
Mass Media Advertising						
Direct Marketing						
Public Relations						
One on One						
Sales Promotions						
Other types of Advertising						

5. Place (Location and Distribution)

This section addresses two issues: the business location and the distribution of your products and services. First, you need to explain your choice of business location. Then, you need to explain how you will distribute your products or services to your customers.

1) Business Location

To write this section, you need to answer the following questions:

- Are you going to need an office or retail space, or are you going to operate a home-based business?
- What is the reasoning behind this choice (office/retail space vs. home-based business)?
- What criteria will influence your choice of business location?
 - Closeness to your target market
 - Closeness to your competitors
 - Attractive rent and/or utility rates
 - Low crime rate in the area
 - Appealing traffic patterns (cars and/or pedestrians)
 - Ease of accessibility
 - Good visibility
 - Good local business climate
 - Attractive tax rates and tax incentives
- Based on the above criteria, where will you locate your business if you decide to rent an office or retail space?

2) Distribution

In this section, you need to explain how you plan to distribute your products and/or services to your customers? You can choose among several options. You may simply distribute your products/services yourself or you may use a combination of resources such as:

- Salesforce
- A shipping company (i.e. Postal services, Federal Express, and UPS)
- Delivery services
- Distributors
- Retail outlets
- Independent contractors
- Web sites

6. Ongoing Marketing Evaluation

Evaluating your marketing strategies is crucial to your business. First, you will discover which activity has been successful and which has not. Second, this information will help you plan your future marketing activities. Obviously, if you find out, for instance, that advertising in a particular newspaper was not effective in generating sales, you may decide not to place an ad in the same newspaper or decide to change the style or focus of the ad itself in your next marketing plan.

Lastly, this information will allow you to save money in the long term because your experience in marketing your products/services will allow you to make better-informed decisions for your future marketing plans.

To complete this section, you will need to answer the following questions:

- What methods will you use to track customer satisfaction (i.e. surveys, customer complaints, referrals from customers, etc.)?
- What methods will you use to track the effectiveness of your marketing activities (surveys, change in sales, change in market share, change in name recognition, customers' comments on advertising, etc.)?
- What communication methods will you use to facilitate feedback from your customers (i.e. post office, phone number, 800-number, email, answering services, Web site, etc.)?

Do you plan to develop a customer database? If so, what software will you use to develop your database? What format will you use to present the information collected? What type of information will you collect? How are you going to collect this information?

VI. Operations

1. Business Operations

In this section, you should mention the hours and days the business will be open. If your business differs from the norm, you should explain the reason(s) for this difference. How do your hours cater to the customer?

2. Facility

For this section, you need to address the following issues:

- Description of the facility (i.e. size and lease/buy status)
- Improvements of the facility:
 - Office walls
 - Special lighting fixtures
 - Heating, cooling, and ventilating
 - Display area (shelving, carpeting, display windows)
 - Storage area
 - Point of purchase displays
 - Security improvements (alarms, lights)
 - Parking

Note: You should contact your utilities company to obtain some advice about your facility improvements.

- Facility regulations: If a license is required, check with licensing agencies for regulations on your facility.

- Waste management and pollution control/prevention: as a business owner, you need to decide how you are going to manage waste and whether you will focus on pollution control or pollution prevention. Pollution control consists of treating and/or disposing of industrial by products and discharge to the air, water, or land after production has occurred. On the other hand, pollution prevention consists of limiting the generation of byproducts during the production process. It is important to note that taking a proactive approach to environmental management, based on pollution prevention rather than control, enables companies to reduce costs, decrease liability risks, and improve operating efficiency³.

3. Office Equipment

In this section, you should describe all the office equipment (office furniture, hardware, and software) needed to operate the business. This list of equipment can include purchases or contributed capital (equipment donated to the business by the owner). This list should also contain the cost and date of purchase (if already owned) for each piece of equipment.

4. Business Forms

In this section, you need to describe the different business forms that you will use to operate your business. Examples of standard forms are recruiting applications, personal records, and invoices. This section will help you to organize the operations of your business.

5. Accounting and Bookkeeping System

It is important that you describe the accounting and bookkeeping system that you will use for your business because it will influence your business operations. For accounting and bookkeeping systems, you have the choice among three options:

- Do-it-yourself system (i.e. use of QuickBooks)
- Customized system with a CPA
- Manual recording system (least recommended method)
- If a business owner decides to delegate the accounting and bookkeeping tasks to another employee or a CPA, he/she should still be involved with this aspect of the business. The owner is the main decision-maker of the business. Therefore, he/she needs to be aware of the accounting and financial status of the business to make educated decisions.

6. Suppliers

If your business is involved with suppliers, you should consider the following issues:

- List of suppliers (name, address, goods/services supplied, and terms of sales)
- Trade credit
- Suppliers' quotes or bids

VII. Human Resources Management

1. Local Labor Market Conditions

In this section, you should address the following issues:

- Description of the local labor market conditions that would affect your business (i.e. unemployment rate, employee mobility, wages and salary rates, and standard benefits offered). Data is available through your local Chamber of Commerce or Iowa Workforce Development Center. <http://www.iowaworkforce.org/>
- Description of the hiring strategy used to recruit the best employees for your business (i.e. newspapers advertising, Web site advertising, university employment offices, employment agencies, etc)

2. Personnel Management

In this section, you should address the following issues:

- Owner(s)/manager(s)' experience and expertise in management and the industry of the business. You should include a copy of the owner(s)/manager(s)' resumes as an attachment to the business plan. Many financial institutions read business owners' resumes to estimate their past experience in management and the industry of the business.
- Job description of each employee including the owner(s)/manager(s). A job description should include the job title, duties, responsibilities/decision-making, requirements, compensation package (i.e. pay, fringe benefits, and incentive programs), and full-time vs. part-time status associated with a position.
- Job training. What type of training and orientation will you offer to new employees? What type of continuous training will you offer to current employees to expand their skills and increase their expertise? In other words, what training programs will you and your employees use to keep up with the expertise, technology, and management needed for your business? What types of other informative sources will you and your employees use to stay informed on the latest issues (i.e. trade magazines, associations, trade organizations, etc.)?

C) Outside Assistance

You should provide a list and description of the individuals and organizations that will or are helping you with the operations of your business. Examples of outside sources are:

- Consultant (SBDC, SCORE, Chamber of Commerce)
- Insurance agent
- CPA/accountant
- Lawyer
- Advertising agency
- Employment agency
- Banker
- Relatives or friends
- Trade associations

VIII. Financial Plan

This section should include a summary of the financial projections. This summary should describe the feasibility of the business in terms of sales, growth, net income, cash flows, expenses, etc. The potential lender for your business will examine this section of the business plan in great detail to assess the viability of your business. The viability of your business will determine the final decision of the lender to accept or reject the loan application. To show a realistic picture of the business feasibility, it is recommended to prepare financial projections for a minimum of three years. Three years of projections will allow the business owner as well as the lender to assess the development of the business. The projections will indicate the evolution of sales, expenses, and cash flows and determine the viability of the business. If you would like an NBDC consultant to help you prepare the financial projections for your business, you will need to provide the following information:

- Sources and Uses of Funds
- A list of assets owned by your business (see Depreciation Schedule page 49-50). For this list, you need to provide a list of all of the assets purchased or contributed to the business, including the cost and date of purchase of each item.
- A list of revenues and expenses incurred by the business.(see estimating sales projections below)
- Complete the last two pages of this business plan inventory

However, if you would like to prepare the financial projections of your business on your own, you need to complete the following financial statements:

- Depreciation Schedule
- Sales and Cost of Goods or Services Sold Schedules
- Loan Amortization Schedule
- Income Statement
- Cash Flow Statement
- Balance Sheet
- Breakeven Analysis

Remember to list your assumptions as you prepare your financial statements. You will need to explain to the lender on what assumptions you have based your financial statements to justify the end-results of your projections. Of course, it is important that you only use reasonable assumptions to make your business venture as realistic as possible. Example of assumptions are the number of employees, their wages, sales, cost of goods or services sold, operating expenses, loan terms, assets contributed and/or purchased, owner's equity, etc.

a) Sources and Uses of Funds

This document describes what funds are used to finance your business and how the funds will be used to operate your business. Sources of funds can come from a business loan and the owner's equity. Examples of uses of funds are start-up expenses, purchase of equipment, inventory, and working capital. Uses of funds will vary with the nature of your business.

To complete this document, you need to take the following steps:

- Provide a list of the sources of funds. Remember that most financial institutions require the owner's equity to be a minimum of 25-40% of the total amount needed.
- Provide a list of how the funds will be used. Note that the sum of the sources of funds should equal to the sum of the uses of funds.

b.) Sales Assumptions

Annual sales figures should come from both industry standards and by doing local research on like businesses close to proximity to you but outside of your target market area. You can also weigh in the maximum amount of business you can do in a given year/month (ie: a photographer with no other employees could only do X# of weddings per year) and then scale it down to make room for growth.

Breaking down the seasonality of your business is also important. What percentage of your total annual income do you expect to make in each month. Most businesses have busy and slow times that need to be accounted for in the cash flow projection. Make sure you document your sales assumptions.

In order for the SBDC to work up a Cash-Flow projection for you, you will need to provide the following numbers:

Estimated Start-up Cost

NOTE: All information provided to the SBDC will be treated as confidential material.

- | | | |
|------------|---|-----------------|
| 1. | Land / Building: | \$ _____ |
| 2. | Remodel, repair, improvements | \$ _____ |
| 3. | Machinery/equipment | \$ _____ |
| 4. | Furniture / office equipment | \$ _____ |
| 5. | Initial inventory / materials | \$ _____ |
| 1. | Prepaid expenses and /or deposits | \$ _____ |
| 7. | Working capital | \$ _____ |
| 8. | Total project cost (lines 1+7) | \$ _____ |
| 9. | Amount of personal funds invested | \$ _____ |
| 10. | Amount invested by partners,
stockholders or other investors | \$ _____ |
| 11. | Total investment (line 9 + 10) | \$ _____ |
| 12. | Amount to be financed (line 8-11) | \$ _____ |

NOTES:

Estimated Operating Cost

NOTE: All information provided to the SBDC will be treated as confidential material.

Sales Data:

Projected Annual Sales - \$ _____

Method for determining annual sales - _____

Annual growth rate for sales revenue _____ %

Will credit be offered to customers? _____ If yes,
terms? _____

Cost of Sales:

Estimated gross profit margin _____ % or Estimated pricing mark-up
_____ %

Cost of Labor: (does not include owner)

Labor cost as a % of sales: _____ %

or Number of hours of labor purchased per week is _____ hours @

\$ _____ per hour

(use average hourly rate if more than one rate will be paid) or other method:

Other Operating Expenses: (per month)

Accounting & Legal:	\$ _____
Advertising:	\$ _____
Delivery / Travel:	\$ _____
Dues & Publications:	\$ _____
Equipment Lease	\$ _____
Insurance:	\$ _____
Licenses & permits:	\$ _____
Maintenance - Bldg:	\$ _____
Maintenance - Equipment:	\$ _____
Outside (contract) Services:	\$ _____
Phone :	\$ _____
Rent/Lease Space	\$ _____
Supplies:	\$ _____
Utilities:	\$ _____
Other:	\$ _____
Other:	\$ _____
Other:	\$ _____

Required Owner's Draw or Salary \$ _____