

Start-Up Business Plan

FOR FINANCING

THE STEP BY STEP GUIDE

FOR GATHERING INFORMATION

Name _____ Phone _____

Address _____

Email address (if checked frequently) _____

Dear Entrepreneur:

Business plans have two main purposes. They are crucial for planning and operating a business, and they are often a requirement for approaching lending institutions. There is, of course, no way to guarantee that funding will be awarded but a well documented and complete business plan will make the best “first impression” with your lender.

The purpose of this workbook is to help you gather *all* the information you need for a successful plan.

At the end of the booklet you will find a table of contents for a finished plan but the order that information is placed in the plan is not the most logical way to gather it. *So, it is important to start at the beginning of this booklet and systematically work your way through it.*

One word of caution: There is no easy or fast way to prepare a business plan. Through the years we have discovered that it usually takes about four months – if not longer – to complete the research and get the writing started. *(Planning ahead is important!)*

The process will involve research. Then you will need to integrate this new information with what you already know about the industry and your business idea.

This booklet was developed using our experience with operating small businesses and assisting other business owners. Together, the two of us have “done” business for over 50 years! Please don’t hesitate to call with questions or for assistance.

Best wishes for your business,

Sandy and Bill Bordeau

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Step 1: Determining Your Ability to Attract Financing

Before tackling all the work of developing a full-blown business plan, it is wise to determine (a) your ability to attract financing and (b) the feasibility of the project.

Gather the following information for anyone who will own 20% or more of the business and for anyone who will be co-signing for the loan(s):

- A. **A personal credit report.** Forms are available from your Business Advisors.
- B. **Completed and signed Personal Financial Statement.** Complete and sign the form found on pages 14 and 15. Ask your advisor for additional copies if needed.
 - If anyone filling out a Personal Financial Statement is married and has joint assets listed, then their spouse needs to sign the statement also.
- C. **Personal Federal Tax Returns for the last 3 years.** (Entire document is needed.)
- D. **Personal History.** If anyone involved with the project has a previous conviction, tell your advisors. This may affect which funding sources can be used.

Submit materials to your advisors. They will review and contact you.

Step 2: Determining Project Feasibility

- A. **Sales Documentation.** Different businesses will need to document this in different ways. This may include letters of intent or interest, contracts, etc.
 - Break out income over 12 months as you expect it to come in to your business. Remember, most businesses are cyclical. Record this information on the chart on page 3.
 - This may be some of the hardest information to gather. Contact your business advisors if you need assistance.

B. **Start-Up Costs need to be researched.** *These are costs occurring during your business start-up phase.* They differ from other business costs in that they only occur this one time. A list of common start-up costs is included below. You may need to adapt the list to reflect your specific costs. If you need help, ask your advisor.

****Documentation, such as quotes, is needed for each cost.****

Type of Expense	Estimated Cost
Renovations	_____
Equipment and fixtures. (including costs associated with delivery and installation)	_____
Signs	_____
Supplies and Services Needed Before or at Opening	_____
Licenses/Permits	_____
Lease or Mortgage Up-Front Costs	_____
Telephone/Utility Deposits	_____
Insurance Down Payment	_____
Up-Front Legal/Professional Fees	_____
Initial Inventory	_____
Advertising for Opening	_____
Loan Closing Costs	_____
Other (specify)	_____
Total Start-Up Costs	=====

C. Projected Monthly Sales and Expense Worksheet

The next step is researching your month-to-month expenses.

	MO 1	MO 2	MO 3	MO 4	MO 5	MO 6	MO 7	MO 8	MO 9	MO 10	MO 11	MO 12
SALES												
EXPENSES												
Purchases												
Salary Expense												
Payroll Overhead												
Contracted Services												
Advertising												
Insurance												
Accounting and Legal												
Repairs and Maintenance												
Supplies												
Real Estate Taxes												
Telephone/Internet												
Travel Expenses												
Rent/Mortgage												
Utilities												
Freight and Shipping												
Loan Payments												
Other												
Other												

This information and your income information provided earlier will be compiled in a standard projected income statement for the finished proposal. Cash flow projections will also be prepared. Again, it is important to research each cost rather than guessing.

D. Documentation for Expenses

1. **Purchases** (materials or inventory purchased for resale or use in the manufacturing process): Attach a quote for each item.
2. **Payroll Overhead** (paid vacation and/or leave time; health, disability, workers' compensation and unemployment insurance; and social security taxes): Circle overhead options that apply to your business.
3. **Contracted Services** (sub-contracted services): Attach quotes.
4. **Advertising** (Yellow Pages, written ads, radio time, etc.): Attach quotes.
5. **Insurance** (liability, fire, theft, building and equipment insurance, etc.): We encourage you to get three different quotes. Attach the one you plan to use.
6. **Accounting and Legal Services:** If you are using accountant just for taxes and attorney on an as-needed basis, no quotes for them are needed. If you will use a payroll service or bookkeeper, quotes for them will be needed.
7. **Building and/or Equipment Maintenance and Repair:** Attach quotes.
8. **Supplies Used in Business** (not for resale): List supplies with dollar amounts.
9. **Real Estate Taxes** (school, village or city, county and town): Provide copy of tax bills.
10. **Business Phone/Internet Charges:** Verbal estimate is OK unless you need special equipment; then a written quote is needed.
11. **Travel Expenses** (include mileage, airfare, hotels, etc.): Explain what expenses are expected.
12. **Rent or Mortgage:** Attach written quote.
13. **Utilities** (water, lights, heat, etc.): Verbal quotes are fine.
14. **Freight and/or Shipping Fees:** Explain what expenses are expected.
15. **Loan Payments:** Amortization tables for the new loans will be prepared for you.
16. **Other Expenses** listed on Projected Monthly Sales & Expense Worksheet (ex: equipment leases): Attach quotes.

E. Information about everyone* who will be working in your business

Title, Name of Person (if known)	Salary, Draw or Rate/Hr. - include # of hours/week	List of Duties	Starting Date	Any Changes to Year 2	Any Changes to Year 3

*Use additional sheets as needed

Submit materials to your advisor and together you will complete the next page.

F. Sources and Uses of Funds, and Collateral

Sources of Funding:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Uses for Funding:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Collateral:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Step 3: Compiling the rest of the information to complete your Business Plan.

(Don't despair! The information you gathered for the feasibility study is a major part of what you need for your Business Plan.)

- A. If bank funding is needed, ask your banker if **Income Verification Forms** will be required. If you file these now it won't hold up the loan process later. (Copies of Form 4506-T are available from your advisor.)

B. Business Description:

1. Name of proposed business.
2. Legal formation: What form have you chosen? When will it be filed? (If already filed, include a copy of the paperwork.)
3. Names and percentages of ownership for all owners:
4. Location:
 - a. Attach a copy of deed or lease agreement
 - b. State how location is zoned.
 - c. Do you need an environmental review?
5. A floor and/or site plan as is appropriate for your business. (Examples are available.)
6. Hours and days business will be open. Which holidays will you be closed? Is your business seasonal?
7. List all permits or licenses needed for your business. Attach copies if they are in place. If they are not yet in place, explain plans for taking care of them.
8. Accountant: name, address, and phone number.
9. Attorney: name, address, and phone number.
10. Insurance information: Agent's name, agency, address and phone number. Attach copies of insurance policies.
11. Proposed date to open business.
12. Suppliers: Complete the chart on the following page for all your suppliers.

Supplier name: Complete address: Terms:

Note: If there are not enough spaces for all your suppliers, please copy the above form.

C. A resume for each management person is needed. If you already have a resume, please attach it and we will advise on modifications needed for the business plan. If you don't, complete the following worksheet.

Name _____

Address _____

Phone number(s) _____

Email address (your most business-like one) _____

Objective or Goal: (pertaining to this business) _____

- Highlights:**
- Skill, trait, or accomplishment that will be valuable in this business _____
 - Another one _____
 - And another _____
 - Can you add more? _____

Work History (Start with most recent job and work your way backwards)

Descriptive job title _____ Dates _____

Company _____ City _____

Use brief phrases about what you did OR a bulleted listing of skills:

Descriptive job title _____ Dates _____

Company _____ City _____

Use brief phrases about what you did OR a bulleted listing of skills:

Descriptive job title _____ Dates _____

Company _____ City _____

Use brief phrases about what you did OR a bulleted listing of skills:

Descriptive job title _____ Dates _____

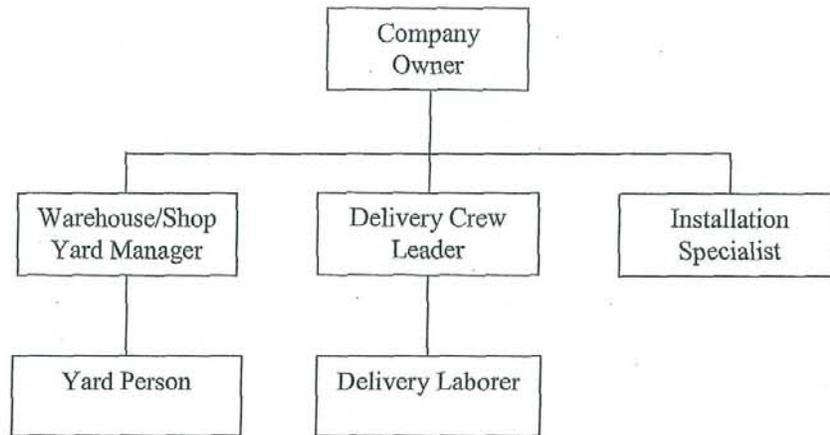
Company _____ City _____

Use brief phrases about what you did OR a bulleted listing of skills:

Education (including training related to business) _____

Professional Associations _____

D. Include an **organizational chart**. Below is a sample chart.



E. **Marketing information:**

1. What is (or are) your **product(s) and/or service(s)**? If you have more than one, give percentage of total sales for each.
2. Describe your **business vision** (long range goals).
3. State your **company mission** (how you plan to serve your customers.) Discuss characteristics important in your industry and your business. Consider things like quality, price, delivery time and method, customer service, guarantees, credit options and location in relation to customers.
4. What are the **trends and forecasts** for your industry? Include sources for facts. Industry articles are usually the best way to document this.
5. Describe your **target market**.
 - a. If your customers are individuals, discuss them in terms such as age, gender, income, education, special requirements, etc.
 - b. If your customers are businesses, discuss them in terms such as type, size, special requirements, etc.
6. What is your target **geographical area**?
7. Discuss all the **competition** in the market area you outlined above. Businesses usually have primary and secondary competition.
 - a. **Secondary competitors** need to be included but you can be brief with your description. Explain why they are considered secondary.
 - b. **Primary competitors** need to be discussed in detail. Use the chart on the next page.
 - Discuss strengths as well as weaknesses.
 - Avoid using words like “not as good” and “better.”
 - Specific examples are helpful.
8. Describe how your **industry markets** – trade shows, direct selling, sales representatives, etc.
9. Discuss the **marketing plans** that you have for your business. Include grand opening plans, advertising campaigns, and customer follow-up.

COMPARE YOUR BUSINESS TO THE COMPETITION

You may need to adapt the categories to fit your industry.

Customer Wants:	Your Business	1 st Competitor	2 nd Competitor	3 rd Competitor*
Quality				
Extent of product or service line				
Exclusivity?				
Price				
Give Location				
Discuss pros and cons				
Customer treatment, advice, follow-up, etc.				
Distribution Method and time it takes				
Warranty and Guarantee				
Customer Credit				
Other				

*Make copies of this sheet for additional competitors.

Congratulations! You have gathered the information needed to complete your plan. Contact your advisors so your business plan can be formalized.

Writing a formal business plan is a process, so be prepared to have your advisors call you with questions and to get more details. **After all, you want your lenders to read the best prospectus possible.**

Below is an outline of what is usually included in a formal business plan to be presented to funding sources

Table of Contents for a Business Plan

Statement of Purpose

Table of Contents

Sources, Uses and Collateral

Company Description

Floor and/or Site Plan

Information about People Working in the Business

Marketing Information

Personal Financial Statement

Assumptions for the Projections

Projections

Attachments*

*These vary from business plan to business plan but often include: personal tax returns, credit reports, loan applications, and other supporting documentation.

Small Business Builders
Revision © 2005



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PERSONAL FINANCIAL STATEMENT

U.S. SMALL BUSINESS ADMINISTRATION

As of _____, _____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name _____ Business Phone _____

Residence Address _____ Residence Phone _____

City, State, & Zip Code _____

Business Name of Applicant/Borrower _____

ASSETS		(Omit Cents)	LIABILITIES		(Omit Cents)
Cash on hand & in Banks	\$	_____	Accounts Payable	\$	_____
Savings Accounts	\$	_____	Notes Payable to Banks and Others	\$	_____
IRA or Other Retirement Account	\$	_____	(Describe in Section 2)		
Accounts & Notes Receivable	\$	_____	Installment Account (Auto)	\$	_____
Life Insurance-Cash Surrender Value Only	\$	_____	Mo. Payments \$ _____		
(Complete Section 8)			Installment Account (Other)	\$	_____
Stocks and Bonds	\$	_____	Mo. Payments \$ _____		
(Describe in Section 3)			Loan on Life Insurance	\$	_____
Real Estate	\$	_____	Mortgages on Real Estate	\$	_____
(Describe in Section 4)			(Describe in Section 4)		
Automobile-Present Value	\$	_____	Unpaid Taxes	\$	_____
Other Personal Property	\$	_____	(Describe in Section 6)		
(Describe in Section 5)			Other Liabilities	\$	_____
Other Assets	\$	_____	(Describe in Section 7)		
(Describe in Section 5)			Total Liabilities	\$	_____
Total	\$	_____	Net Worth	\$	_____
			Total	\$	_____

Section 1. Source of Income		Contingent Liabilities	
Salary	\$	As Endorser or Co-Maker	\$
Net Investment Income	\$	Legal Claims & Judgments	\$
Real Estate Income	\$	Provision for Federal Income Tax	\$
Other Income (Describe below)*	\$	Other Special Debt	\$

Description of Other Income in Section 1.

*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

Section 7. Other Liabilities. (Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: _____ Date: _____ Social Security Number: _____

Signature: _____ Date: _____ Social Security Number: _____

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. PLEASE DO NOT SEND FORMS TO OMB.