

## Description of the Business

### I. Overview

1) What is the status of your business? (Start-up or existing and in business for \_\_\_\_ years).

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2) Describe your proposed business.

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3) What is or will be unique about your business?

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4) With so many failures, why will your business succeed?

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**II. Product(s) or Service(s)**

1) Describe your products or services.

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2) What are the benefits of your product or service?

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3) Will you require an initial inventory and, if so, how much?

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4) What is your market niche?

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### III. Goals

1) Why do you want to enter this business?

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2) What are your goals (year one)?

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3) What are your long-term goals (year two to five)? (Please state in measurable terms with a target date).

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**IV. Industry Profile (Nationally and/or Locally)**

1) Is this a growth industry? Why or why not?

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2) Are many others entering this field? Why or why not?

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3) Please list/explain any information you have acquired from other individuals or associations operating in this industry.

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4) Please explain/describe any seasonality present in this industry.

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**The Marketing Plan**

**I. Know Your Customers and Prospects**

1) Who are your customers and how many are there?

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2) Where are they?

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3) What do they buy? (Product/Service vs. Image)

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4) Why do they buy?

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5) When and how often do they buy?

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The Marketing Plan

6) How much do they buy?

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7) Why do they buy from you – or from someone else?

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8) Who are they buying from now?

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**II. Market Share**

1) How large is the market for your business?

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2) What percentage of the market do you expect to attract?

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3) Is the market growing, steady, or declining? Why?

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### III. Competition

1) Please list and describe 3 to 5 of your most significant competitors?

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2) How are their sales – steady, increasing, decreasing?

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3) How are their operations similar and/or dissimilar from yours?

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4) How do your products and services differ from competitive products and services currently on the market?

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5) What will make your operation different from theirs?

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**IV. Promotion**

1) How will you promote your product or service?

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2) What dollar amount do you expect to spend on promotional activities?

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3) Please show a planned promotion schedule over the next year showing, for each month, the activity and associated costs. (Activity, Date, Cost)

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4) How will you track your results?

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**V. Suppliers**

1) Who are your potential suppliers?

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2) Are these businesses stable?

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3) Have you contacted any suppliers?

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4) Will they provide trade credit? (If so, what are the terms?)

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## VI. Location

1) Where will your business be located? (Street address)

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2) Describe the physical features of the facility. (For example, a one-story brick building with 3,000 square feet of space.)

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3) Do you intend to own, rent, or lease? (What is your rent?)

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4) What extra rent will you have to pay? (Part of utilities? Increases in operating costs or real estate taxes?)

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5) Are there any local regulations such as zoning that may affect the operation of your business?

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6) Is there adequate parking?

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7) If you are receiving and shipping goods, can trucks get into your facility and loading area/dock easily?

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8) What are your hours of operation?

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9) Can you put a sign on your building?

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**VII. Equipment (Office, Production, Manufacturing, Shipping)**

1) Are you purchasing new or used equipment?

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2) Are you buying or leasing equipment?

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3) List special equipment you will need for your business and its estimated cost.

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**VIII. Pricing**

1) How did you arrive at the price for your product or service? What is the profit margin (price less cost)?

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2) What is your pricing strategy?

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3) How do your margins compare to the industry norms?

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4) Can this pricing strategy be maintained over the long-term?

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5) What is the prevalent pricing strategy of your industry?

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**IX. Distribution**

1) Where/how will consumers acquire your product or service?

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2) Why this method of distribution?

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3) What customer service is involved with the sale of this product?

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4) Are you able to supply the needed level of customer service?

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**The Management Plan**

**I. Experience (Attach resume(s) if available)**

1) Describe the business background and related experience of the principals.

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2) What is your direct experience in this kind of business?

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3) What education have you acquired that is relevant to this business?

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4) What factors contribute to the success of this venture?

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**II. Financial Resources**

1) Do you expect this product to require commercial financing?

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2) How much cash do you and your partners have to invest in the business?

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3) Is your credit rating good? (Call to get a copy of your credit report.)

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4) Do you own your home? If yes, how much equity do you have in your home?

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5) Do you have any other assets to use or pledge as collateral?

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6) Have you completed a personal financial statement?

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### III. Legal Issues

1) What legal form of ownership – sole proprietorship, partnership, corporation – will the business have?

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2) Why this structure?

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3) Who are the principals, and what are their titles and responsibilities?

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4) Do you have a sales agreement?

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5) Do you have a partnership agreement?

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6) Have you filed any forms?

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**IV. Human Resources**

1) How many employees will be needed?

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2) Will these individuals be full-time? Will they be employees or independent contractors.

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3) What skills are required?

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4) List the duties and responsibilities of key personnel with the business.

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5) How much will they be paid?

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6) What fringe benefits will you provide?

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7) Have you considered wages, fringe benefits, and payroll taxes in your start-up costs or financial projections?

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**V. Professional Assistance**

1) Who is assisting you in starting or operating your own business?

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2) List the name and address of your accountant, lawyer, insurance agent, banker.

Accountant:

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Attorney:

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Insurance agent:

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Banker:

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**VI. Licenses/Regulations**

1) What licenses or permits will you need?

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2) What regulations will affect your business?

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## VII. Environmental

Many small businesses overlook environmental issues and concerns during planning. This checklist is a first step in determining which environmental regulations may apply.

1) Will you have any hazardous substance at your site?

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2) Will you vent any gas, fumes, smoke, dust or odors? Will you use a boiler or other equipment using fuel on site?

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3) Will there be, or has there been, any storage tank on site?

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4) Will there be any radiation sources on site?

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5) Will there be any process-liquid discharges to a sewer or waterway?

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6) Will you generate, process, or treat any hazardous wastes?

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7) Are you comfortable that you have accurately calculated the costs involved if you answered “yes” to any of the above?

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## **VIII. Government Regulations**

Are you aware of the many regulations that impact small business? For example,

### Local

- Zoning laws (Districts, uses and variances)
- Land development and subdivision (Planning Commission and Council or Supervisors)
- Permits and Licenses, Building Codes

### State

- Department of Environmental Protection (DEP) – Sewage
- Department of Transportation – Highway Occupancy Permits
- Labor and Industry – Fire and Safety, American with Disabilities Act
- Licenses and Certificates

### Federal

- American with Disabilities Act – (Through State for buildings)
- Occupational Safety and Health Administration (OSHA)
- Department of Labor – wages
- Equal Employment Opportunity Commission (EEOC), Department Of Justice – personnel
- Specialized Regulations
  - Environmental Protection Agency (EPA)
  - Federal Communications Commission (FCC)
  - Federal Trade Commission (FTC)

## The Financial Plan

### I. Start-Up Costs

List your one-time, start-up costs expected prior to day one of operation:

|  |    |
|--|----|
| 1. Start-up investment, (Purchase of business, franchise etc.) | \$ |
| 2. Initial inventory   | \$ |
| 3. Building Acquisition  | \$ |
| 4. Machinery and equipment                                     | \$ |
| 5. Remodeling and decorating                                   | \$ |
| 6. Licenses and permits  | \$ |
| 7. Pre-paid insurance  | \$ |
| 8. Utility deposits  | \$ |
| 9. Pre-opening advertising/promotion                           | \$ |
| 10. Professional (Legal/accounting)                            | \$ |
| 11. Other _____  | \$ |
|  |    |
| Total Start-up Investment Needed Prior to Day One of Operation | \$ |

**II. Operating Expenses\*\*\***

Please list your estimated monthly operating expenses. These are incurred on a regular basis.

|   |           |
|---|-----------|
| 1. Salaries and Wages (Employees)                 | \$        |
| 2. Owner's Withdrawal                             | \$        |
| 3. Employment taxes (FICA, FUTA, Workmen's Comp.) | \$        |
| 4. Employee Fringe Benefits                       | \$        |
| 5. Rent/Mortgage                                  | \$        |
| 6. Telephone                                      | \$        |
| 7. Electricity                                    | \$        |
| 8. Gas  | \$        |
| 9. Water  | \$        |
| 10. Office Supplies                               | \$        |
| 11. Shop Supplies                                 | \$        |
| 12. Existing Debt                                 | \$        |
| 13. Maintenance and Repair                        | \$        |
| 14. Local Taxes/Licenses                          | \$        |
| 15. Legal and Accounting                          | \$        |
| 16. Insurance                                     | \$        |
| 17. Vehicle Expense                               | \$        |
| 18. Advertising and Promotion                     | \$        |
| 19. Miscellaneous                                 | \$        |
|   |           |
| <b>Total Monthly Operating Expenses</b>           | <b>\$</b> |
|   |           |

\*\*\*If an existing company, please include three years of your income tax profit and loss record , if available.

**III. WORKING CAPITAL** is the cash that you need to pay your expenses during the periods when your sales receipts are not collected or they are below the breakeven point. For start-ups we suggest multiplying total monthly operating expenses by a minimum of 2 to 3 months to arrive at a suitable working capital amount.

$$\begin{array}{rclcl}
 \$ \underline{\hspace{2cm}} & & \times & & \$ \underline{\hspace{2cm}} & = & & \$ \underline{\hspace{2cm}} \\
 \text{(Monthly Operating Expenses)} & & & & \text{(\# of months)} & & & \text{(Working Capital)}
 \end{array}$$

**Total Cost To Start Business:**

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|----|--|---|----------|
| 1. | Start-up costs prior to day one: (page 26 total) |   | \$ _____ |
| 2. | Working capital: (From above)                    | + | \$ _____ |
| 3. | Total capital required (Add lines 1 and 2)       | = | \$ _____ |

**Available Capital:**

- |    |  |  |          |
|----|--|--|----------|
| 4. | Minus — Owner’s Equity                         |  | \$ _____ |
| 5. | Financing needed (Subtract line 4 from line 3) |  | \$ _____ |

Owner’s equity and external financing should be equal to the amount of capital required. Make a list of possible resources for the above figure. Consider if you desire to seek commercial financing or approach private investors. There are different issues involved with both strategies.

| <u>Possible Resources</u> | <u>Amount</u>   |
|---------------------------|-----------------|
|                           | \$ _____        |
|                           | \$ _____        |
|                           | \$ _____        |
|                           | \$ _____        |
| <b>Total Financing</b>    | <b>\$ _____</b> |

#### IV. SALES

In the first 12 months of operation, what will be your estimated business sales by month?  
**On the next page, explain how you arrived at these figures.**

|                              |          |          |          |
|------------------------------|----------|----------|----------|
| Month 1                      | \$ _____ | Month 7  | \$ _____ |
| Month 2                      | \$ _____ | Month 8  | \$ _____ |
| Month 3                      | \$ _____ | Month 9  | \$ _____ |
| Month 4                      | \$ _____ | Month 10 | \$ _____ |
| Month 5                      | \$ _____ | Month 11 | \$ _____ |
| Month 6                      | \$ _____ | Month 12 | \$ _____ |
| TOTAL (Months 1 through 12): |          |          | \$ _____ |

What are you paying for the product? This figure, known as Cost of Goods Sold, is expressed either as an absolute dollar amount or as a percentage of total sales.

Estimated Cost of Goods Sold\*: \_\_\_\_\_

(Dollars or percentage)

If an existing company, what is your company's average cash balance? \_\_\_\_\_  
(Or your average daily balance from your bank statement)

**\* *The cost of goods sold for service firms is typically zero but employee costs should be carefully considered.***

## V. Sales Explanation and Other Information

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