



ASBCC

**Alabama State Black Chamber of
Commerce**

“Business Plan Development”

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Business Plan Development

HERE'S WHAT WE HOPE TO
ACCOMPLISH...
UPON COMPLETION OF THIS
SEMINAR

- **UNDERSTAND THE NEED FOR
DEVELOPING A BUSINESS PLAN**
- **IDENTIFY VARIOUS SECTIONS OF
A BUSINESS PLAN AND WHY
THEY ARE NECESSARY**
- **CREATE THE INITIAL
BEGINNINGS OF A GENERIC
BUSINESS PLAN**

Business Plan Development

Why Write A Business Plan?

A BUSINESS PLAN FOCUSES ON PARTICULARS ABOUT ESTABLISHING A NEW BUSINESS OR REVISING A CURRENT BUSINESS. A BUSINESS PLAN IS USEFUL FOR A VARIETY OF REASONS WHICH INCLUDE:

- The plan is necessary for gaining funding from most financial sources, even family and friends. The business plan helps to convince possible lenders to give you a loan. It can also be used to attract individuals to become partners in your firm.**
- The plan helps you think through various aspects of the business. By preparing the business plan, you can better tell if your idea is a good one. Some people get halfway through the business plan and realize that their business idea is not realistic or doable. It is certainly better to realize it early on than after getting into the middle of establishing the business. On the other hand, many people gain more enthusiasm for starting the business after they work through the plan because they see that it can be done.**
- The plan can also serve as a guide for the operation of the business. The goals that you establish for the business which are part of the business plan should be used as checkpoints for the firm.**

Note: Goals can be changed as time goes on. But it is important to have some guidelines by which you can check the health of your firm as you go along.

Business Plan Development

Why Write A Business Plan?

- SBA:** Small Business Administration
Birmingham. District
(205) 290-7101
- SCORE:** The Service Corps of Retired Executives
(205) 290-7849
- COC:** ASBCC
(256) 508-5034
- SBDC:** Small Business Development Center - Birmingham
(205) 348-1582

Business Plan Development

Online Help...

- **SBA: Business Plan Basics**

http://www.sba.gov/starting_business/plan

- **BPlans.com: The Business Planning Experts**

<http://www.bplans.com>

- **Business Confidant: Your Business Planning Specialist**

<http://www.businessconfidant.com>

- **Business Plan Software...**

<http://www.planware.org>

- **Entrepreneur.com: Solutions for Growing Businesses**

<http://www.entrepreneur.com>

- **Good-to-Go Business Plans: Plans for Every Business**

<http://goodtogobusinessplans.com>

Business Plan Development

Generic Business Plan Sections

- **General Company Description**
- **Buying a Business**
- **Management**
 - **Employees**
 - **Operations & Suppliers**
- **Marketing Plan**
 - **Markets/Customers**
 - **Pricing**
 - **Product/Service**
 - **Promotion**
 - **Distribution**
 - **Competition**
- **Business Location**
- **Financials**
- **Appendices**

BUSINESS DESCRIPTION

Owners:

List each owner's name, business title, home address, telephone number, and social security number. Include a brief description of owners and managers (experience and credentials in running the business) and their ownership percentage of the business.

Legal Business Description:

Sole proprietorship or partnership. Or a "C", "S", or "limited liability" corporation. List the state where the business is incorporated.

Purpose:

Describe the intent of your business.

Type of business:

Retail, wholesale, service, manufacturing, contracting, professional, importing/exporting.

Industry:

Talk about what's going on in your industry, including economic trends, outlook, growth patterns, and forecasts. Keep this section short. Explain more fully in the Marketing section (pages 14-17).

Professional Relationships:

Include name, address, and telephone/fax numbers for your accountant, attorney, banker, insurance agent, and professional advisor(s).

GENERAL

Name: MTJ Design
Address: 21 Longwood Drive
 Orlando, Florida 32751
Phone: (407) 123-4567 Fax: (407) 123-4567

OWNERS

Bob Smith: 10 Brookfield Rd., Orlando, FL 32571
 Phone: 407-456-7891 Social Security: 367-89-1011
 Over 20 years of experience in creative management. Worked for several design firms. Mr. Smith owns 60% of the business.
Linda Jones: 96 Elm St., Orlando, FL 32571
 Phone: (407) 567-8989 Social Security: 234-56-7891
 Ten years of experience as manager of large marketing communication department within Fortune 1000 corporation. Ms. Jones owns 40% of the business.

Legal Status: S Corporation

Purpose: Produce superior marketing communications material for other businesses.

Status: Start-Up. Will open December 2000

Business Type: Service

Product/Services: Graphic design illustration, and artwork production. Other services supplied by vendors/suppliers, include writing, photography, printing, and mailing services.

Reasoning: Both partners have over 30 years of industry experience that will be put to profitable use in our own firm. The demand for graphic communication is...etc.

General:

List the business name, location, mailing address, telephone and fax number.

Business Status:

New/start up, ongoing, expansion, or buying a business. Include the date your business started or will start. *If buying a business, include a detailed business history in this section.*

Reasons for starting, buying, or expanding business.

GOALS

Current: Bring to profitable status that will equal or exceed current income levels. Create relationships with clients. Build...etc.

Long-Term: In four years, we will have 50-100 clients. Hire administrative person...etc.

Industry: 100 design firms and designers exist in our territory. Advertising agencies (about 235) are also competitors but their specialty is not design. If any companies have relocated to Orlando so the demand for our services is growing. The number of start-up companies numbered 6000 last year...etc.

Business Schedule: Monday-Friday. 8:30-5:00. Open year round.

PROFESSIONAL RELATIONSHIPS

Accountant:

Larry Stuart, CPA. 123 Main St., Winter Springs, FL 32751.
 Ph: 407-234-5678, Fax: 407-678-9101

Attorney:

Linda Johnson of Johnson and Smith, 456 Elm St., Winter Park, FL 32759. Ph: 407-234-5675, Fax: 407-345-6789

Banker:

John Nelson, Heritage Bank, 675 Oak St., Orlando, FL 32908.
 Ph: 407-123-4567, Fax: 407-345-7891

Insurance Agent:

Linda Doe, Doe Insurance 321 Grove Ave., Winter Park, FL 32789. Ph: 407-432-9876

Professional Advisors:

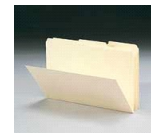
Clair Velleca, Velleca Consultants, 1 Park St., Orlando, FL 32701 Ph: 407-222-1234 Fax: 407-456-7896

Goals:

Include both current and long-term projections.

Business Schedule:

Months, days, and hours your business will be open and in operation. Is the business seasonal? If so, show how you will adjust your time, schedule, inventory, and personnel.



APPENDIX

Include resume for owners and managers, detailed industry information, and seasonal business information.

BUSINESS DESCRIPTION

General

Business Name _____

Location _____

Mailing Address _____

Telephone Number _____ Fax Number _____

Tax Identification Number _____

Professional Relationships: Include name, address, and telephone/fax numbers

Accountant _____

Attorney _____

Banker _____

Owners

Provide the following information for each principal in the company.

Name _____

Business Title _____

Home Address _____

Telephone Number _____

Social Security Number _____

Include a brief description of owners and managers (*experience and credentials in running the business*) and their percentage of ownership.

Legal Business Description. Sole Proprietorship, Partnership, S or C Corporation (and state), or Limited Liability Company. _____

Type of Business. Retail, wholesale, service, manufacturing, contracting, professional, importing/exporting. _____

Business Status. New/Start-Up, ongoing, expansion, or buying a business _____

Reasons for starting, buying, or expanding business. _____

Date your business started or will start. _____ *If buying a business, include information here and refer to*

"Buying
A
Business"

Products and Services _____

Purpose. Describe the intent of your business. _____

Goals. Current goals (within the next year): _____

Long-term (over the next five years): _____

Industry. What's going on in your industry? Include economic trends, outlook, growth patterns and forecasts. Keep this section short.

Business Schedule.

Months, days, and hours your business will be open/in operation. _____

Is the business seasonal? If so, show how you will adjust your time, schedule, inventory, and personnel.

BUYING A BUSINESS

Questions that need answers

- Who started the business? When? _____

- Why is the business for sale? _____

- What is the history of the business? _____

- What is the price? How was it determined? _____

- What assets are you buying? If available, include appraised values of the building, inventory, equipment as well as patents and trademarks in the Appendix. Compare the appraised value of all assets to the purchase price. _____

GLASS BOTTLE RECYCLING COMPANY

Glass Bottle Recycling Company started in June 1988 by the Smith family, the present owners. Mr. John Smith has a serious illness and can no longer manage the business. The selling price is \$125,000. \$100,000 is for the assets and \$25,000 is for good will, which Mr. Smith will finance. An asset list with values is in the Appendix.

Sales grew 5.20% over the past ten years. Sales were flat last year due to the owner's illness. Our marketing plan, on page 10, shows how we will increase sales. Returns for the last three years are in the Appendix.

What liabilities are you buying? _____

What is the amount of good will (difference between the value of hard assets and the business' purchase price)? _____

Note: Sellers might force part of the business with a loan, especially the good will (include those loan terms here).

What documentation have you seen showing trend of sales? _____

If sales are down, how will you turn them up? _____

What will your management do to make this take-over successful? _____

Will employees leaving the company sign non-compete clauses? _____

CHECKLIST

Before Signing on the Dotted Line, Make Sure You...

- Review financial statements and tax returns from the last three years.
- Check the quality and the age of accounts receivable.
- Evaluate, price and determine the age of the inventory.
- Know the age, condition, and cost of any machinery.
- Take pictures of the operation/location.
- Talk to the business' customers and suppliers.
- Get a purchase and sale agreement. Shows the price components including the down payment.



APPENDIX

Detailed description and appraised values of the building, inventory and equipment. Include the purchase-and-sale agreement, legal documents, a list of the furniture and fixtures.

EMPLOYEES

Hiring Employees

Hiring employees has its own set of rules. Every payday, the business must provide its employees with a statement showing how many dollars were deducted from gross earnings for each legal/tax purpose including federal and state tax information, Social Security (FICA) and Federal Unemployment (FUTA) Note: *If this is too confusing, payroll service companies will make the calculations, pay the taxes with your funds, and print paychecks. Look in phone book.*

- Are employees available? _____
- How will you find them? _____

- Do you need full-time help? Part-time help? _____

- Include a schedule of work hours: _____

- How much are you going to pay each position? _____

- What are the employee benefits? _____

- How much will the benefits cost you? _____

- What are your present and future personnel needs? _____

- What training do your employees need and how will you train them? _____



APPENDIX

Include benefits and their costs plus xxxxxxxx information.

OPERATIONS & SUPPLIERS

Operation

- How the product will be manufactured or produced? How will your service(s) be rendered?

- What facilities are required?

- What equipment is needed? Will it be bought, leased or rented?

- How will you handle material processing and inventory control?

- How does the product get from your company to the buyers/customers?

Suppliers

- Who are your suppliers and what will they supply to your business? Is trade credit available? Include a summary of suppliers' detailed quotes in the Appendix. List names, addresses, goods supplied, and terms of sales.

- Have you requested financial, managerial, or technical assistance from your suppliers?

- List the subcontractors, the work they will perform for you, and their terms.



APPENDIX

Plans, specifications, equipment leases, detailed quotes, contracts and subcontractors terms.

MARKETING PLAN – Part A

Marketing is the exchange of a product or service for money. A market is a group of people most likely to use your products or services. Before you can reach your markets, you must first identify them.

Niche or target marketing means

slicing your markets into smaller groups, then selling to them. For example, a nature camp could mail a brochure to subscribers of an outdoor magazine.



Research. Libraries have volumes of information about your target market(s). Study consumer and trade magazines, newspapers, books, trade reports, case studies and government statistics, as well as reference books and information on the Internet. Ask the librarian to help you locate websites, books and databases. For example, Standard and Poors and Mcodys publish business information by industry.

The Ultimate Widget Company

Market(s)

Geographic Scope: National

Size: 2,000,000 consumers

Market Percentage we should gain: 35%

Buyer Profile:

- Ages: 25-55
- Sex: Male and Female
- Incomes: \$20,000 and up
- Profession: Blue collar and white collar
- Education: High School & College Graduates
- Family Size: Single, Couples, and Families

Marketing Plan

Price

- Wholesale: \$0.50-\$1.35. Retail: \$1-\$2.70
- Profit: \$0.25-\$0.67 per widget sold
- Competitive Prices
 - What is a Widget, Inc.: \$0.25-\$1.00 (lower)
 - ABC Widget Company: \$0.75-\$2.00 (higher)
 - Foreign: Cheaper versions. Lower quality.

Markets/Customers

Who will buy your product or service? For each of your target markets, include:

- Geographic scope: Where are your customers located?

- Size: Show growth patterns. What percentage of the market do you need to gain? Can you meet demands if the market grows?

- Profile (Describe a typical buyer): _____
For consumers: Age, sex, income, profession, lifestyle, education, family size.

For business: Type of business, sales, size, number of employees and number of years in business.

MARKETING PLAN – Part A (CONTINUED)

Price

- How will you price your service or product?

- Will these prices give you an adequate profit?

- Are your prices competitive? Show comparisons.

- Are cheaper products available? List them.

- Will you offer credit (customers pay at a later date)? How will you handle slow-paying customers?

- Will you accept credit cards? Determine 1) the cost of leasing or buying credit card equipment and 2) the commission (percentage) paid to the credit card company.

MARKETING BASICS – Part B

Product

- Benefits of your product or service. _____

- How is your product or service different from current products? Explain details in Competition section (page 18). _____

- Is obsolescence possible (product/service is no longer useful)? _____

- Will you need research and development? How will it be done? What will it cost? _____

- Are there licensing requirements? _____

Product

Benefits:

- Last 20% longer than competitive products
- Available in three sizes
- Competitively priced

Differentiation:

- Product lasts longer than competitive products
- Widget comfort Grip™ is more comfortable to hold

Research and Development:

- \$20,000 required to develop widgets in various colors. This should take six months and it will...

Licensing:

- All widgets approved by the Widget Inspector Lab

Promotion

Personal Communications: Met with widget buyers at retail stores. Ten orders promised from buyers.

Mass Communications:

- Advertising: \$125,000. Schedule and breakdown of costs in Appendix (Item 4B).
- Public Relations: \$10,000. Our new products will gain credibility once buyers read publicity articles. Public relations campaign includes press releases sent to...
- Trade Shows: \$40,000 (3 major shows annually)
- Marketing Materials
 - 4-page full color brochure with color photos
 - Packaging: Two color cardboard box

Distribution

Products are sold to retailers across the country

Vendors: United Parcel Shipping.



APPENDIX

Include logos, business materials (letterhead, business cards), brochures, catalogs, advertisements, other marketing materials, advertising budgets and schedules, and industry information.

- Are there industry restrictions and regulations? _____

- Must you register with any government agencies? _____

- Do legal or governmental policies affect your business? _____

- Are your products or services protected by any patents, copyrights, or trademarks? _____

MARKETING PLAN – Part B

Promotion

- How will you promote your product?

Personal Communications:

Who will sell your products? How? This includes meetings or phone calls by you, a sales force or reps.

Mass Communications:

Includes advertising (TV, radio, Internet, print and direct mail), public relations and trade shows. Why did you select these media? Include an advertising schedule in the Appendix

- What promotional marketing materials will you develop (ads, catalogs)? Who will help develop these materials? List costs and promotional materials (ideas or actual samples) in the Appendix

Distribution

- How will your product or service be made available (retail or wholesale sites, phone and mail orders, over the Internet, and/or telemarketing)?

- How will you fulfill orders? How much will packaging, materials handling and transportation cost?

THE COMPETITION

Don't underestimate the power of the competition and over-estimate the ability to "steal" customers (or market share) from them. You must determine why someone should buy from your company rather than one of your competitors.

Try to list as many of your closest competitors as possible. Compare prices and values.

- How are their businesses doing? Where are they strong and weak? Why?

- How is your business better or different from your competitors? Do you offer better quality, service, price or value? Do you have an innovative technology or offer more creativity, flexibility, prestige, or knowledge?

- How is your business the same as your competitors?

TAIT'S ALL-NATURAL LAWN COMPANY

Tait's All-Natural has three competitors in the local area. Two have been in business for over 20 years and are family-owned. Although they have many clients, these two companies do not offer natural products for lawn and bushes.

Tait's offers chemical free fertilizers, plant growth, and weed-killing products. Our products will not harm animals or children. In fact, customers can walk and play on their lawn immediately after treatments.

The remaining competitor, Reggie & Ruth, is small with only three employees. This company is not able to handle large projects. Tait's All-Natural, with a mixture of 20 full-time and part-time employees, can gain large contracts with homeowners and businesses.

Business Plan Development

Competitive Analysis

Use the Competitive Analysis table below to compare your company with your two most important competitors.

Customize the list of factors based on your industry. In the column labeled Me, state how you honestly think you will stack up in customers' minds.

In the final column, estimate the importance of each competitive factor to the customer. 1=critical; 5=not very important.

Factor	Me	Strength	Weakness	Competitor A	Competitor B	Important to Customer
Products						
Price						
Quality						
Selection						
Service						
Reliability						
Stability						
Expertise						



BUSINESS LOCATION

- Describe your business' location including the building, physical features, and a floor plan.

- Why did you choose this location?

- Why did you choose this location?

- Why is it the right building/office for your? Is our building owned by you or leased?

- You must have a lease if you don't own property and it must be extendible to match the loan you are requesting. If leased, what are the terms, conditions, length, and cost?

Location: Benny's Bagel Shop

Our research indicates that we require 5000 square feet of retail space. Highest visibility is on a one-mile stretch between East Main Road and West Main Road. In this area, we have agreed to lease a 550 square foot store in a shopping center with ample parking and high visibility. The lease is for two years with tree, one-year renewal options. The rent is \$12 per square foot or \$6,600 per year (\$550 per month). All utilities, taxes, and insurance are included. A copy of the lease is included in the Appendix. There are many other businesses in the area that will draw customers to the business. It is zoned commercial and retail.

- Are any renovations necessary? Get Quotes.

- What are the zoning laws? Does your business comply?

- What effect does this location have on your costs?

For retailers:

- Research and show traffic patterns in the Appendix (p.36).
- What are the other businesses in the area? Are they good or bad for your business?

For wholesalers, manufacturers and other businesses:

- Are you close to your customers? _____
- Do you have easy access to major highways, railways, and airports?



APPENDIX

Include a floor plan, copy of the lease/title, traffic patterns, lease terms, improvements (renovation plans) and contractor quotes.

Business Plan Development

Hints for Developing Financials

- Make Realistic Assumptions
- Don't be afraid to address risks & weaknesses as long as you explain how they will be handled.
- Show reasonable links between the past (if buying a business), actual, and future projections.

ESTIMATED PERSONAL & LIVING EXPENSES

ITEM:	EXPENSE FOR MONTH
Regular Payments	
Rent or house payment	\$ -
Property taxes	\$ -
Car payments	\$ -
Furniture and appliance payments	\$ -
Loan payments	\$ -
Health Insurance	\$ -
Other Insurance	\$ -
Household Expenses	
Food - Restaurants	\$ -
Food - At Home	\$ -
Telephone and Utilities	\$ -
Water	\$ -
Personal Expenses	
Clothing and Laundry	\$ -
Medical, Dental, and Drugs	\$ -
Education	\$ -
Dues and Subscriptions	\$ -
Gifts and Charity	\$ -
Gasoline and Auto	\$ -
Entertainment and Travel	\$ -
Miscellaneous Spending	\$ -
Total Personal Expenses (Draw Required)	\$ -

Estimated
Cash
Needed to
Start a
Business

Estimate of
monthly
expenses
based on
sales of
\$ _____
per year.

Estimate of
cash needs to
start (Column 1
x number of
months
anticipated to
be non-profit
months.)

1. Salary of Owner/Manager	\$ -	\$ -
2. All other Salaries & Wages	\$ -	\$ -
3. Rent (Building/Equipment)	\$ -	\$ -
4. Advertising	\$ -	\$ -
5. Office Expense	\$ -	\$ -
6. Supplies	\$ -	\$ -
7. Telephone & Fax Machine	\$ -	\$ -
8. Other Utilities	\$ -	\$ -
9. Insurance	\$ -	\$ -
10. Taxes, including Soc. Security	\$ -	\$ -
11. Maintenance & Repair	\$ -	\$ -
12. Legal & Other Professional Fees	\$ -	\$ -
13. Loan Principal & Interest Pmt.	\$ -	\$ -
14. Miscellaneous	\$ -	\$ -
<u>SUBTOTAL:</u>	<u> </u>	<u> </u>

STARTING COST YOU ONLY PAY ONCE:

15. Fixture & Equipment (Get Quotes from suppliers)	\$ -
16. Decorating & Remodeling (Quotes from contractors)	\$ -
17. Installation of Remodeling (Quotes from suppliers)	\$ -
18. Starting Inventory (Supplier can help estimate)	\$ -
19. Deposits w/ Public Utilities (Check w/ Utilities Co.)	\$ -
20. Legal & Professional Fees (Check w/ lawyer, CPA, etc.)	\$ -
21. Licenses & Permits (See City/County Offices)	\$ -
22. Advertising & Promotion for Opening (Call Newspaper, Radio, TV, etc.)	\$ -
<u>TOTAL ESTIMATED CASH NEEDED TO START:</u>	<u><u>\$ -</u></u>

Cashflow Statement

	\$	\$	\$	\$	\$	\$	\$
Beginning Cash	-	25,659.00	21,846.00	16,392.00	14,579.00	15,666.00	19,143.00
Cash Inflow							
Bank Loan	38,197.00	-	-	-	-	-	-
Personal Savings	10,000.00	-	-	-	-	-	-
Operating Inflow							
Cash from Sales	-	4,000.00	4,000.00	6,000.00	9,000.00	13,000.00	6,000.00
Total Cash Inflow	48,197.00	4,000.00	4,000.00	6,000.00	9,000.00	13,000.00	6,000.00
Cash Outflow							
Wages	-	3,120.00	3,120.00	3,120.00	3,120.00	3,120.00	3,120.00
Rent	-	500.00	500.00	500.00	500.00	500.00	500.00
Advertising	-	350.00	350.00	350.00	350.00	350.00	350.00
Office Expense	-	100.00	100.00	100.00	100.00	100.00	100.00
Loan (P&I)	-	793.00	793.00	793.00	793.00	793.00	793.00
Inventory Replacement	-	1,500.00	1,500.00	1,500.00	1,600.00	2,000.00	1,600.00
Transportation	-	500.00	500.00	500.00	500.00	500.00	500.00
Telephone	-	100.00	100.00	100.00	100.00	100.00	100.00
Utilities	-	450.00	450.00	450.00	450.00	450.00	450.00
Insurance	-	300.00	300.00	300.00	300.00	300.00	300.00
Taxes	-	-	1,641.00	-	-	-	1,641.00
Maintenance & Repair	-	100.00	100.00	100.00	100.00	100.00	100.00
Beginning Inventory	1,700.00	-	-	-	-	-	-
Deposits	1,000.00	-	-	-	-	-	-
Remodeling	1,368.00	-	-	-	-	-	-
Licenses	70.00	-	-	-	-	-	-
Promotion	1,500.00	-	-	-	-	-	-
Installation	200.00	-	-	-	-	-	-
Fixtures & Equipment	16,700.00	-	-	-	-	-	-
Total Cash Outflow	22,538.00	7,813.00	9,454.00	7,813.00	7,913.00	9,523.00	9,704.00
Ending Cash Balance	25,659.00	21,846.00	16,392.00	14,579.00	15,666.00	19,143.00	15,439.00

LOAN REQUEST

How much will you need?

20-25% of your money must be invested. Show how much (if any) you have borrowed from investors, and the amount you are requesting for the lender.

How long are you asking for repayment?

• Short Term

(Less than a year): Short-term loans are called Lines of Credit (LOC) or Revolvers and work like a credit card, with a predetermined limit.

When you need money, you call the bank. Lines of credit are primarily used for working capital purposes.

• Intermediate Term

(1-10 years): Like a car loan, payments are monthly. Use these loans for buying the business, equipment, or for long-term working capital.

• Long Term

(10 years or more): Like a mortgage, these loans are used to buy commercial real estate, commercial boats, and heavy equipment.

• Note: Small Business Administration (SBA)

The SBA offers many different programs. Look in your phone book or visit the SBA web site (www.sba.gov) to gain information and locate the closest SBA organization.

How will the money be used?

Uses include working capital, inventory, equipment or machinery, furniture and fixtures, construction, repairs, expansion, or improvements. Also, for paying off loans or buying a business. Give amounts for each category, and a grand total.

How will the loan be repaid?

Pay the loan with money from selling an asset, an outside investor, or from business revenue/cash flow.

Amount Needed

Amount Requested \$ _____
 Owner's Investment \$ _____
 Other Investors \$ _____
Total \$ _____

Use of Funds

Working Capital \$ _____
 Equipment, Machinery, Computers \$ _____
 Furniture & Fixtures \$ _____
 Other \$ _____
 Real Estate \$ _____
Total \$ _____

Repayment

Period: _____ years
 Source: Business Cash Flow
 Collateral:
 Accounts Receivable \$ _____
 Inventory \$ _____
 Equipment & Machinery \$ _____
 Furniture & Fixtures \$ _____
 Office Equipment & Computer \$ _____
 Equity in Real Estate \$ _____
 Other \$ _____
Total \$ _____

What collateral do you have to offer?

Collateral consists of assets the bank will take if you can't repay the loan. It can be personal (savings, stocks, or real estate), or business (receivables, inventory, equipment, or real estate). Be aware that lenders require appraisals, and they discount values. Inventory is discounted 20-30%. Fixed assets are usually discounted 50%. Be sure the total collateral equals the total loan request.



APPENDIX

Use of funds must be fully documented with quotes. Include a breakdown of equipment, machinery, furniture and fixtures.

Business Plan Development

Appendices

Include details and studies used in your business plan; for example:

- **Brochures and advertising materials**
- **Industry studies**
- **Blueprints and plans**
- **Maps and photos of location**
- **Magazine or other articles**
- **Detailed lists of equipment owned or to be purchased**
- **Copies of leases and contracts**
- **Letters of support from future customers**
- **Any other materials needed to support the assumptions in this plan**
- **Market research studies**
- **List of assets available as collateral for a loan**

Closing Remarks

Developing a business plan can be a fun activity because you are developing a plan in which you are thinking through how you will meet your dreams.

Some people, though, find it hard to do because of the writing , thinking, and data gathering that should be done. You should draw upon many different sources for coming up with the content of the plan.

Technical assistance from resources such as: library sources, governmental sources, and professional associations like the NAAACC should be used.