

Cover Page for Business Plan

Legal Business Name
Business Logo (if applicable)
Business Tagline (if applicable)

Name of Owner 1
Home Address
Home Phone
Work Phone (if applicable)
Fax
Mobile Phone
Email Address
Alternate Email Address

Name of Owner 2
Home Address
Home Phone
Work Phone (if applicable)
Mobile Phone
Fax
Email Address
Alternate Email Address

Mailing Address for Business/Company

Business Address/Physical Location

Date of Business Plan

1) Table of Contents Template

Instructions: Simply “left click” on one of the Table of Contents (TOC) links below so you can be directed to the corresponding page in the business plan. Some computers may require that you simultaneously press “Ctrl” while left clicking on the section. In the body of the business plan, click on “Back to Table of Contents” to return to the TOC section and more easily navigate to another section by left clicking on another heading below.

To update/add headings and subheadings you need to use change/add them in body of the document (not in the Table of Contents section) and use “Heading 1” for the headers and “Heading 2” for the subheaders and so forth.

After changes are made in the body of the document you then need to scroll to the Table of Contents (TOC) section on page 1 of the document and right click on the TOC section and then click on “Update Field” and finally click on “Update entire table” so that the Table of Contents section reflects the changes you made to the body of the document.

Heading 1 – Headings for each major sections of business plan

Style is bold. Font Size is 14 Font

Heading 2 – Subheadings beneath Heading 1. Style is bold, Palatino Linotype, and size 12.

Normal – Text that is beneath subheadings. Font size is 12

Heading 4 – Subheadings beneath Heading 2 subheadings. Style is bold and italics. Font size is 12. Paragraph format is left indentation of 0.5 and right indentation of 0.5

Heading 5 – Text that is beneath the subheadings of the Heading 4 subheadings. Paragraph format is left indentation of 0.5 and right indentation of 0.5

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3) Business Plan Websites and Resources

Concept2Venture

<http://www.concept2venture.org/resources.html>

The book "New Venture Creation" by Jeffry Timmons and Stephen Spinelli is highly recommended as a guide for assessing and developing a new venture concept.

Ernst & Young's Outline for a Business Plan

A useful guide for structuring the business plan.

<http://www.concept2venture.org/EYplan.pdf>

BusinessPlans.org

Example business plans can be found online at

Guidelines for Entrepreneur's Presentations

Some useful guidelines for organizing and structuring your presentation can be found online at

www.techcoastangels.com/Content/01d55fc4-d961-4962-9534-aae153e1998f.pdf

Connect with alumni and other past C2V participants

www.groups.yahoo.com/group/concept2venture_2008

Small Business Administration (SBA)

SBA's Small Business Planner includes information and resources that will help you at any stage of the business lifecycle.

<http://www.sba.gov/smallbusinessplanner/index.html>

Book Recommendations

You may also find these books helpful:

- "Commercializing New Technologies: Getting from Mind to Market" by Vijay K. Jolly
- "Wharton on Managing Emerging Technologies" by George S. Day et al.
- "The New Business Road Test: What Entrepreneurs and executives should do before writing a business plan" by John W. Mullins

- "Launching New Ventures: An Entrepreneurial Approach" by Kathleen Allen
- "Bringing New Technologies to Market" by Kathleen Allen
- "Technology Ventures: From Idea to Enterprise" by Richard C. Dorf and Thomas H. Bye

Entrepreneur.com

www.entrepreneur.com

Score Template Gallery

http://www.score.org/template_gallery.html

Toolkit.com

www.toolkit.com

4) Executive Summary

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Executive Summary Instructions

Write this section last.

We suggest that you make it two pages or fewer.

Include everything that you would cover in a five-minute interview.

Explain the fundamentals of the proposed business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.

Readers who do not yet have the advantage of knowing you will judge you by your writing. Pay some attention to what you say and how you say it. What follows is a sample cover letter for a bank loan request. Note how much information is packed into a short letter, and that it focuses on what a banker would most want to know.

Write as you would speak, but just a little more formally. Avoid slang and contractions. Do not try to make it too fancy. Start with a list of the main points you need to get across; then start explaining them. Use only the three basic tenses, past, present, and future. Refer to your business by its name, or "it". Thus, Contoso, Ltd. was formed in 1996 etc., is now called Adventure Works. Use "I" or "we" only when referring to the actions of the individual owners. Write in the active voice and in short sentences.

Executive Summary Sample

ADVENTURE WORKS is a high-end design and remodeling firm with a reputation for integrity, quality craftsmanship, and excellence in management. In three years annual sales have increased to be well over a million dollars.

ADVENTURE WORKS was formed by Brian Groth as a Sole Proprietorship in December 2003. In 2004 a combination of activities involving residential design, consulting, and general construction brought Gross Sales of \$25,000.

The Company has its address in leased premises at 1234 A Street, Springfield, MD 40523. Its activities fall under the Standard Industrial Classification SIC 1521 and 1522. The owners are Brian Groth and Julie Bankert.

ADVENTURE WORKS is involved in four distinct activities:

Architectural Design

Residential & Light Commercial Construction

Property Services

Retail Floor Coverings (see Appendix 4).

Eighty to ninety percent of the Gross Sales are in design and construction. At the moment (May 2000), there are 25 permanent employees on the payroll and 10 subcontracted workers excluding subcontracting companies (see Appendix 1 for resumes).

Market research shows that the population in Springfield has increased by 200,000 between 1985 and 2003. This increase in population brought about an increase of 19,850 new single family homes valued at over three billion dollars. This increase gives the area over 128,000 existing homes as a potential remodeling market. Demographic estimates published by the State Office of Financial Management, 2002, indicate that an additional 20,000 persons will need to be housed between 2002 and 2020. ADVENTURE WORKS intends to pursue this market vigorously. (See Appendix 7 for data on anticipated changes in the population of the County).

The company's owners are willing to offer as collateral a second mortgage on their primary residence and the three real estate investment properties listed in the table below.

Collateral for Loans	Equity in properties	% of equity	Value applicable to business loan
BG -- Primary residence address e.g. 456 Oak Dr., Mt. Vernon, CA 31304	\$ 70,000	85%	\$ 59,500
BG -- Investment property address and zip code	\$ 30,000	70%	\$ 21,000
JB -- Primary residence address and zip code	\$ 60,000	85%	\$ 51,000
JB -- Investment property address and zip code	\$ 20,000	70%	\$ 14,000
Total Collateral			\$ 80,000

Table: Brian Groth – BG and Julie Bankert -- JB

The company's Short Term Financial Objectives (within the next five years) are to build the brand image, create a successful business model and replicate the model to open another location. Furthermore, the company plans to increase activity and to achieve the following sales and annual profit, net after taxes:

Financial Objectives

The financial objectives of ADVENTURE WORKS over the next few years are as follows:

The total startup costs and permanent working capital is anticipated to be \$218,929. The company seeks a loan totaling \$153,250 at Prime plus 2% by November 2004. This loan is to be used for to perform the necessary renovations and improvements to a 1,100 square foot leased location, purchase equipment and inventory. The loan will be repaid in five years with interest-only payments during the first year. Operations will begin in January 2005, which is also when repayment on the loan will begin.

Below are projected revenues and profits for the next five year. For more details, please refer to the Financial Plan.

	PY1	PY2	PY3	PY4	PY5
Total Sales	285,782	321,489	368,450	414,761	494,582
Net Profit	(3,800)	38,920	68,298	98,450	118,290

5) General Company Description

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What business will you be in? What will you do?

Mission Statement:

Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan, followed by:

Company Goals and Objectives:

Goals are destinations—where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. Objectives might be annual sales targets and some specific measures of customer satisfaction.

Business Philosophy:

What is important to you in business?

To whom will you market your products? (State it briefly here—you will do a more thorough explanation in the Marketing Plan section).

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them?

Describe your most important company strengths and core competencies. What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?

Legal form of ownership:

Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? Why have you selected this form?

Limiting the Liability in Your Business Structure

This webpage contains a detailed explanation about legal structures and links to other important pieces of information you should consider.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P12_4000

A Legal How-To for Startups

Little-known legal tips to help you start your business hassle-free.

<http://www.entrepreneur.com/startupbasics/legalissues/archive116046.html>

Legal Issues - Laundry list of articles every startup should read

<http://www.entrepreneur.com/management/legalissues/archive114800-2.html>

S Corporations Vs. LLCs

The pros and cons of each business form

<http://www.entrepreneur.com/startingabusiness/startupbasics/businessstructure/article39846.html>

Legal Forms: Tools or Traps?

Get the lowdown on legal forms and agreements.

<http://www.entrepreneur.com/management/legalissues/archive114800-2.html>

6) Products and Service

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Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in Appendices).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

What are the pricing, fee, or leasing structures of your products or services?

Products – Businesses that sell products

Can't think of an original product? You don't have to. Making an existing product better could be your ticket to success. Click on the link below for more information.

<http://www.entrepreneur.com/inventing/productdevelopment/archive116290.html>

Finding Distributors for Your Product

Before you find and approach retailers, make sure you understand what they're looking for.

<http://www.entrepreneur.com/sales/tonyparinelloarchive/article57796.html>

Price Isn't Tied to Your Product

When pricing your product, who you're selling is more crucial than what you're selling.

<http://www.entrepreneur.com/marketing/findingcustomers/article200028.html>

Pricing a Product

No matter what type of product you sell, the price you charge your customers or clients will have a direct effect on the success of your business. Though pricing strategies can be complex, the basic rules of pricing are straightforward:

<http://www.entrepreneur.com/encyclopedia/term/82380.html>

Get Your Product to Market in 6 Steps

You're the best person for the job, so get started.

<http://www.entrepreneur.com/startingabusiness/inventing/inventionscolumnisttamaramonosoff/article201526.html>

How to Find Product Sources

Got a bright idea but no idea how to locate suppliers for the products you want to sell? With our how-to guide, stocking your new business won't be such a chore.

<http://www.entrepreneur.com/startingabusiness/startupbasics/article69902.html>

Putting Time Into Your Product

From inventor to overnight millionaire? Not exactly. Here's the long-term solution to developing a product effectively.

<http://www.entrepreneur.com/startingabusiness/inventing/inventionscolumnisttamaramonosoff/article193646.html>

Launching a Product From Start to Finish

Got a new product idea? Get the inside scoop on how to launch it into the stratosphere.

<http://www.entrepreneur.com/startingabusiness/inventing/article159830.html>

Services – Businesses that provide a service

Start a Service Business

Everyone has skills, knowledge and experience--and anyone can turn those assets into a thriving business.

<http://www.entrepreneur.com/startingabusiness/businessideas/article80686.html>

105 Service Businesses to Start Today - Entrepreneur.com

Here, we provide some inspiration for aspiring service providers—from adventure-tour leaders to window washers. With 105 ideas to choose from, there might be something that matches your passion and skills.

<http://www.entrepreneur.com/startingabusiness/businessideas/article80684.html>

Provide Can-Do Customer Service

Hire, train and keep employees with a positive customer-service attitude. Let this anecdote serve as a reminder; the customers' experience is paramount.

<http://www.entrepreneur.com/sales/customerservicecolumnistsydneybarrows/article202854.html>

Customer Retention - Customer Retention Techniques

Good Customer Service Alone Doesn't Win Referrals Don't wait around for your excellent service to pay off.

<http://www.entrepreneur.com/sales/customerservice/index115864.html>

7) Marketing Plan

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Market research - Why?

No matter how good your product and your service, the venture cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that you already know about your intended market. You need to do market research to make sure you're on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

Market research - How?

There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Start with your local library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has good information on the local area. Trade associations and trade publications often have excellent industry-specific data.

Primary research means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.

Economics

Facts about your industry:

- What is the total size of your market?
- What percent share of the market will you have? (This is important only if you think you will be a major factor in the market.)
- Current demand in target market.
- Trends in target market—growth trends, trends in consumer preferences, and trends in product development.
- Growth potential and opportunity for a business of your size.
- What barriers to entry do you face in entering this market with your new company? Some typical barriers are:
 - High capital costs
 - High production costs
 - High marketing costs
 - Consumer acceptance and brand recognition
 - Training and skills
 - Unique technology and patents
 - Unions
 - Shipping costs
 - Tariff barriers and quotas
- And of course, how will you overcome the barriers?
- How could the following affect your company?
 - Change in technology
 - Change in government regulations
 - Change in the economy
 - Change in your industry

Product

In the **Products and Services** section, you described your products and services as you see them. Now describe them from your customers' point of view.

Features and Benefits

List all of your major products or services.

For each product or service:

- Describe the most important features. What is special about it?
- Describe the benefits. That is, what will the product do for the customer?

Note the difference between features and benefits, and think about them. For example, a house that gives shelter and lasts a long time is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, and inclusion in a neighborhood. You build features into your product so that you can sell the benefits. What after-sale services will you give? Some examples are delivery, warranty, service contracts, support, follow-up, and refund policy.

Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics.

The description will be completely different depending on whether you plan to sell to other businesses or directly to consumers. If you sell a consumer product, but sell it through a channel of distributors, wholesalers, and retailers, you must carefully analyze both the end consumer and the middleman businesses to which you sell.

You may have more than one customer group. Identify the most important groups. Then, for each customer group, construct what is called a demographic profile:

- Age
- Gender
- Location
- Income level
- Social class and occupation
- Education
- Other (specific to your industry)
- Other (specific to your industry)

For business customers, the demographic factors might be:

- Industry (or portion of an industry)
- Location
- Size of firm
- Quality, technology, and price preferences
- Other (specific to your industry)
- Other (specific to your industry)

End users

Who are the ultimate consumers or users of the product or service. If your customers are primarily the ultimate consumers or end users of your product or service, identification is generally done in terms of demographic and lifestyle factors.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P03_2042

Channel buyers

Who are intermediary buyers between the company and the ultimate consumer/user.

If you sell to other businesses, who turn around and resell your products and services, your buyers are predominantly channel buyers.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P03_2044

Competition

What products and companies will compete with you?

List your major competitors:

(Names and addresses)

Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?

Will you have important indirect competitors? (For example, video rental stores compete with theaters, although they are different types of businesses.)

How will your products or services compare with the competition?

8) Marketing Strategy

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Now outline a marketing strategy that is consistent with your niche.

Promotion

How will you get the word out to customers?

Advertising: What media, why, and how often? Why this mix and not some other?

Have you identified low-cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals?

What image do you want to project? How do you want customers to see you?

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

Should you have a system to identify repeat customers and then systematically contact them?

Promotional Budget

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)

Pricing

Explain your method or methods of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?

What will be your customer service and credit policies?

Proposed Location

Probably you do not have a precise location picked out yet. This is the time to think about what you want and need in a location. Many startups run successfully from home for a while.

You will describe your physical needs later, in the **Operational Plan** section. Here, analyze your location criteria as they will affect your customers.

Is your location important to your customers? If yes, how?

If customers come to your place of business:

Is it convenient? Parking? Interior spaces? Not out of the way?

Is it consistent with your image?

Is it what customers want and expect?

Where is the competition located? Is it better for you to be near them (like car dealers or fast food restaurants) or distant (like convenience food stores)?

Distribution Channels

How do you sell your products or services?

Retail

Direct (mail order, Web, catalog)

Wholesale

Your own sales force

Agents

Independent representatives

Bid on contracts

9) Marketing Channels/Mediums

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Please write the names and resources you plan to use to market your business. You do not have to write something for every category listed below as some of them may not apply to your business. Please write NOT APPLICABLE to those that do not apply to your business. If there is a category missing, please feel free to add other marketing channels that may not be listed below.

Business Cards

Why did you pick your design and logo?

Creating a Great Business Card

Success is in the cards when you've got business cards that convey the right message.

<http://www.entrepreneur.com/marketing/marketingbasics/marketingmaterials/article71900.html>

8 Ways to Revamp Your Business Card

From leather to vertical layouts, business cards are getting a new look. Industry insiders weigh in on what's hip--and what's passé.

<http://www.entrepreneur.com/marketing/marketingideas/article184884.html>

Smart Ways to Use Your Business Card

Successful networking is "all in the cards" with these 4 strategies.

<http://www.entrepreneur.com/marketing/marketingideas/networkingcolumnistivanmisner/article159492.html>

The ABCs of Business Cards

5 tips for creating a professional business card that leaves a lasting impression

<http://www.entrepreneur.com/marketing/branding/imageandbrandingcolumnistjohnwilliams/article159468.html>

Brochures

How many brochures did you print? How much did it cost? What was the name of the printing company? Where do you plan to distribute your brochures? Will you do mailings? To whom?

Creating Marketing Brochures

It's a lost art—and one you need to learn.

<http://www.entrepreneur.com/homebasedbiz/homebasedbasics/marketing/article38034.html>

Think Outside the Box With E-Brochures

These hot new marketing tools show a lot of potential.

<http://www.entrepreneur.com/marketing/branding/imageandbrandingcolumnistjohnwilliams/article191190.html>

Classified Ads

What It Is:

Small, line ads in newspapers, magazines or any print or online publication

Appropriate For:

Businesses looking for a low-budget advertising option. It's especially effective for selling small-ticket items, hiring employees, increasing phone-in queries or driving visitors to websites.

Typical Cost:

\$5 to \$100 per line, depending on the publication, geographic areas, time of year, number of ads you buy, and whether you sign a contract or purchase ads on a week-to-week basis. Rates vary greatly, so contact each publication for actual costs. Be sure to specify that you want business rates (and unfortunately, those classifieds cost more than ads placed by individuals for non-business purposes).

Classified Ads and How it Works

They may be old school, but classifieds still generate loads of interest from newspaper and magazine readers.

<http://www.entrepreneur.com/advertising/adsbytype/article83084.html>

Coupons

What It Is:

Individual pieces of printed advertising, usually providing a discount or special offer

Appropriate For:

All businesses, especially those with special promotions during the year or with lower ticket items

Typical Cost:

Prices vary depending on how the coupon is distributed, how many coupons are used, printing costs, and the geographic location of the business.

Coupons and How it Works.

No one can resist a coupon! Find out how to take advantage of this enticing form of advertising.

<http://www.entrepreneur.com/advertising/adsbytype/article83086.html>

Direct Mail

What It Is:

Direct Mail is Individual or group mailings to specific ZIP codes that can include letters, ads or coupons.

Appropriate For:

All businesses

Typical Cost:

Typical cost is \$300 to \$6,000 per mailing depending on your location, how many pieces you send, printing and postage costs, and whether you choose an individual piece or are included in a group effort

Direct Mail and How it Works:

Direct mail is everywhere--and if you're not using this pervasive form of advertising, you could be missing out.

<http://www.entrepreneur.com/advertising/adsbytype/article83088.html>

Direct Response TV Ads

What It Is:

TV commercials of various lengths (15 seconds to 30 minutes) designed to create interest and demand in a product and turn that interest into an immediate, impulsive sale

Appropriate For:

Businesses with a product that would benefit from demonstration and that have a big budget

Typical Cost:

\$40,000 to \$600,000 depending on the length, the format (film or standard or high-definition video), your location and whether you get celebrity talent, among other things

Direct Response TV Ads and How it Works?

Generate immediate response from your prospects by using these "Call now!" ads to attract attention.

<http://www.entrepreneur.com/advertising/adsbytype/article83090.html>

eNewsletters

What software do you use to send eNewsletters and eFlyers to your customers?

ConstantContact www.ConstantContact.com

iContact www.icontact.com

Other

How to Create an E-Mail Marketing Campaign

At a fraction of the cost of direct mail, e-mail marketing is one of the best ways to reach your best prospects.

<http://www.entrepreneur.com/marketing/marketingcolumnistkimtgordon/article51558.html>

Flyers

How many flyers did you print? How much did it cost? What was the name of the printing company? Where do you plan to distribute your flyers? Will you do mailings? To whom?

Informercials

What it is?

Infomercials are half-hour TV commercials (also done sometimes on the radio) that are very similar in appearance to a news program, talk show or other non-advertising format and that provides consumers with in-depth information on a product or service.

Appropriate For:

It is appropriate for any business with a product that's best sold with a demonstration or explanation--especially a new product that needs an introduction to consumers.

Typical Cost:

Typical cost is \$20,000 to \$250,000 on average, depending on the length of the infomercial, talent involved, location, product size and complexity, and many other factors of production

Infomercials and How it Works

If you've got a product that lends itself to a live demonstration, you may want to think about infomercial advertising.

<http://www.entrepreneur.com/advertising/adsbytype/article83092.html>

Mailings

What lists have you purchased? How much did each one cost? From who did you purchase list from?

Magazine Ads

What magazines you have advertised or will advertise in? What was the cost? Was it effective? Why or why not?

What It Is:

Print ads that run in local or national magazines

Appropriate For:

All businesses

Typical Cost:

\$500 to \$20,000, depending on whether the publication is local or national, the size of your ad, whether you use color and if you've negotiated a multiple-ad rate. You can spend as much as \$500,000 to buy the inside front cover of some national magazines!

Magazine Ads and How it Works?

Got a niche product or business? Then advertising in the local section of a national magazine may be a smart move.

<http://www.entrepreneur.com/advertising/adsbytype/article83094.html>

Newspapers

What newspapers have you advertised or will advertise in? What was the cost? Was it effective? Why or why not?

What It Is:

Print ads that run in local or national, daily or weekly news publications

Appropriate For:

Any business

Typical Cost:

\$200 (for local ads) to \$20,000 (for local or national ads), depending on the publication, ad size and your contract with the publication

Newspaper Ads and How it Works?

The oldest form of advertising is still an effective way to reach a large number of people. Find out if it's right for you.

<http://www.entrepreneur.com/advertising/adsbytype/article83096.html>

The Trick to Old-School Advertising

Does advertising in newspapers, Yellow Pages and other forms of old-school media still work? It does if you know the secret to making them produce.

<http://www.entrepreneur.com/advertising/adcolumnistroyhwilliams/article159390.html>

Online Ads

Not advertising online? You'd better be--that's where an increasingly large part of your target market is spending time.

What It Is:

Internet advertising whose goal it is to drive customers to your website or location(s), or to make a call regarding your products or services

Appropriate For:

Any business with a tech-savvy owner or an IT person or department that can handle this form of advertising

Typical Cost:

Free, if you're advertising by sending out your own newsletter or swapping links with another site, to anywhere from \$100 to \$3,000 per ad or per month to advertise on a popular site, depending on the type of ad you run. As with all types of advertising, the largest advertising audiences will command the largest prices, and the size and frequency of your ad as well as the cost-per-thousand viewers all figure in to the cost. This can add up just as fast as any form of traditional offline advertising.

Online Ads and How It Works:

<http://www.entrepreneur.com/advertising/adsbytype/article83098.html>

The Basics of Local Online Advertising

Need to drive more business to your door? Use our practical guide to rev up your local web strategy.

<http://www.entrepreneur.com/marketing/onlinemarketing/article174700.html>

Hit Big on Google With "Turn-the-Corner" Keywords

Attract customers who didn't even know they were looking for you by diverting their attention.

<http://www.entrepreneur.com/advertising/adsbytype/onlineads/article172782.html>

Improving Your Search Advertising Results

Learn to bring in the business with these 10 quick tips for creating more effective keyword ad campaigns.

<http://www.entrepreneur.com/advertising/adsbytype/onlineads/article167420.html>

Convert Your Website Visitors into Customers

Turn web surfers into paying customers by combining pay-per-click advertising and e-mail marketing.

<http://www.entrepreneur.com/marketing/onlinemarketing/emailmarketingcolumnistgailfgoodman/article159406.html>

The Legal Issues of Advertising Online

Make sure your online ads are legally protected.

<http://www.entrepreneur.com/advertising/adsbytype/onlineads/article160062.html>

The New Frontier of Advertising

Local online advertising is one of the easiest ways to target your local customers. Our expert tells you what works, and what you can do for free.

<http://www.entrepreneur.com/advertising/adcolumnistroyhwilliams/article159388.html>

How to Use Exit Pop-Ups

Before they go, give your website visitors a reason to stay--or to come back later--with a well-timed exit pop-up.

<http://www.entrepreneur.com/ebusiness/gettingtraffic/article83676.html>

Creative Autoresponders Keep You on Customers' Minds

Creative autoresponders are a surefire way to make customers remember you long after they've logged off your site.

<http://www.entrepreneur.com/ebusiness/gettingtraffic/article80558.html>

The Lowdown on Pay-Per-Click Advertising

Pay-per-click advertising can bring a stampede of shoppers to your site, but make sure your keyword performance is profitable.

<http://www.entrepreneur.com/advertising/adsbytype/onlineads/article160100.html>

Online Public Relations Tools

What are some online marketing initiatives you currently use or plan to use? What are the costs? Which ones were effective? Why or why not?

Bacon

Bacon's is one of the premier media listing services. It can distribute your press release to a customized audience chosen from its database of print and broadcast journalists. An individually addressed one-page release, without photo, sent to 200 journalists, costs \$150. <http://us.cision.com/>

eNewsRelease

What online tools are savvy businesses using? Marika Flatt, national media director of Phenix & Phenix publishing PR firm, recommends eNewsRelease.com. It acts as a customized wire service and can send 50 press releases to a list of targeted media outlets that cover your industry, for \$49.95.

Google AdWords

No matter what your budget, you can display your ads on Google and our advertising network. Pay only if people click your ads.

Two of the most useful features Google AdWords added are:

- 1) The ability to include or exclude specific sites from your campaign. Google already tries to keep your ads from appearing on competitors' pages, but there are plenty of unsavory websites out there that you don't want to be unwittingly associated with.
- 2) Different pricing for having ads on search sites and content sites. Search ads get more eyeballs on them, but content ads are on sites that are more relevant to your customers and generally have a higher click-through rate.

<http://adwords.google.com/select/Login>

PRWeb.com

PRWeb allows companies to post press releases free of charge. Topics include everything from construction and education to religion and travel.

<http://www.prweb.com/>

Yahoo! Search Marketing Solutions:

An easy, affordable way to grow your advertising. Display advertising isn't just for the big companies, thanks to Yahoo!. We've made it easier to create display ads for your business and run them across the Yahoo! network in a matter of days. Yahoo! has also

made some changes to their program that should be welcomed by small businesses and online entrepreneurs: the deposit has been lowered from \$50 to \$5, and the monthly minimum of \$20 has been scrapped, so even the tiniest internet business can get in on the action. This brings them into line with Google's pricing.

<http://sem.smallbusiness.yahoo.com/searchenginemarketing/mydisplayads.php?cc=6&o=US2496>

Yearbook.com

Yearbook.com annually publishes a list of experts in industries as varied as education, acupuncture, health and UFOs. The Web site now boasts 100,000 hits per month from journalists seeking sources. Inclusion in the book and the Web databases starts at \$495 (U.S.) annually. This makes you findable through Lexus-Nexus, a leading database used by journalists. <http://www.yearbook.com/>

Outdoor Advertising

Human Billboards

Here is a terrific homebased business startup for entrepreneurs with good marketing skills, but limited investment capital. Human billboards advertise everything from new home developments to car dealerships and are starting to catch on as a highly effective cost-efficient method of advertising and promoting their products and services. Human billboards are simply people that hold signs or banners emblazoned with promotional and advertising messages in high-traffic areas of the community; usually outside, in front, or in close proximity to the business they are promoting.

<https://www.entrepreneur.com/businessideas/520.html>

Outdoor Billboard Advertising

What It Is:

Various sizes of billboards posted along side streets, highways and superhighways

Appropriate For:

Almost any business, large or small, but particularly workable for businesses with a broad customer base, such as car dealerships, pharmacies, pet supply stores or even home improvement stores. Even small, niche businesses can find that billboards can alert travelers to their products or services. And every business can find a directional board helpful--that is, a board close to your location that literally points the way to your door.

Typical Cost:

\$800 to \$5,000 per month, depending on geographic location, board size, specific board location and number of boards purchased at one time

Outdoor Billboard Advertising and How It Works:

<http://www.entrepreneur.com/advertising/adsbytype/article83100.html>

Transit Ads

What It Is:

Advertising on, in or over entire public buses

Appropriate For:

Any business with a broad customer base and a decent budget

Typical Cost:

\$500 to \$4,000 per month, depending on whether you're purchasing exterior and/or interior bus signs or wrapping the entire outside of a bus

Transit Ads and How it Works?

Put your ads on the move by advertising in and on buses.

<http://www.entrepreneur.com/advertising/adsbytype/article83106.html>

The Advantages of Transit Advertising

Want to keep your business on the move? Try advertising on buses and in transit stations.

<http://www.entrepreneur.com/advertising/howtoguides/article76826.html>

Chicago Transit Authority (CTA)

One company has an exclusive contract to handle all the advertising on CTA platforms, trains, and buses. However, the bus shelters are handled by another company. They usually offer deep discounts with local entrepreneurs in hopes that as the small company's business grows so will their marketing budget. They are willing to work with budgets as small as \$2,000 but they prefer to minimally work with budgets in the \$5,000 to \$10,000 range that would be specifically be for CTA advertising. If you want to advertise on only one platform, bus route, or train color, this can be done through this company. For more information about this company or for an introduction, please contact your counselor at the UIC Center for Urban Business to find out more about this.

Public Relations

Public relations (PR) efforts, like advertising, can help to build business and product awareness among target buyers and end users, often at a fraction of the cost of advertising. Many small and large businesses consciously utilize PR as a way to obtain free advertising about their products and services. PR can be an effective way to generate valuable word-of-mouth advertising, sometimes due to the greater credibility and availability of information provided in editorial articles and interviews with your company personnel.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P03_7050

Get Publicity and Bolster Profits Through Public Speaking

One of the best ways to market your product is through public speaking and best of all its free!

<http://www.inc.com/articles/2000/10/20717.html>

Publicity: Write a Better Pitch Letter

Get a good start on Publicity without spending money on a PR firm.

<http://www.inc.com/magazine/19950901/2403.html>

Hire a PR firm for Free!

You can get free publicity for one year. PR services include press releases, brochures, trade show PR, media kits and media relations.

<http://www.entrepreneur.com/management/answerdesk/article164802.html>

2 of the Best Ways to Generate Free Publicity

Promote yourself as an expert or author and give yourself the credibility that you need to get publicity in the media

<http://www.entrepreneur.com/article/0,4621,301700,00.html>

Radio Advertising

What radio stations have audiences that are the same demographic makeup of your customers?

What was the cost? Was it effective? Why or why not?

Tips for radio spot:

- ⊙ Bring a flyer or brochure about your business
- ⊙ Prepare a document with key marketing points you want to deliver
- ⊙ Offer a deal for those that call and mention the station
- ⊙ Be sure to repeat the phone number twice, the address twice, and the website twice
- ⊙ Radio spot is usually conversational where hosts ask questions

Radio Ads

Advertising in the right time slots and with the right amount of frequency are key to finding ad success on the airwaves.

<http://www.entrepreneur.com/advertising/adsbytype/article83102.html>

Sponsorships

What It Is:

An advertising method that gives your business credit for bringing entire programs, or specific reports, to the public on radio and television

Appropriate For:

Any business

Typical Cost:

\$500 to \$3,000 per week for reports; \$1,500 - \$4 million for complete programs.

Sponsorships and How it Works?

Do your business some good by sponsoring radio or TV programs that draw your target customers.

<http://www.entrepreneur.com/advertising/adsbytype/article83104.html>

Television

Many entrepreneurs sometimes do not think they can afford to advertise on television. However the excerpt from an article below discusses an affordable way you can advertise on television.

Do You Want to go Prime Time?

Spot Runner's interactive website allows business owners to create TV commercials and media buys in less than 30 minutes. For a \$499 customization fee plus the cost of your media buy, your business can be everywhere from ESPN to HGTV. Spot media time ranges in price depending on the location and time of day (from \$1 each for spots on cable channels in remote areas to over \$1,000 for major market network prime time spots), but the company claims that a few thousand dollars should get you a healthy media buy in most areas. Customizable spots are available for business categories from mortgage companies and pet stores to wedding planners and medical professionals. Click here to learn more <http://www.spotrunner.com>

Theater

Product Placement Takes the Stage

You can't escape products on screen, but now they're making their way to your local theater. Product placement, long a staple in TV and movies, has in recent years become a growing part of the theater world.

<http://www.entrepreneur.com/advertising/adsbytype/otherideas/article184830.html>

Word of Mouse or Websites

What websites have you advertised or will advertise in? What was the cost? Was it effective? Why or why not?

Banner Ads

Banner design is not as simple as coming up with eye-catching, innovative designs and placing them on targeted Web sites.

Effective banner designers and media buyers always evaluate the Web sites on which banners will be displayed before creating a series of ads.

<http://www.inc.com/articles/2001/06/23061.html>

Blogging

Blogging is the latest innovation to take the web by storm. So just what is a blog and why should you care? Basically, the word "blog" is short for web log, a frequently updated web-based journal that's intended for general public consumption. So what do people write about? Anything from personal stories (from the mundane to the bizarre) to theme-centered creations (finance, politics, parenthood) to businesses (philosophies; updates; branding methods) to...you name it!

<http://www.entrepreneur.com/marketing/marketingideas/article80100.html>

Viral Marketing

Viral (or word-of-mouth) marketing is an excellent way to market your Web site for very little money because it exploits pre-existing communication lines between friends.

<http://www.inc.com/articles/2001/01/21879.html>

Website

The centerpiece of your Internet Marketing efforts is your company's website. A decade ago, discussions of whether an organization needed a website or whether it should be viewed as a marketing tool were common. As Internet use increased among target markets at the turn of the century, discussion changed to how prospective customers were using the Internet.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P13_1000

Building Your Company Website

Once you have laid out all the aspects of your company's website project, including the setting of Internet objectives and strategies, you are ready to act on your content plan and implementation plan. It is time to start building the website.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P13_1500

Writing Content for the Web

There are few better ways to promote your business than by writing good, helpful articles and sharing them on your business's website. When building your website, remember: Good content attracts good traffic.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P13_1525

Website Design and Usability Issues

When building a business website, frustration is a common experience among business owners trying to judge the quality of website design. Everyone wants to implement the best looking website, but opinions of what constitutes a great site vary. Fortunately, good websites aren't based on opinion. They are based on evidence.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P13_1575

Research-Based Web Design and Usability Guidelines

Although the look and feel of many well-conceived websites may vary greatly, good websites tend to share a number of common characteristics. These characteristics provide the basis of the "Research-Based Web Design and Usability Guidelines" developed by the federal government as part of its usability.gov initiative. Click on the link below to download the guidelines.

<http://www.usability.gov/pdfs/guidelines.html>

Yahoo Small Business

URL

http://smallbusiness.yahoo.com/webhosting/?s_fprough=wh_acq_getwebsite_20081001

As of 02/16/2009 the following were the prices for Yahoo! Web Hosting

12 mos.: \$7.46/mo. For 1st 3 mos. (\$9.95 / month after)

3 mos.: \$8.96/mo. For 1st 3 mos. (\$11.95 / month after)

1 mo.: \$12.95/mo.

For current prices and terms, please visit

<http://smallbusiness.yahoo.com/webhosting/hostingpricing.php>

Google Business Solutions - Enhance your website

<http://www.google.com/services/>

Word of Mouth

How do you encourage your current customers to promote your business? Do you survey them?

Do you offer incentives for them to promote you business? What was the cost? Was it effective?

Why or why not?

Word-of-mouth is one of the most credible forms of advertising because a person puts their reputation on the line every time they make a recommendation and that person has nothing to gain but the appreciation of those who are listening. What are you doing to make sure your potential ambassadors feel confident enough in your business to recommend it? What are you doing to trigger word-of-mouth?

The price of making a powerful statement is cheap compared to the cost of ads that don't work. So make a statement that counts. I'm not talking about making a grand and sweeping claim, such as "Lowest prices anywhere. We won't be undersold." No one believes hype anymore. I'm talking about a statement that's bona fide, no loopholes, easy to experience. And it only takes one such statement to put a business over the top. That's why you should designate a percentage of your ad budget to purchase word-of-mouth advertising.

The Best Advertising Money Can Buy

If you're not budgeting for word-of-mouth advertising, your business is probably suffering. Our ad expert offers his tips on generating customer recommendations.

<http://www.entrepreneur.com/advertising/adcolumnistroyhwilliams/article80232.html>

15 Ways Other People Can Promote Your Company

Put your networking circle to work for you with these guaranteed ways to generate new business.

<http://www.entrepreneur.com/marketing/marketingideas/networkingcolumnistivanmisner/article77738.html>

Yellow Pages Ads

What It Is:

Line or display ads in the Yellow Pages section of your local phone book(s)

Appropriate For:

All businesses

Typical Cost:

Free, if you're purchasing a line ad. But the cost of display ads varies from city to city. In Manhattan, New York, a small, one-inch space listing would cost you about \$2,500, and you could pay as much as \$92,000 for a full-page display ad. But that same one-inch space listing in Manhattan, Kansas, would cost just \$252, and a full-page display ad would be about \$11,200.

Yellow Pages Ads and How It Works:

If you're not advertising in your local Yellow Pages, you could be missing out on a critical source of leads.

<http://www.entrepreneur.com/advertising/adsbytype/article83110.html>

The Trick to Old-School Advertising

Does advertising in newspapers, Yellow Pages and other forms of old-school media still work? It does if you know the secret to making them produce.

<http://www.entrepreneur.com/advertising/adcolumnnistroyhwilliams/article159390.html>

10) Operation Plan

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Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

Production

How and where are your products or services produced?

Explain your methods of:

- Production techniques and costs
- Quality control
- Customer service
- Inventory control
- Product development

Location

What qualities do you need in a location? Describe the type of location you'll have.

Physical requirements:

- Amount of space
- Type of building
- Zoning
- Power and other utilities

Access:

Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centers?

Include a drawing or layout of your proposed facility if it is important, as it might be for a manufacturer.

Construction? Most new companies should not sink capital into construction, but if you are planning to build, costs and specifications will be a big part of your plan.

Cost: Estimate your occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

Legal Environment

Describe the following:

- Licensing and bonding requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations covering your industry or profession
- Zoning or building code requirements

- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

- Number of employees
- Type of labor (skilled, unskilled, and professional)
- Where and how will you find the right employees?
- Quality of existing staff
- Pay structure
- Training methods and requirements
- Who does which tasks?
- Do you have schedules and written procedures prepared?
- Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.
- For certain functions, will you use contract workers in addition to employees?

Inventory

- What kind of inventory will you keep: raw materials, supplies, finished goods?
- Average value in stock (i.e., what is your inventory investment)?
- Rate of turnover and how this compares to the industry averages?
- Seasonal buildups?
- Lead-time for ordering?

Suppliers

Identify key suppliers:

- Names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

- Do you plan to sell on credit?
- Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?
- If yes, what policies will you have about who gets credit and how much?
- How will you check the creditworthiness of new applicants?
- What terms will you offer your customers; that is, how much credit and when is payment due?
- Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)

- Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing Your Accounts Receivable

If you do extend credit, you should do an aging at least monthly to track how much of your money is tied up in credit given to customers and to alert you to slow payment problems. A receivables aging looks like the following table:

	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
Accounts Receivable Aging						

You will need a policy for dealing with slow-paying customers:

- When do you make a phone call?
- When do you send a letter?
- When do you get your attorney to threaten?

Managing Your Accounts Payable

You should also age your accounts payable, what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables aging looks like the following table.

	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
Accounts Payable Aging						

11) Management and Organization

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Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

If you'll have more than 10 employees, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Include position descriptions for key employees. If you are seeking loans or investors, include resumes of owners and key employees.

Professional and Advisory Support

List the following:

- Board of directors
- Management advisory board
- Attorney
- Accountant
- Insurance agent
- Banker
- Consultant or consultants
- Mentors and key advisors

Accounting and bookkeeping

Accounting Forms

Track every move your money makes with our selection of accounting forms. From expense reports to income statements, these forms will help you get your business finances in order.

<http://www.entrepreneur.com/formnet/accountingforms.html>

Add an Accountant to Your Business Team

Let an accountant handle your complex finances so you can concentrate on building your business.

<http://www.entrepreneur.com/money/moneymanagement/bookkeeping/article51810.html>

Hiring a Bookkeeper or an Accountant

They're not just there to keep the books--they're there to help you run your business smarter.

<http://www.entrepreneur.com/money/moneymanagement/bookkeeping/article45628.html>

11 Expectations to Set for Your Bookkeeper

Before you bring someone on board to handle your books, check their skills and lay the ground rules to ensure you're getting the right person for your business.

<http://www.entrepreneur.com/money/moneymanagement/financialmanagementcolumnistpamnewman/article159788.html>

Choosing the Right Financial Professional

With advice from an expert, we can help you figure out just who you need to assist you with the financial side of your business.

<http://www.entrepreneur.com/money/moneymanagement/article65460.html>

Why You Need an Accountant

The last in a three-part series on dealing with the new professionals in your business life

<http://www.entrepreneur.com/money/moneymanagement/bookkeeping/article52324.html>

Elements Of The Accounting System: Chart Of Accounts

The first step in your accounting system, a chart of accounts lists the accounts you want to track.

<http://www.entrepreneur.com/money/moneymanagement/bookkeeping/article21910.html>

Latest Answers on Finance & Accounting from Entrepreneur.com

<http://www.entrepreneur.com/ask/category6.html>

How To Guides for Finance & Accounting from Entrepreneur.com

<http://www.entrepreneur.com/howto/category6.html>

Experts for Finance & Accounting from Entrepreneur.com

<http://www.entrepreneur.com/experts/category6.html>

Advisory Board

Do You Need an Advisory Board?

You just might, so we'll show you how to set one up.

<http://www.entrepreneur.com/management/leadership/businessstrategies/article22728.html>

Selecting an Advisory Board

6 tips for finding the best advisors for your business

<http://www.entrepreneur.com/startingabusiness/startupbasics/startupbasicscolumnistpaigearnoffen/article71684.html>

Put Your Advisory Board to Work

It's time to rethink the roll of advisors and how they are compensated.

<http://www.entrepreneur.com/money/financing/startupfinancingcolumnistasheeshadvani/article201900.html>

Attorney

How to Hire an Attorney

Hiring a good lawyer is crucial to any successful business. Here's everything you need to know about finding, interviewing and hiring the very best.

<http://www.entrepreneur.com/howto/attorney/index.html>

Hire to Hire an Attorney advice from ExpertLaw.com

<http://www.expertlaw.com/library/consumer/howtohire.html>

Answers to Your Startup Legal Questions

Don't let red tape boggle your mind. Here's how to handle some common legal dilemmas.

<http://www.entrepreneur.com/startingabusiness/startupbasics/legalissues/article59092.html>

Legal Aid

Our Legal Expert guides you through the process of finding someone between Attila the Hun and Casper Milquetoast.

<http://www.entrepreneur.com/management/legalissues/workingwithanattorney/article27420.html>

Human Resources and Employees

How-to-guides from Entrepreneur.com

<http://www.entrepreneur.com/humanresources/index.html>

Employee Management guides and forms from Toolkit.com

http://www.toolkit.com/tools/index.aspx#Employee_Management

Recruiting and Hiring Employees from Toolkit.com

http://www.toolkit.com/tools/index.aspx#Recruiting_and_Hiring

Human Resource Articles

Below are some articles on Human Resource issues other business owners have encountered and submitted their questions to Entrepreneur.com for advice. Some of the other articles are simply suggestions or guides about various employee issues a business owner may encounter. Review the headlines below and click on the corresponding website link beneath it to read the full article.

Can I pick and choose which employees I offer health insurance to?

It's not illegal to offer health benefits to just the top echelon of your company, but it may be difficult.

<http://www.entrepreneur.com/ask/answer9017.html>

Rewarding Employees Creatively

If you don't have the money for large bonuses or extravagant end-of-the-year parties, consider these methods to thank employees.

<http://www.entrepreneur.com/humanresources/employeemanagementcolumnistdavidjavitch/article186872.html>

Considering Employee Comfort

They spend one-third of their time at the office. Is the environment worthy?

<http://www.entrepreneur.com/magazine/entrepreneur/2009/april/200746.html>

Employee Motivation and Retention

A small business resource on motivating employees.

<http://www.entrepreneur.com/managingemployees/motivationandretention/archive143978.html>

Employee Training

A small business resource on training employees.

<http://www.entrepreneur.com/managingemployees/training/archive115842.html>

Employee Evaluation, Review and Assessment.

A guide for small businesses on how to review and discipline your employees.

<http://www.entrepreneur.com/managingemployees/discipliningandfiring/archive115912.html>

Managing Employees: Strategies and Plans

An online guide to managing employees.

<http://www.entrepreneur.com/humanresources/managingemployees/index115874.html>

Hiring Employees: Good Strategies and Practices

How entrepreneurs are using social networking, blogging and other internet tools to hire the best employees.

www.entrepreneur.com/humanresources/hiring/index.html

How to Discipline and Fire Employees

This is a situation no entrepreneur wants to face. But when it happens, you need to know how to do it sensitively--and legally.

<http://www.entrepreneur.com/humanresources/managingemployees/discipliningandfiring/article79928.html>

Creating Loyal Employees

When it comes to employee loyalty, the bottom line is, it's all about you. Here's what you can do to create a loyal staff.

<http://www.entrepreneur.com/humanresources/employeemanagementcolumnistdavidjavitch/article171568.html>

Recruiting Employees 2.0

When it comes to finding the best employees, technology can put you on a level playing field with the big guys.

<http://www.entrepreneur.com/humanresources/hiring/article185712.html>

Getting Your Employees Excited Again

Your employees are bored with their repetitive tasks. What are you going to do about it?

<http://www.entrepreneur.com/humanresources/employeemanagementcolumnistdavidjavitch/article164794.html>

Virtual Office Management Means Effective Communication

Learn the pros and cons of a virtual office, software that can help, and strategies for effectively managing employees from a remote location.

<http://www.entrepreneur.com/humanresources/employeemanagementcolumnistdavidjavitch/article199002.html>

Hiring Employees for Your Homebased Biz

Before you place a classified ad for your first employee, take these 10 points under consideration to find out if you're really ready to add to your homebased staff.

<http://www.entrepreneur.com/homebasedbiz/growthoptions/article75242.html>

Independent Contractors versus Employees

There are so many variables that can affect a company's decision to hire individuals as independent contractors versus employees. Below are some websites that contain articles, tools and forms for

issues that a business owner may encounter when hiring independent contractors. Review the headlines below and click on the corresponding website link beneath it to download the form or read the full article.

WEBSITES

Nolo.com has a section on their website where you can read articles and FAQs about independent contracting. You can also download legal forms that you can use. Click on the link below to be directed to the webpage that discusses independent contracting.

<http://www.nolo.com/resource.cfm/catID/450464AB-FA7C-4AAC-B374F1BCE305E4DB/111/159/>

Toolkit.com's Sample Contractor Agreement

This webpage on Toolkit.com is where you can download a sample independent contractor agreement that is designed to help you draft a custom agreement that reflects your needs and situation.

http://www.toolkit.com/tools/bt.aspx?tid=indcon_m

Toolkit.com's FAQs on Independent Contractors

This webpage on Toolkit.com discusses the pros & cons of independent contractors and provides some tips.

http://www.toolkit.com/small_business_guide/sbg.aspx?nid=P05_0085

ARTICLES

Hiring an Independent Contractor

Looking for an alternative to full-time employees? Our Legal Expert shows you the benefits of hiring independent contractors.

<http://www.entrepreneur.com/humanresources/hiring/article29988.html>

Employee or Independent Contractor?

Here's how to determine which type of worker you have and whether you're liable for their actions.

<http://www.entrepreneur.com/management/legalcenter/legalissuescolumnistjeffreysteinerberger/article177992.html>

Managing an Independent Contractor

Smart tips on what to do--and what not to do--when it comes to hiring and managing contract employees.

<http://www.entrepreneur.com/humanresources/employeemanagementcolumnistdavidjavitch/article166668.html>

Term definition: Independent Contractor

<http://www.entrepreneur.com/encyclopedia/term/82220.html>

The company that hired me as an independent contractor didn't get paid. Should I expect payment?

<http://www.entrepreneur.com/ask/answer11303.html>

Can a contractor sue for nonpayment of an amount he never disclosed or invoiced?

<https://www.entrepreneur.com/ask/answer12567.html>

12) Personal Financial Statement

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Include [personal financial statements](#) for each owner and major stockholder, showing assets and liabilities held outside the business and personal net worth. Owners will often have to draw on personal assets to finance the business, and these statements will show what is available. Bankers and investors usually want this information as well.

13) Startup Expenses and Capitalization

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You will have many [startup expenses](#) before you even begin operating your business. It's important to estimate these expenses accurately and then to plan where you will get sufficient capital. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, opening a new business has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little "padding" to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. The second approach is to add a separate line item, called contingencies, to account for the unforeseeable. This is the approach we recommend. Talk to others who have started similar businesses to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20 percent of the total of all other start-up expenses. Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have.

14) Financial Plan

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The financial plan consists of a [12-month profit and loss projection](#), a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your company's financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your company.

12-Month Profit and Loss Projection

Many business owners think of the 12-month profit and loss projection as the centerpiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate company income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it's time to revise your plan.

Four-Year Profit Projection (Optional)

The [12-month projection](#) is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Businesses fail because they cannot pay their bills. Every part of your business plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn't be taken by surprise.

There is no great trick to preparing it: The [cash-flow projection](#) is just a forward look at your checking account.

For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and inventory purchases.

You should also track cash outlays prior to opening in a pre-startup column. You should have already researched those for your startup expenses plan.

Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.

Explain your major assumptions, especially those that make the cash flow differ from the Profit and Loss Projection. For example, if you make a sale in month one, when do you actually collect the cash?

When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup, that should be budgeted?

Loan payments, equipment purchases, and owner's draws usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

And of course, depreciation does not appear in the cash flow at all because you never write a check for it.

Opening Day Balance Sheet

A [balance sheet](#) is one of the fundamental financial reports that any business needs for reporting and financial management. A balance sheet shows what items of value are held by the company (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is owners' equity.

Use a startup expenses and capitalization spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some people want to add a projected balance sheet showing the estimated financial position of the company at the end of the first year. This is especially useful when selling your proposal to investors.

Break-Even Analysis

A [break-even analysis](#) predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

Expressed as a formula, break-even is:

$$\text{Break-Even Sales} = \frac{\text{Fixed Costs}}{1 - \text{Variable Costs}}$$

(Where fixed costs are expressed in dollars, but variable costs are expressed as a percent of total sales.)

Include all assumptions upon which your break-even calculation is based.

15) Refining the Plan

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The generic business plan presented above should be modified to suit your specific type of business and the audience for which the plan is written.

For Raising Capital – Bankers Perspective

- Bankers want assurance of orderly repayment. If you intend using this plan to present to lenders, include:

- Amount of loan
- How the funds will be used
- What this will accomplish—how will it make the business stronger?
- Requested repayment terms (number of years to repay). You will probably not have much negotiating room on interest rate but may be able to negotiate a longer repayment term, which will help cash flow.
- Collateral offered, and a list of all existing liens against collateral
-

For Raising Capital – Investors Perspective

- Investors have a different perspective. They are looking for dramatic growth, and they expect to share in the rewards:
 - Funds needed short-term
 - Funds needed in two to five years
 - How the company will use the funds, and what this will accomplish for growth.
 - Estimated return on investment
 - Exit strategy for investors (buyback, sale, or IPO)
 - Percent of ownership that you will give up to investors
 - Milestones or conditions that you will accept
 - Financial reporting to be provided
 - Involvement of investors on the board or in management

For Type of Business -- Manufacturing

- Planned production levels
- Anticipated levels of direct production costs and indirect (overhead) costs—how do these compare to industry averages (if available)?
- Prices per product line
- Gross profit margin, overall and for each product line
- Production/capacity limits of planned physical plant
- Production/capacity limits of equipment
- Purchasing and inventory management procedures
- New products under development or anticipated to come online after startup

For Type of Business -- Service Businesses

- Service businesses sell intangible products. They are usually more flexible than other types of businesses, but they also have higher labor costs and generally very little in fixed assets.
- What are the key competitive factors in this industry?
- Your prices
- Methods used to set prices
- System of production management
- Quality control procedures. Standard or accepted industry quality standards.
- How will you measure labor productivity?
- Percent of work subcontracted to other firms. Will you make a profit on subcontracting?
- Credit, payment, and collections policies and procedures
- Strategy for keeping client base

For Type of Business -- High Technology Companies

- Economic outlook for the industry
- Will the company have information systems in place to manage rapidly changing prices, costs, and markets?
- Will you be on the cutting edge with your products and services?
- What is the status of research and development? And what is required to:
 - Bring product/service to market?
 - Keep the company competitive?
- How does the company:
 - Protect intellectual property?
 - Avoid technological obsolescence?
 - Supply necessary capital?
 - Retain key personnel?

High-tech companies sometimes have to operate for a long time without profits and sometimes even without sales. If this fits your situation, a banker probably will not want to lend to you. Venture capitalists may invest, but your story must be very good. You must do longer-term financial forecasts to show when profit take-off is expected to occur. And your assumptions must be well documented and well argued.

For Type of Business -- Retail Business

- Company image
- Pricing:
 - Explain markup policies.
 - Prices should be profitable, competitive, and in accordance with company image.
- Inventory:
 - Selection and price should be consistent with company image.
 - Inventory level: Find industry average numbers for annual inventory turnover rate (available in RMA book). Multiply your initial inventory investment by the average turnover rate. The result should be at least equal to your projected first year's cost of goods sold. If it is not, you may not have enough budgeted for startup inventory.
- Customer service policies: These should be competitive and in accord with company image.
- Location: Does it give the exposure that you need? Is it convenient for customers? Is it consistent with company image?
- Promotion: Methods used, cost. Does it project a consistent company image?
- Credit: Do you extend credit to customers? If yes, do you really need to, and do you factor the cost into prices?

16) Appendices

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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

Appendix – Articles

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Appendix – Biz workshops attended

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Appendix – Brochures

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Appendix – Industry Studies

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Appendix – Leases and contracts

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Appendix – Letters of support

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Appendix – List of assets to collateralize loan

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Appendix – Market Research Studies

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