

# **NORTH CENTRAL IOWA SBDC**

***Business***

***Planning***

***Guide***



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## ***Directions***

Complete the attached business plan by either circling the appropriate response or by providing a complete answer to the question. The SBDC Counselor can help clients develop business plans by answering questions, critiquing, requesting additional information to further clarify or define sections, and help rework those sections, the need for your active involvement in every aspect of this planning process is essential. A business plan will help you to most effectively use your assets -- especially your time, and focus on your opportunities. You need to be in control of establishing both the vision, the interpretation and direction of your business. Only you can project, through your business plan, the experience, time, energies and personality you possess to make this business a success. So focus in, orchestrate and direct it from the very beginning.

When this questionnaire is completed, type your information into an essay format. Complete each section in its entirety and start the next section on a new sheet of paper with a heading at the top of the page. If you have questions or when you have finished your rough draft, just give us a call and we will answer your questions or set up an appointment to critique your business plan and do the computerized cash flow projection.

For assistance call: Stefanie Koenig – (515) 576-6242

Or

Kimberly Tiefenthaler – (712) 775-7818

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  - 1. Projected Income Statement
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  - 3. Balance Sheet
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## **Sections Three: Supporting Documents**

- A. Personal resumes, letter of reference, letters of intent, copies of leases, insurance policies, contracts, legal documents and anything else relevant to the business plan.

## ***Executive Summary***

Briefly highlight each of the segments of your business, to see if the different sections make sense, support each other and if they leave the reader with a concise, convincing statement that will show your project and plans are feasible.

***(This section is usually done after completing the other sections, but is the most important section of the business plan and will go first in the finished business plan. This should not be more than a one page summary)***

## ***Business Description***

1. Name of Business:
  
2. Business Status:
  - a. Start-up business
  - b. Existing business
  - c. Expansion of Existing business
  - d. Purchase or Take-over of Existing business
  
3. Principal owners of the business are:
  
4. Structure of business ownership:
  - a. **Sole Proprietorship** - As a sole proprietor you will be personally liable for all contracts, debts and any other obligation of your business. Creditors can look to your personal assets as well as the assets of your business to satisfy your business liabilities. The income or loss generated from your business will be taxed only once, as reported on your personal income tax returns.
  
  - b. **Partnership** - Each partner will be personally liable for contracts, debts and other obligations of your business. Personal assets of each partner can be used to satisfy business liabilities. A written agreement should be made specifically setting forth responsibilities, understandings and conditions of your partnership. Partnerships do not file tax returns and income is reported on each partner's own personal income tax returns.
  
  - c. **Corporations** - Corporations are recognized as a separate legal entity. The Corporation is taxed and then dividends are taxed again on personal returns. The corporation has perpetual existence, unaffected by the death or withdrawal of shareholders. S-Corporation status can be selected, if you qualify under IRS rules. S-Corporations file an information return, but its income or loss is passed to the shareholders and taxed on personal tax returns. The Corporations' assets are liable for any claims from creditors, but the individual shareholders are shielded from contractual liabilities.
    1. For Profit Corporations      Sub Chapter S      C-Corporation
    2. Non-Profit Corporation
  
  - d. **Limited Liability Companies (LLC)** - LLC's have the tax advantages of partnerships, with the **limited liability** advantages to their shareholders. They have the single tax benefits of S-Corporations, without the complications of such tax status. Members may be actively involved in the business or delegate responsibilities to managers.
  
5. What type of business is it?
  - a. Wholesale
  - b. Retail
  - c. Service
  - d. Manufacturing
  - e. Construction
  - f. Other \_\_\_\_\_

## ***Business Description Cont.***

6. Describe the product or service your business will be offering.
  
7. Briefly describe where you will be located.
  
8. Describe the type of experience you have in this business?
  
9. What target date have you set for your business to begin operation? What will your business hours be and what days of the week will you be open?
  
10. Identify five factors that are key to the success of this business
  - A.
  - B.
  - C.
  - D.
  - E.
  
11. What is the amount of your loan/financing request? How will the loan/financing be repaid?
  
12. How will the loan be used (what will be purchased) and how will this make the business more profitable/successful?
  
13. If this is a takeover or purchase of an existing business, why are they selling? What will or did you pay for the business and how was that price determined?

## ***The Product or Service***

1. Describe in detail what products or services are you offering (assume the reader has no specific knowledge of your business or industry – avoid technical jargon)?
2. What are the **competitive advantages** of your products or services?
3. How do your products or services differ from your competitors?
4. Have you spoken with other people in this kind of business? What did you learn from them?
5. Have you secured the vendors or suppliers needed for your business? What kind of vendor credit do they offer? Have you established a credit line, and if so, what are the terms?
6. What terms are you offering to your customers for payment of your products or services? What are the standard payment terms in this industry?

## ***The Industry***

1. What trade associations or industry groups are available to provide information and educational opportunities?
2. How does the economy affect this industry? Is the industry growing, declining, or stable?
3. What are the key factors that affect change in this industry?
4. What is the future outlook for this industry?
5. What is the total U.S. market for this industry?
6. What factors attracted you to this industry?



## ***The Market***

1. Identify your target market in terms of your customer's proximity to your business (geographic).
2. Identify the people that are currently buying your kind of product or service by age, gender, marital/family status, education level, income level, racial/ethnic background etc (demographic).
3. What do you know about your customer's satisfaction with similar products/services that are currently available in the market? What needs does the customer have that are currently not being met (psychographic)?
4. Can you define the purchasing habits of the customers in your target market (how often do they purchase, what quantity do they purchase at one time, what induces them to make a purchase)?
5. How do you feel you are going to satisfy your market? What do you have to offer to get your share of this market that will make people buy from you and not your competition?

## ***The Market - Continued***

6. Is there room for another product or service like yours in your market? How many competitors are currently in your market area?
  
7. Describe in detail the kinds of promotion or advertising you feel will be most effective in reaching your target market?. What is the cost for each of these marketing efforts? How much will your annual marketing budget be?
  
8. What amount of sales will you need to  
Breakeven?

## ***The Business Location***

1. In what type of area is your business located (ie: home, downtown, rural, etc.)? What is your business address?
2. Describe the physical features of your building. Describe the setting of your facility: parking, lighting, access, etc. How do these features lend themselves to your specific product or service?
3. Did you lease or buy this facility? If leased, what are the terms of your lease? What is included in that lease? If you own or are buying your space, what are the terms of your contractual arrangement?
4. If you are leasing this facility, does this space need to be renovated? What is the cost and who pays for it? Get quotes in writing and provide a complete list of those renovation expenses in your supporting documents along with a copy of your lease/purchase agreement.
5. Is your location zoned for your particular type of business or service? Are there special permits or licenses needed in your business?



## ***The Competition***

1. Locate your competitors ( at least 3 and no more than 6), list by name and general location in relation to your facility.
2. Analyze each of your competitors based on the key factors for success (page 6, question 10) for this type of business.
3. What do you see as your competitor's strengths and can you offer those same strengths in your business?
4. What do you see as your competitor's weaknesses? What strategies have you developed to take advantage of your competitor's weaknesses?
5. Are your competitor's postured to take advantage of future opportunities or mitigate the impact of future threats?
6. Based on your competitive analysis, specifically identify what areas of the market do you feel are underserved or undersatisfied by your competitors.

## ***The Competition Cont.***

7. Identify how you plan to fulfill these unmet needs or do a better job of fulfilling these needs than your competitors?
8. Summarize the competitive advantages of your business relative to the needs and wants of the market and the strengths and weaknesses of the competition.

## ***Management***

1. Describe the business and management experience of the owner(s) and top management.
2. What education, both formal and informal educational experience, have you had that will influence your success in this business?
3. What professional skills and abilities are necessary to successfully own and operate this business?
4. Do you, or other top managers in the business, possess these critical skills and abilities?
5. What will each manager's specific duties and responsibilities be? (Job Descriptions for all managers should be in the appendix)?
6. What will the salaries be for management? What benefits will be offered? What financial contribution with the business make toward these benefits?

## ***Personnel***

1. How many employees will the business have and what positions will there be?
2. Based on your growth projection for the business, when will additional employees need to be hired?
3. Specify the skill level or job description of employees needed. Will they be full or part-time, salaried or hourly? What business skills and experience will be required for these personnel?
4. Is there an adequate employee pool for employment positions your business will have? If they need special training, are you equipped to provide that training or is it available in the community?
5. What benefits will you offer employees and what financial contribution will the business make to these benefits?



## ***Expected Effect of Loan and Expenditures***

1. How will the requested financing be used?

Financing Source:

Financing Use:

Commercial Loan	\$ _____	Working Capital	\$ _____
Other Loan	\$ _____	Inventory	\$ _____
Owner Equity	\$ _____	Equipment	\$ _____
Investor Equity	\$ _____	Building	\$ _____
Other (_____)	\$ _____	Other (_____)	\$ _____
Other (_____)	\$ _____	Other (_____)	\$ _____

2. How will this financing make your business profitable?

## ***Support Persons***

1. Briefly describe various individuals you have available to assist you in an advisory role in certain situations. These individuals may include your accountant, lawyer, banker, board of directors, insurance agent, trade associations, SBDC personnel, etc.

## ***Estimated Start-up Cost***

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

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

**NOTES:**

## ***Estimated Operating Cost***

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

### **Sales Data:**

Projected Annual Sales - \$ \_\_\_\_\_

Method for determining annual sales - \_\_\_\_\_

Annual growth rate for sales revenue \_\_\_\_\_%

Will credit be offered to customers? \_\_\_\_\_ If yes, terms? \_\_\_\_\_

### **Cost of Sales:**

Estimated gross profit margin \_\_\_\_\_ % **or** Estimated pricing mark-up \_\_\_\_\_%

### **Cost of Labor: (does not include owner)**

Labor cost as a % of sales: \_\_\_\_\_ %

**or** Number of hours of labor purchased per week is \_\_\_\_\_ hours @ \$ \_\_\_\_\_ per hour

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

### **Other Operating Expenses: (per month)**

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

**Required Owner's Draw or Salary \$ \_\_\_\_\_**