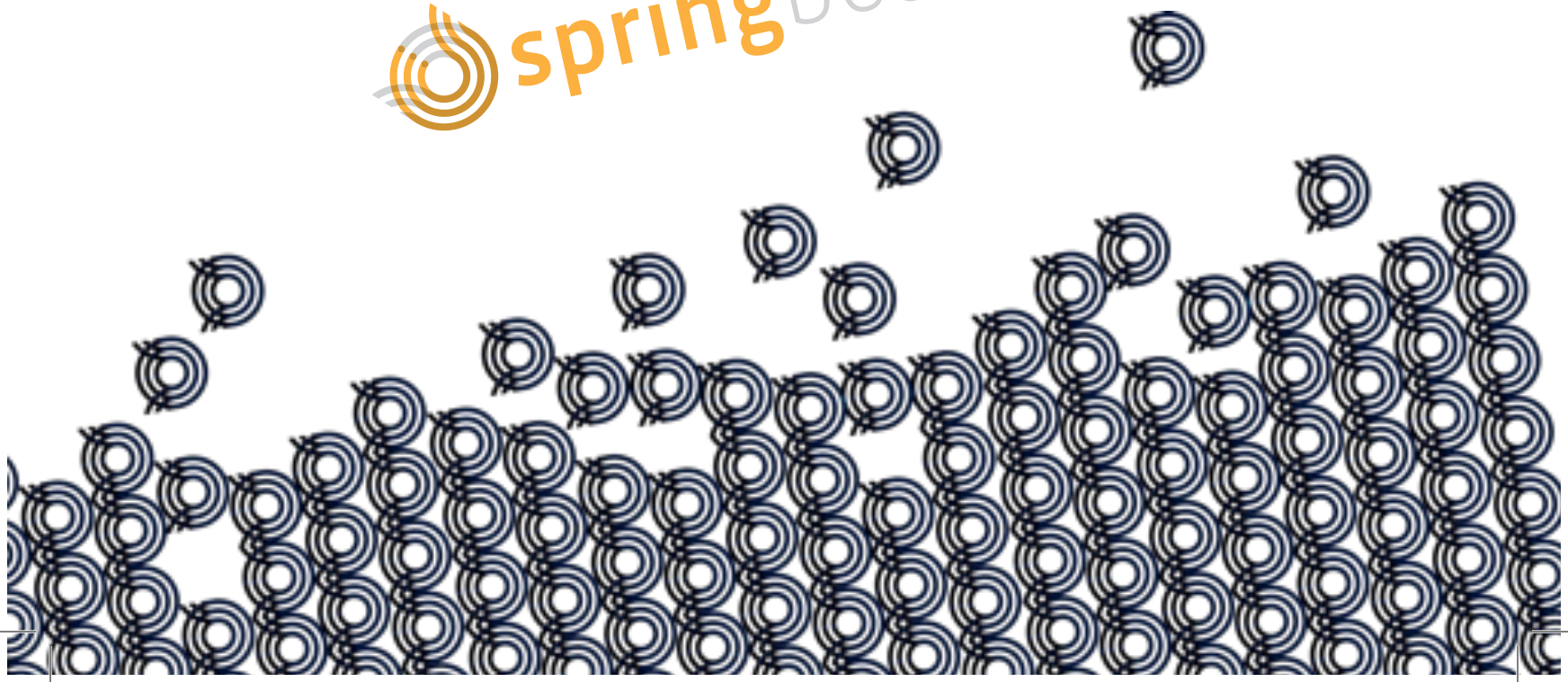


- 1 First Steps
- 2 Grand Opening
- 3 Will it Fly?
- 4 The Future
- 5 Inside Marketing
- 6 Getting the Word Out
- 7 Money
- 8 The End
- 9 Loan Documents
- 10 Sample Business Plan
- 11 Additional Resources
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- 13 Glossary







## About the **Business Plan**

### **Session Features:**

- Welcome
- Introduction to our training methods
- Detailed curriculum

# Welcome and Congratulations!

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By participating in CreateHere’s SpringBoard Business Planning Program, you have joined others who are determined to be successful business owners. By choosing to believe in yourself and your business dream, you have chosen to:

- Make a commitment to yourself
- Make a time commitment to your business idea
- Learn what it takes to plan your business systematically
- Learn what it takes to be a businessperson

Believing in yourself and your business idea along with the desire to work hard and persist in spite of difficulty will determine your success. Springboard’s program offers basic tools, information, practice, access to financing, and support groups. It is YOUR JOB to gain as much as possible from the training program and your Peer Group. We will cover much information in eight weeks. Therefore, your attendance at all of the sessions is very important.

This course is only a basic introduction. Learning about business is a long process that only starts in the classroom; you won’t be an expert when you finish. But, you will have the basic ideas to approach your business systematically, and you will know where to go to find additional information. Throughout your participation you will have many opportunities to continue learning about the ideas introduced in this course.

Starting your own business is an important step toward financial security for your family. However, you should know from the beginning that opening your own business, even a micro-business, always implies a risk.

CreateHere does not guarantee that you will be successful in your business. However, if you dedicate time and energy to this training you should learn how to reduce the risk to a level that is acceptable to you.

We look forward to working with you . . .



# 1 Introduction & First Steps

## **In this session, you will:**

- Introduce yourselves to each other
- Get to know your SpringBoard manual
- Learn more about the SpringBoard course
- Define your expectations of each other
- Study what a business plan is and why it is important
- Investigate licensing and legal structures for small businesses
- Produce a personal household budget






## 2 Planning the Grand Opening

### In this session, you will:

- Share your reasons for opening a business with one another
- Examine and analyze a credit report
- Learn to divide your business expenses into three types of costs
- Determine start-up costs for your business
- Examine your ongoing overhead costs
- Identify what records you need to keep and a basic chart of accounts
- Study how to use time now and how your business will change the demands on your time






# 3 It Looks Nice, but **Will it Fly**

**In this session, you will:**

- Revisit your personal finances and dream about saving money
- Review your credit report and plan to do needed repairs
- Define your sales unit
- Figure how much profit you make from a typical sale
- Examine what it means for a business to break even





# 4 The Future is in **Your Hands**

**In this session, you will:**

- Review some of the concepts covered so far
- Practice setting your sales and profit goals
- Project sales each month for one year
- Create a cash flow statement
- Review our progress through the business plan
- Use quiet work time to move forward and ask for help





# 5 Inside Marketing

**In this session, you will:**

- Review your business plan and map out the next steps
- Watch and discuss video about marketing
- Design marketing messages that will bring you customers
- Learn about target markets and define your own
- Understand and plan market research
- Write a mission statement for your business

# Task 1: Progress Report

Complete the questionnaire below and plan action accordingly.

## Business Plan Progress Review

We're halfway through the course and everybody needs to have a complete working draft of a business plan finished three weeks from today. Here is a list of assignments from the last four weeks. Which of these tasks have you done?

- Define and write down a basic description of your business, its location, personnel, and insurance needs
- Research licenses and legal structures and write down your conclusions
- Describe on paper the experience you have which will help you run a successful business
- Track your personal home income and spending for one month
- Research, list, and add up start-up costs
- Research and list overhead costs
- Figure your break-even point
- Set sales goals
- Project sales for one year
- Create a projected cash flow statement for 6 months or a year

*If not all the boxes are checked, what are your next steps?*

- Make more time to work on this than I have been
- Schedule a work session together with someone else in the group
- Make an appointment with the facilitator to help me move forward

# Task 2: Big Businesses, Big Ideas

This video is from ted.com, an idea-sharing website. Seth Godin is an entrepreneur and author who specializes in marketing in the digital age. Seth speaks of being extraordinary in a world of ordinary.

As you watch, WRITE one or two quotes that caught your ear and be ready to share them with the group.



## 6 Getting the Word Out

### **In this session, you will:**

- Study competition and learn to position your business wisely
- Brainstorm a list of marketing methods
- Choose the marketing methods that will bring you the most customers
- Analyze the importance of customer service
- Add psychological and market aspects to what you know about pricing
- Connect your marketing goals to the goals of your business
- Set a marketing budget and time frame for action

# Task 1: Marketing Progress

Your assignments last week were:

1. Write a mission statement,
2. Define your product /service,
3. Profile your target market.

With a partner, SHARE and ANALYZE the results of your work. What surprises did you have? Who would like to share a mission statement or goals statement with the group?

# Task 2: Stacking Up

**2A.** LISTEN as the facilitator reads the definition of “competition.”

**Competition:** Businesses competing for the same market dollars as you; may be direct or indirect. Direct competitors sell the same product or service as you. Indirect competitors sell a different product or service but one that customers might still buy instead of yours. Example: a German restaurant might have no direct competition (other German restaurants in town), but potential customers could still choose to eat at a Chinese restaurant (or even cook at home!) instead.

**2B.** As a group BRAINSTORM answers to this question: How does your competition help you?

**2C.** Using the Plus/Delta matrix on the flip chart, NAME 4 competitors for a local business or one in the room. RATE the business as compared to each competitor for each category - quality, location, price, and service. A plus means your business has the advantage; a delta means you may need to change something or do more research on this particular aspect of your competitor. DISCUSS the results and any surprises uncovered.



# 7 Money Money Money

**In this session, you will:**

- Create a collage that summarizes the essence of marketing
- Explore the benefits of borrowing
- Compare sources of business financing
- Work on completing your business plan
- Request needed help from your Program Coordinator, group members and others

# Task 1: Marketing Collage

In teams of two, CREATE a collage out of these magazines that represents what marketing is. You have 5 minutes to create it. POST it on the wall. Each group will have one minute to EXPLAIN it to the group

# Task 2: To Borrow or Not to Borrow

**2A. BRAINSTORM** all the ways that a loan could benefit a small business. WRITE your responses down on sticky notes. We will hear from several volunteers.

**2B. LIST** all of the sources for money that a small business might be able to access. The facilitator will write them on a flip chart page, leaving space for two columns, one marked plus and the other marked minus. DESCRIBE the advantages and disadvantages of each source of money.

**2C. READ** the story below about George the apple farmer and fill in the following tables as a group.

## How debt can help grow your business

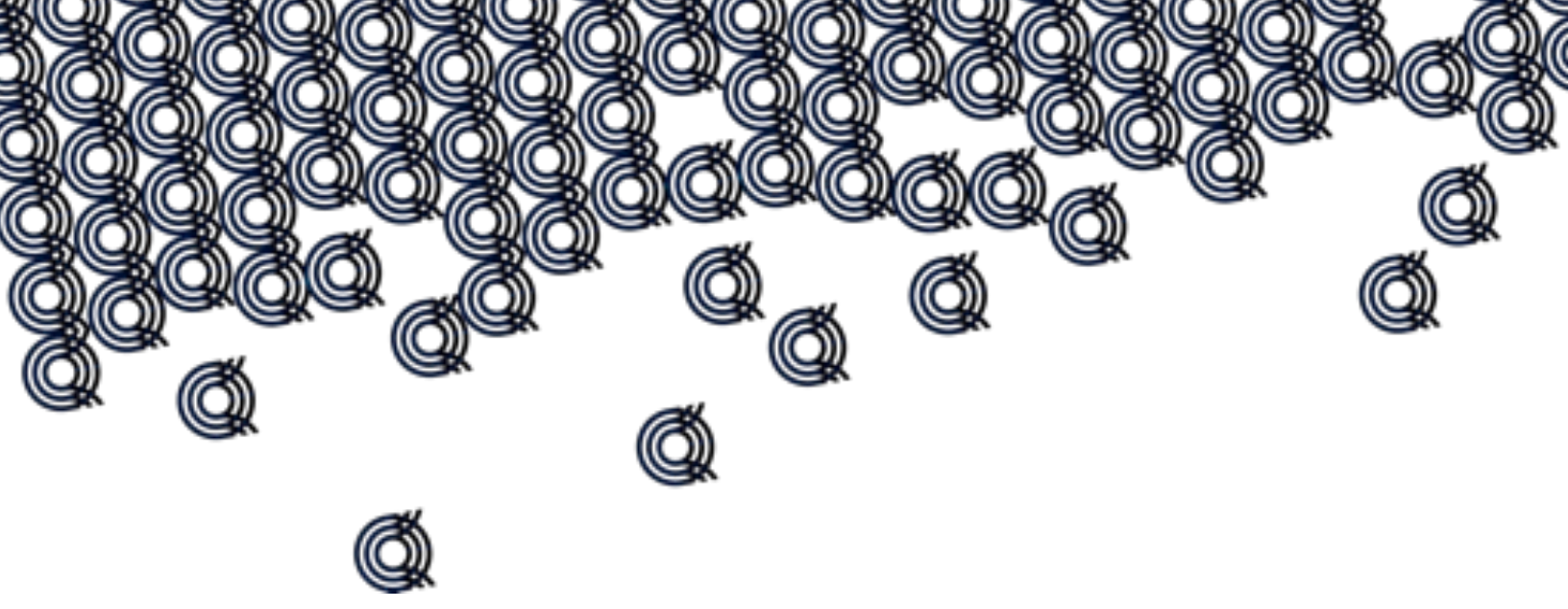
George is an apple farmer in Marion, Tennessee and wants to purchase an automatic apple picker to collect his apples on his organic apple orchard. This machine would alleviate the need to drive to each tree and hand pick all of the apples.

Historically, George would spend about 250 hours picking apples from his trees and \$250 in fuel costs for his truck over the course of the apple season. He typically spends \$350 (including his time) maintaining his roads and tools due to wear and tear from driving.

To collect all of the apples using an automated method, George would have to purchase the machine at a cost of \$1000. He would also have to purchase two large metal holding tanks for \$250 each. Automated collection would take about 100 hours. His fuel costs would be reduced to about \$100. There would be less wear and tear on the roads and his tools from this method, resulting in less maintenance cost, about \$200.

George has \$300 in savings, but would need a \$1200 loan to have enough money for the tanks and machine. For ease, assume that George would repay the loan in one year with 12% interest. What are his costs and what are his savings for the first and second years?

**BUSINESS PLAN**  
Complete the Sources of Financing section on page 14 of the Business Plan.



## 8 The End is A New Beginning

**In this session, you will:**

- Summarize your business plan
- Receive a certificate for successfully completing this course
- Evaluate your experience over the past eight weeks

## *Task 1: You've Come a Long Way*

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CHOOSE something from the pile of objects provided by the facilitator. Volunteers will SHARE how the objects they chose symbolize what it's been like to work on a business plan during the last eight weeks.

## *Task 2: Five Minutes of Fame*

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Take turns SUMMARIZING your business plan for your group. Each person should take 3-5 minutes, plus time to answer questions.

While the person is presenting, WRITE down on sticky notes the strengths of the plan and the person by starting with "I see ..." and "I like ..." When they are finished presenting, CALL out your affirmations and then attach your comments to the person's business plan that gets passed around the room.

## *Task 3: Certification*

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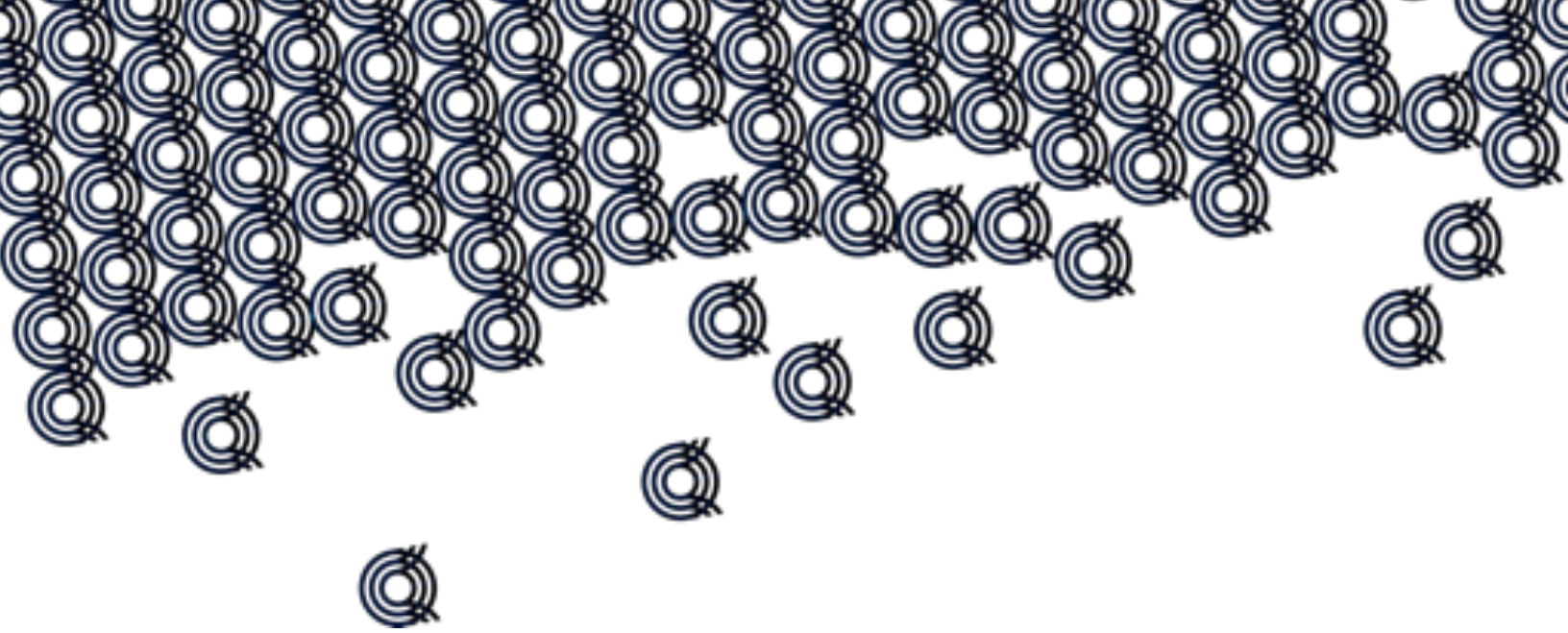
The facilitator will give you a certificate belonging to someone else in the group. One at a time, CALL the person over to you, GIVE them their certificate, CONGRATULATE them, and TELL them one quality they have that will be key in their success.

## *Task 4: Looking Forward, Looking Back*

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On the following pages you will find an evaluation of this course and an information release. Please FILL OUT these forms. The evaluation is key to helping us offer a quality course and to better understand how to better serve you and people like you in the future.

The information release ensures that we have permission to promote your business when it is open.



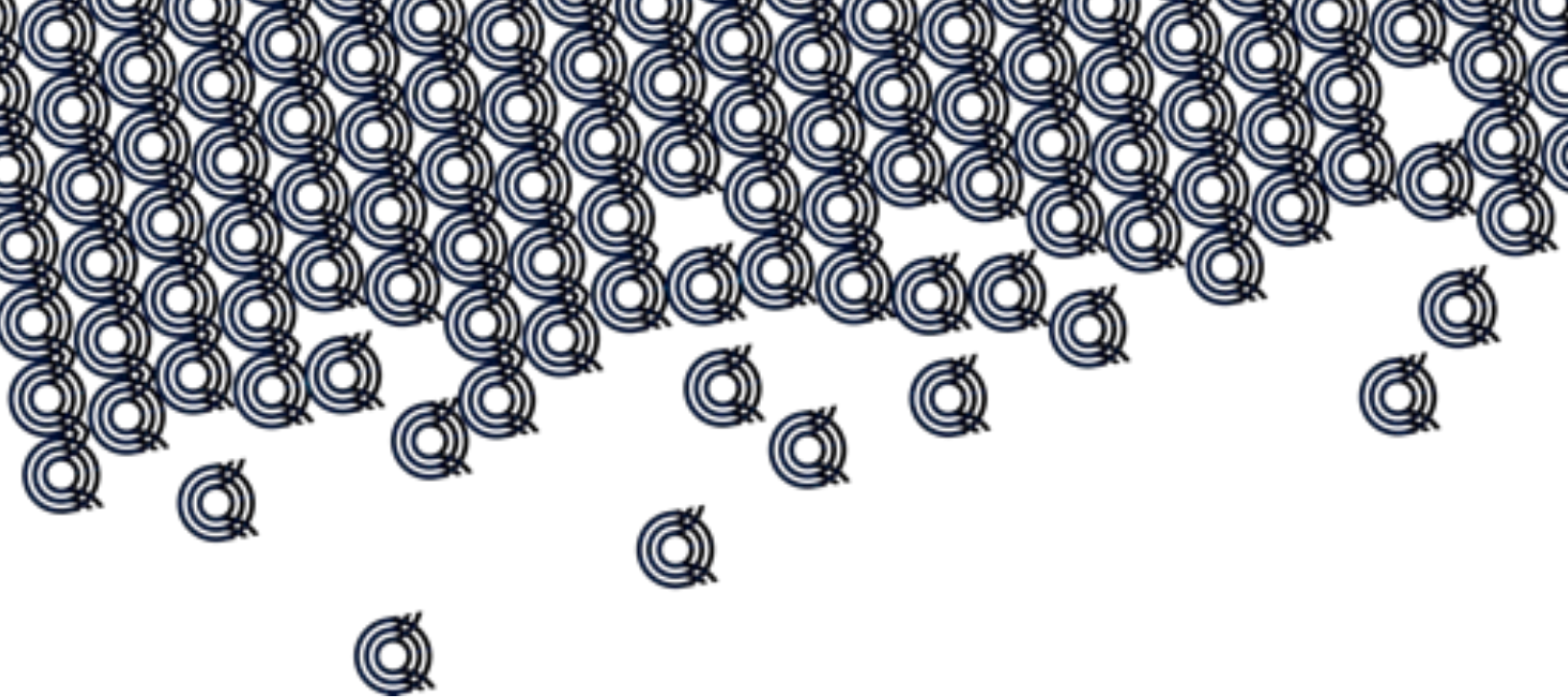
# 9 Loan Documents

**In this session, you will:**

- Review Loan Application materials
- Study guidelines for the loan review process

## STEPS IN THE LOAN APPLICATION PROCESS

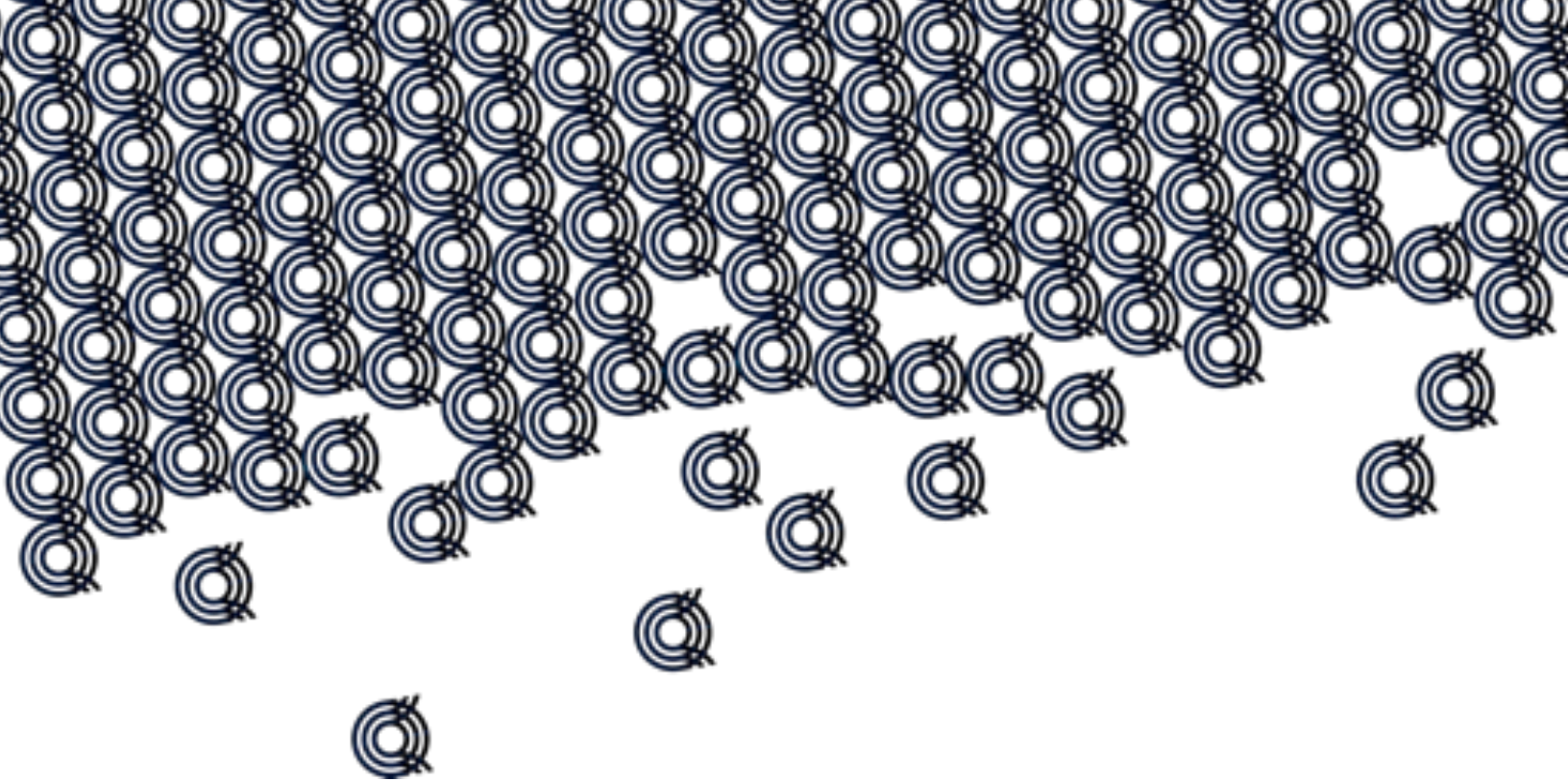
1. Loan Application Package - The Business Developer will provide several forms (Application, Personal Financial Statement, Resume and Credit Report Request Form) for the prospective borrower to fill out. These forms are included in this Section of your Foundations binder.
2. The Prospective Borrower working with a Business Developer, will complete forms and provide the information requested.
  - A. The Prospective Borrower should note that a lot of the information requested has been developed in the business plan they wrote while in the SpringBoard Course.
  - B. The Prospective Borrower is also asked to provide background information, such as personal tax returns, a credit report and other items that will help the Lender make a decision about the Borrower's character and capacity.
  - C. If there are liens or judgments, the borrower must show how they have been addressed and what arrangements have been made towards the payment of those debts. The law allows judgments and lien holders to seize any assets the debtor accumulates.
  - D. If the Loan is for a start-up business some items requested will not apply.
3. The Business Developer will use the above provided information to analyze your loan request.



# 10 Example of a Business Plan

Use this sample business plan to guide you when you are unsure of how to complete a section of your plan.





# 11 Additional Resources

- Worksheets
- Web Sites
- Tax Schedules
- Library Resource Lists
- Glossary
- More

# Basic Business Resources

This section of resources has been designed to give additional background information for the topics covered in the Basic Business Skills course. Materials are presented by the Session they correspond to.

## WHAT TYPE OF BUSINESS SHOULD I CHOOSE?

The best type of business is one in which you have experience or in which you have much interest. You need to be completely committed to making the business a success. If not, when problems arise it is possible that you will lose interest and give up.

We will not select a business for you or attempt to tell you what business would be good for you. Only you can choose the business that is right for you. You need to feel that the risk involved is acceptable and you need to feel comfortable with what you are doing. However, if you are committed to operating your own micro-business, but you haven't yet decided what type of business you would like to open, try the following:

- Imagine yourself in the business (selling some product or service) you think you might like.
  - Is it a good fit, do you feel comfortable, or uneasy and insecure?
  - Do you think you can stay excited and interested for a long time?
  - Keep your business simple. No matter how great you think you are, don't bite off more than you can chew. Start with something you feel you can do well, so you can build a solid foundation to move on to greater and more complex things.

Ask yourself the following questions:

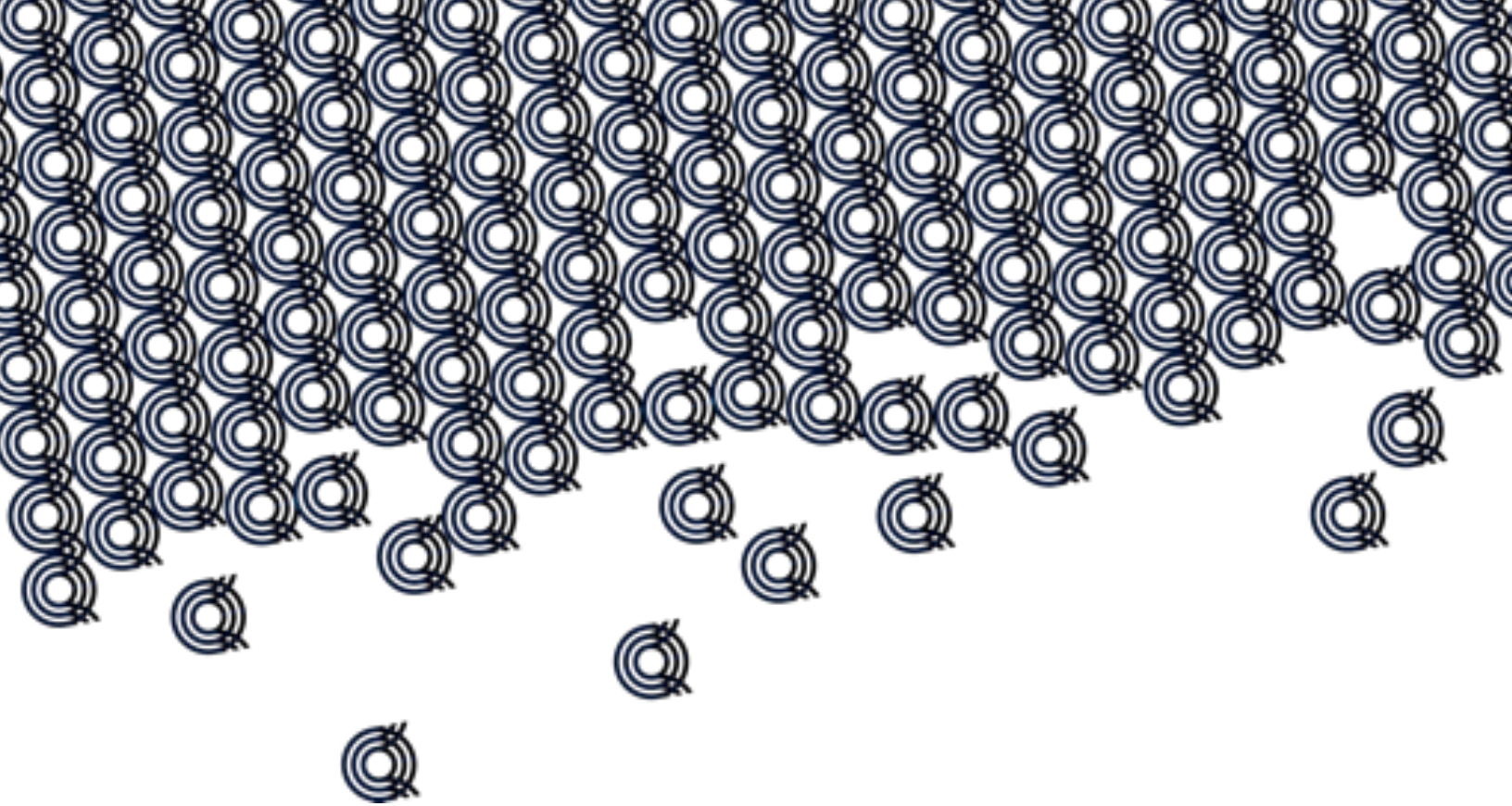
- Do people want to buy this product or service?
- How many competitors provide the same service or product?
- Can I create a desire for my product or service?
- Can I compete effectively in price, quality and service?

If you are having a hard time deciding, remember that successful businesspersons:

- Listen to what people in the community are saying.
- What do the people whom you know like?
- What do they want?
- What do they need?
- Could you fill those wants or needs in some way?

## TRY THIS EXERCISE!

Take a pencil and paper and observe your neighborhood. Concentrate on things you see, and most importantly on things that you don't see. Make three lists of what people are doing to make money, all the businesses, and what you have to leave the area to buy. Think about things you did not see, businesses you did not see, things & services you cannot buy, and list business ideas to fill in the gaps.



# 12

## Ready for **More?**

### **In this session, you will:**

- Learn how to create a break-even point while using more than one unit
- Break-even schedule
- Marketing budget
- Putting your cash flow into Microsoft Excel
- Cash flow
- To incorporate or not to incorporate, that is the question...

## How to create a break-even point using more than one unit.

1. How many units do you want to use? It is recommended you don't use more than 5 (and that is if you are comfortable with Excel, if not, don't go over three).
2. What are those units and what is the price and gross profit of each unit? FILL IN column 1, 2 and 3.
3. What is your overhead? \_\_\_\_\_
4. Each unit will cover a percentage of your overhead, so what percent of the overhead do you want each unit to cover? FILL IN column 4.
5. What is the dollar value of that percent? FILL IN column 5.
6. How many units is that? FILL IN column 6

Here is an example: Susan wants to start a baking business and she has narrowed down her products into three categories: 1. Breads, 2. Drinks 3. Desserts. Her overhead is \$10,000 a month. Here is how she filled out the table:

**TABLE 1**

| Column 1 | Column 2 | Column 3     | Column 4      | Column 5       | Column 6                       |
|----------|----------|--------------|---------------|----------------|--------------------------------|
| Unit     | Price    | Gross Profit | % of Overhead | \$ of Overhead | Units to Cover that percentage |
| Breads   | 5.00     | 4.35         | 40            | \$4,000        | 920 (\$4,000/\$4.35)           |
| Drinks   | 2.00     | 1.75         | 50            | \$5,000        | 2,857 (\$5,000/\$1.75)         |
| Desserts | 2.00     | 1.00         | 10            | \$1,000        | 1,000 (\$1,000/\$1.00)         |

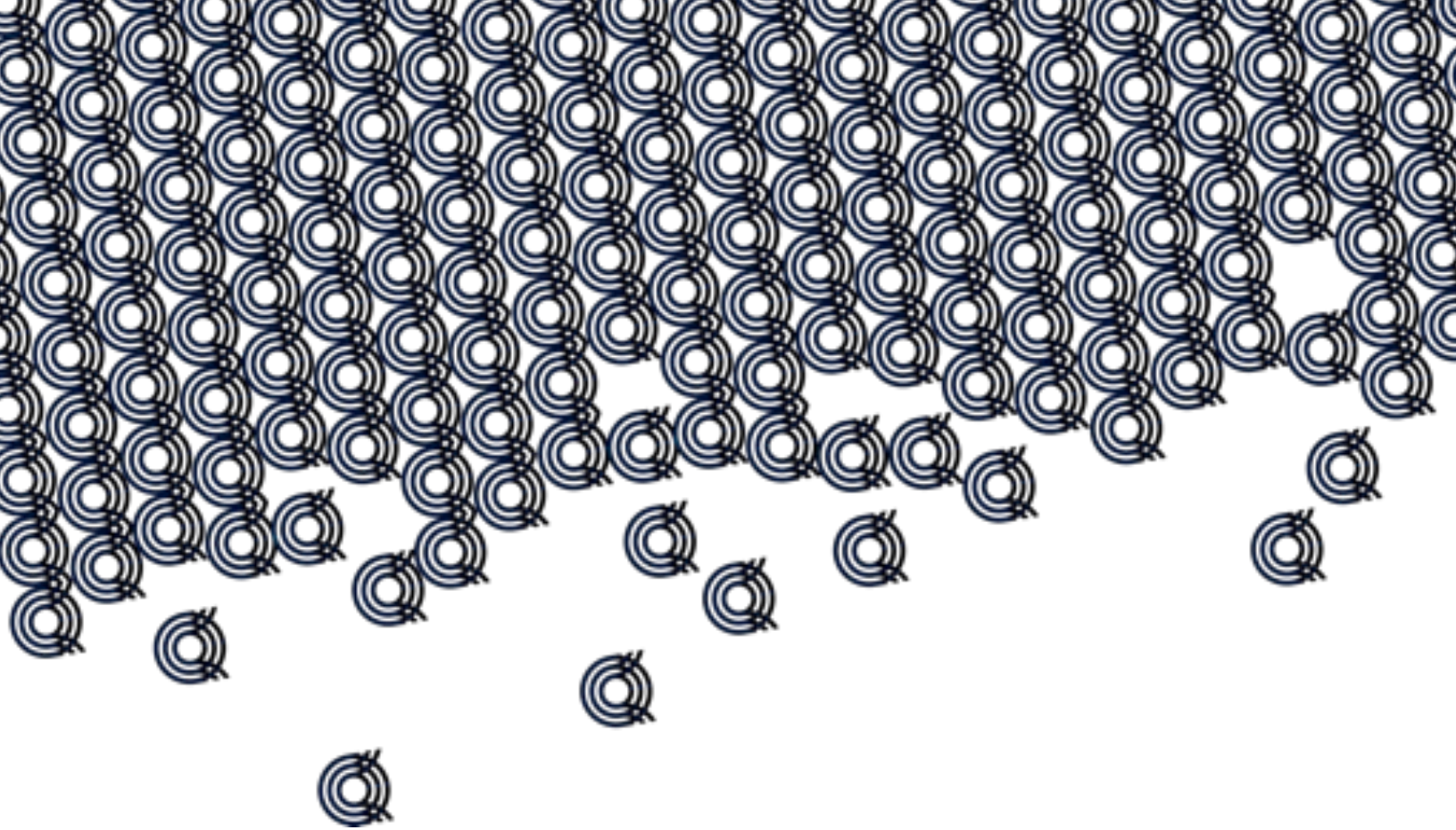
Reflect on this. Is it reasonable to sell 2,857 drinks a month? Is the price high enough? Should she focus more on the breads?

If you know how to use Excel, the whole process is easier, especially when you get to projecting sales for the future. You can input a formula to easily calculate your gross sales from each product and your gross profit, rather than calculating each of those separately. And if you have to go back and change something, you don't have to erase everything!

**TABLE 2**

| Unit | Price | Gross Profit | % of Overhead | \$ of Overhead | Units to Cover that percentage |
|------|-------|--------------|---------------|----------------|--------------------------------|
|      |       |              |               |                |                                |
|      |       |              |               |                |                                |
|      |       |              |               |                |                                |
|      |       |              |               |                |                                |

This same method can be used for a business that combines a product and service. The main difference is that most services don't have any variable costs, therefore the gross profit is the same as the price. The rest of the process is the same.



# 13

## Glossary of **Terms**

## GLOSSARY OF SMALL BUSINESS TERMS

**Account** - A formal record of a particular type of transaction expressed in money or other unit of measurement and kept in a ledger.

**Accounting** - The process by which financial information about a business is recorded, classified, summarized and interpreted by a business.

**Accounting Professional** - One who is skilled at keeping business records. Usually, a highly trained professional rather than one who keeps books. An accountant can set up the books needed for a business to operate and help the owner understand them.

**Accounts Payable** - An unpaid amount owed to private persons or organizations for goods or services received.

**Accounts Receivable** - An amount owed by a private person or organization for goods or services sold to them.

**Advertising** - To make public announcement of; to announce the qualities or advantages of so as to increase sales. I will advertise my new product in the newspaper.

**Aging Receivables** - A scheduling of accounts receivable according to the length of time they have been outstanding. This shows which accounts are not being paid in a timely manner and may reveal any difficulty in collecting long overdue receivables. This may also be an important indicator of developing cash flow problems.

**AIDA** (Attention, Interest, Desire, Action) – Acronym used to remember the sequence of steps in making a sale: gain the prospect's Attention, arouse Interest in the product or service, arouse Desire for the product or service, secure Action ( a decision to buy or not to buy).

**Amortization** – To liquidate on an installment basis; the process of gradually paying off a liability over a period of time, i.e., a mortgage is amortized by periodically paying off part of the face amount of the mortgage. The periodic reduction of an outstanding loan amount through regular payments.

**Annual Percentage Rate (APR)** - The cost of credit on a yearly basis. The APR is usually expressed in terms of the annual simple interest rate.

**Assets** – Anything having commercial or exchange value that is owned by a business, institution, or individual. Liquid assets are property that can be easily converted to cash, such as checking accounts and money market funds. Nonliquid assets are property that cannot be easily converted to cash, such as real estate.

**Articles of Incorporation** - A legal document filed with the state which sets forth the purposes and regulations for a corporation. Each state has different regulations.

**Assumption** - Something taken to be true without proof or demonstration. My projections are based on the assumption that I will always have two part-time employees.

**Bad debts** - Money owed to you that you couldn't collect.

**Balance** - The amount of money remaining in an account.

**Balance Sheet** – An itemized statement that lists the total assets, liabilities, and net worth of a given business to reflect its financial condition at a given moment in time. Financial statement that gives an accounting picture of assets owned by a company or person and of claims against those assets. One part of the balance sheet lists assets, while another part shows liabilities and owner's equity. Assets must always equal LIABILITIES plus NET WORTH. The balance sheet is a snapshot of the company's financial condition at one point in time.

**Balloon Payment** - The last payment on a loan that is substantially larger than the previous payments.

**Benefits** (of a product or service) – the emotional or other end results that your products or services provide. "My factories make cosmetics; we sell hope." Hope is the benefit.

**Bookkeeping** - The process of recording business transactions into the accounting records.

**Bottom Line** - A business's net profit or loss after taxes for a specific accounting period.

**Break-Even Analysis** - A method used to determine the point at which the business will neither make a profit nor incur a loss. That point is expressed in either the total dollars of revenue exactly offset by total expenses or in total units of production, the cost of which exactly equals the income derived by their sale. Mathematical analysis, which establishes the sales point at which the business neither makes nor loses money.

**Break-Even Point** – Mathematical analysis which establishes the sales point at which the business neither