

1990

EC90-433 Business Plan

Paul H. Gessaman

Follow this and additional works at: <http://digitalcommons.unl.edu/extensionhist>

Gessaman, Paul H., "EC90-433 Business Plan" (1990). *Historical Materials from University of Nebraska-Lincoln Extension*. 4663.
<http://digitalcommons.unl.edu/extensionhist/4663>

This Article is brought to you for free and open access by the Extension at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Historical Materials from University of Nebraska-Lincoln Extension by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

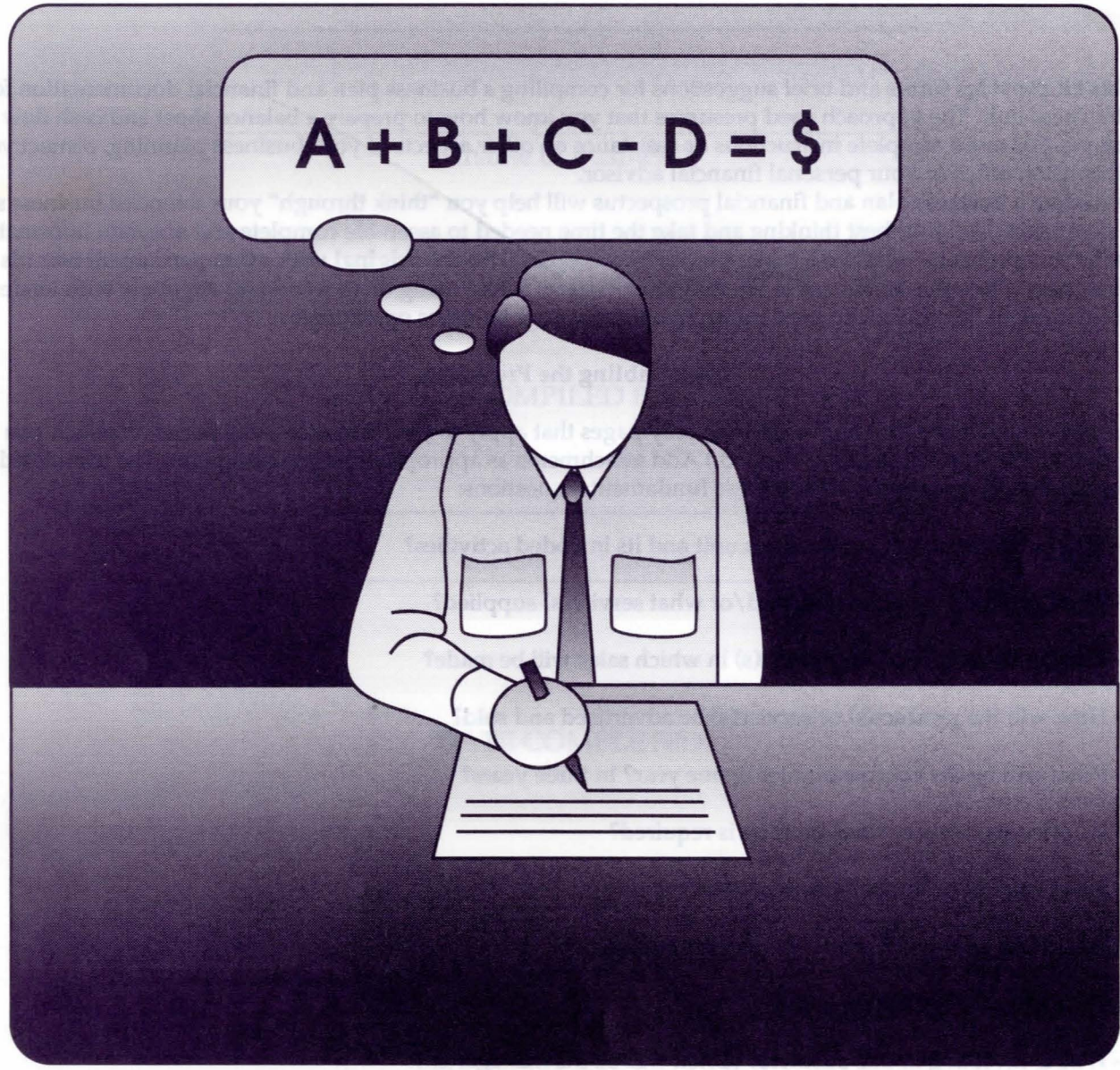
EXT
S
85
E7
e.2

UNIVERSITY OF NEBR.
LIBRARIES
SEP 21 1990



Business Plan

Nebraska Cooperative Extension
EC 90-433



Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Kenneth R. Bolen, Director of Cooperative Extension, University of Nebraska, Institute of Agriculture and Natural Resources.



Cooperative Extension provides information and educational programs to all people without regard to race, color, national origin, sex or handicap.

BUSINESS PLAN/FINANCIAL PROSPECTUS KIT FOR SMALL-SCALE ENTREPRENEURS

Paul H. Gessaman

This kit provides forms and brief suggestions for compiling a business plan and financial documentation for your business unit. The approach used presumes that you know how to prepare a balance sheet and cash flow projections. For more complete instructions or assistance on other aspects of your business planning, contact your local Extension office or your personal financial advisor.

Preparing a business plan and financial prospectus will help you "think through" your intended business start-up or expansion. Use your best thinking and take the time needed to assemble complete and accurate information. When the prospectus is completed, make several photocopies. **File the original with other permanent records of your business.** Place the duplicates in file folders or binders before using them when you negotiate with lenders, suppliers, dealers, or others who need information about your business operations.

Assembling the Prospectus

As you assemble the prospectus, include only pages that apply to your situation—the pages on which you have made entries. (Re-number pages as needed.) Add attachments as appropriate to your situation. The completed prospectus should contain answers to these fundamental questions:

- What is the nature of the business unit and its intended activities?
- What product(s) will be sold, and/or what service(s) supplied?
- What is the nature of the market(s) in which sales will be made?
- How will the product(s) or service(s) be advertised and sold?
- What will be the volume of sales in one year? In three years?
- By principal source, what funding is required?
- What level of profitability is expected?
- When and how will borrowed funds be repaid?
- Who will manage this business?
- Who is investing in this business? (Often will be the manager(s).)

For advice or assistance, contact your local Extension office, or your personal financial advisor.

BUSINESS PLAN AND FINANCIAL PROSPECTUS
OF

(name of business)

COMPILED BY:

DATE COMPLETED:

19

BUSINESS PLAN AND FINANCIAL PROSPECTUS

FOR

Name of Business: _____

Mailing Address: _____

_____ Zip _____

Business Telephone (include area code): _____

This Prospectus contains information about the business unit and plans for its business operations. It includes data and documentation of:

- the nature of our present (proposed) business unit,
- the identity of the products or services to be sold,
- characteristics of the market for our products or services,
- our marketing methods and yearly sales goals,
- our insurance coverage and banking arrangements,
- a description of funding arrangements and funding amounts by source,
- current/projected financial statements and credit needs,
- the identity and background of principal persons in our business,

THE BUSINESS UNIT

Our business will be (is): _____ Retail trade _____ Wholesale trade _____ Personal service _____ Business Service

_____ Make a product _____ Other (identify) _____

Our business status will be (is): _____ Startup _____ Business expansion _____ Refinance existing debt

_____ Purchase existing business _____ Other (identify) _____

Type of Business Organization:

Our business is organized as (mark one alternative and fill in data):

☐ a single proprietorship owned by _____
_____;

☐ a partnership owned by: _____
and _____ (a copy of the partnership
agreement and, if applicable, a copy of the "Doing Business As . . ." notice are attached);

☐ a corporation that was organized on _____ (date), that has these officers and registered
agent:

President: _____

Vice
President: _____

Secretary: _____

Treasurer: _____

Registered Agent: _____

Copies of documents marked below are attached:

☐ the Articles of Incorporation, Corporate Charter and By-laws,

☐ the minutes of the stockholders meeting in which persons named below were authorized to sign
contracts and other legal documents on behalf of the corporation:

☐ the minutes from a stockholders meeting in which persons named below were authorized to act on
behalf of the corporation in borrowing funds in amounts up to \$ _____:

Other pertinent information about the nature of our business unit:

INTENDED BUSINESS ACTIVITY

The principal business activity will be:

Other business activities will be: (If none, so indicate.)

Briefly described, our product(s) and/or service(s) will be:

MARKET INFORMATION

The Nature and Location of A Typical Customer:

A typical customer is: ☐ An individual ☐ A family ☐ A business

A typical customer is located in: ☐ Large city ☐ Small town ☐ Suburbs/rural

Nature and Purchase Volume of Typical Individual/Family Customer:

Age: _____ Sex: ☐ Male ☐ Female ☐ May be male or female

Number of customers/family is _____, average family income is \$ _____

The typical customer buys: _____ items/purchase in _____ purchases/year, for a total of _____ items/year.

The principal reason an individual or family will purchase our product is:

Nature and Purchase Volume of Typical Business Customer:

Purchasing buyer is: ☐ Male ☐ Female ☐ May be male or female

Number of business customer prospects in trade area is _____

A typical business customer has annual receipts of \$ _____

The typical business customer buys: _____ items/purchase and makes _____ purchases per year, buying a total of _____ items/year.

The principal reason a business will purchase our product is: _____

Principal Trade Area:

The geographic units in our trade area are: _____

Our trade area has: _____ Persons _____ Families _____ Businesses

The number of persons is: _____ Increasing _____ Constant _____ Declining

The number of families is: _____ Increasing _____ Constant _____ Declining

The number of businesses is: _____ Increasing _____ Constant _____ Declining

The trade area market is: _____ Growing by _____ percent/year _____ Not changing
_____ Decreasing by _____ percent/year

Nature of the Competition:

The number of our competitors is: _____ None _____ Few _____ Many

Our product difference is: _____

Our competitive advantage is: _____

We have a unique niche because: _____

MARKETING APPROACH AND SALES GOALS

Sales Plan (Method of Marketing):

Our principal method of sales will be: _____

Our method of distribution will be: _____

Our method of servicing customers will be: _____

Advertising:

We secure advertising advice from: _____

Our principal advertising medium will be: _____

In addition we will advertise by: _____

Our target audience for advertising will be: _____

Briefly described, the geography of the target area for our advertising will be: _____

A brief overview of our advertising plan is: _____

We will evaluate advertising effectiveness by: _____

Our advertising budget will be: \$ _____ 1st year, \$ _____ 2nd year \$ _____ 3rd year

OUR ANNUAL SALES GOALS

Estimated annual total market within our trade area for products like ours:

_____ units at \$ _____ /unit = \$ _____ per year

Our 1st year sales goal: _____ units @ \$ _____ /unit = \$ _____

Our 2nd year sales goal: _____ units @ \$ _____ /unit = \$ _____

Our 3rd year sales goal: _____ units @ \$ _____ /unit = \$ _____

INSURANCE

Our insurance coverage includes: (Mark and complete all that apply.)

_____ Liability insurance coverage of \$ _____ per person and \$ _____ per event that provides coverage for:

_____ Product liability _____ Premises liability
_____ Malpractice _____ Vehicle accidents
_____ Errors & omissions
_____ Other (identify): _____

_____ Hazard insurance on property in the amount of \$ _____ under a policy issued _____.

_____ Hazard insurance on inventory in the amount of \$ _____ under a policy issued by _____.

_____ Business continuation (loss of use) insurance up to \$ _____ under a policy issued by _____.

_____ Workman compensation insurance policy issued by: _____

_____ Other insurance (identify): _____

BANKING ARRANGEMENTS

The name and address of the bank in which an account for this business will be maintained is:

This account will contain only business unit funds. All business funds will be deposited in this account, and all expenses will be paid from it.

FUNDING ARRANGEMENTS

The following pages include a current balance sheet for the business and a projected cash flow for the next, or first, months or years of business operations. If appropriate, the balance sheet reflects the financial condition of the business unit. If this is a startup or young business, or a business that has been financially intermingled with the personal finances of the owner(s), in addition to the business balance sheet a personal balance sheet for each owner is included. In overview, funding requirements for this business are projected to be:

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Total Fixed Investment Required	_____	_____	_____
Fixed Invst. funded by owners	_____	_____	_____
Fixed Invst. funded by L-T debt	_____	_____	_____
Fixed Invst. funded by S-T debt	_____	_____	_____
Fixed Invst. funded by revenues	_____	_____	_____
Total Operating Capital Required	_____	_____	_____
Oper. Cap. funded by owners	_____	_____	_____
Oper. Cap. funded by S-T debt	_____	_____	_____
Oper. Cap. funded by revenues	_____	_____	_____
Total Debt Principal Repayment	_____	_____	_____
L-T debt principal repayment	_____	_____	_____
S-T debt principal repayment	_____	_____	_____

BUSINESS BALANCE SHEET

ASSETS	LIABILITIES
Current Assets:	Current Liabilities:
Cash _____	Accounts payable _____
Accounts receivable _____	Short-term notes _____
Inventory _____	Curr. pymts. on L-T _____
S-T notes rec'able _____	Interest payable _____
Prepaid expenses _____	Taxes payable _____
Other _____	Accrued payroll _____
_____	Other _____
Subtotal: _____	Subtotal _____
Long-term Assets:	Long-term Liabilities:
Contracts Rec'able _____	Real estate debt _____
Vehicles _____	Debt on vehicles _____
Other _____	Other _____
_____	_____
_____	_____
Subtotal _____	Subtotal _____
Total _____	Total _____
Fixed Assets:	Contingent Liabilities:
Real estate _____	Taxes if liquidated _____
Bldgs. & Equip. _____	Co-signed loans _____
Other _____	Other _____
Subtotal _____	Subtotal _____
TOTAL ASSETS: _____	TOTAL LIABILITIES _____
TOTAL ASSETS MINUS TOTAL LIABILITIES = NET WORTH _____	

PERSONAL BALANCE SHEET

ASSETS	LIABILITIES
<i>Current Assets:</i> Cash & checking _____ Money market, etc. _____ Securities _____ S-T notes rec'able _____ Prepaid interest _____ Other _____ Subtotal: _____	<i>Current Liabilities:</i> Accounts payable _____ Short-term loans _____ Curr. pymts. on L-T _____ Interest payable _____ Taxes payable _____ Other _____ Subtotal _____
<i>Intermediate Assets:</i> H'hold furnishings _____ Vehicles _____ CDs & securities _____ Other _____ Subtotal _____	<i>Intermediate Liabilities:</i> Consumer loans _____ Loans on vehicles _____ Other _____ Subtotal _____
<i>Long-term Assets:</i> Real estate _____ IRA, SRA, etc. _____ Stocks, Bonds, etc _____ Other Property _____ Other _____ Subtotal _____	<i>Long-term Liabilities:</i> Real Estate Mortgage _____ Co-signed loans _____ Other _____ Subtotal _____
TOTAL ASSETS: _____	TOTAL LIABILITIES _____
TOTAL ASSETS MINUS TOTAL LIABILITIES = NET WORTH _____	

PRO FORMA (PROJECTED) CASH FLOW STATEMENT

(Month or Year)				
Sales less returns				
Cost of goods sold				
Materials, labor, etc.				
Total costs				
GROSS PROFIT MARGIN				
<u>Operating Expenses:</u>				
Wages & benefits				
Accounting & legal				
Advertising				
Dues, subscriptions, etc				
Entertainment				
Insurance				
Repair & maintenance				
Rent/lease payments				
Supplies				
Telephone				
Transportation/auto				
Utilities				
Interest Expense				
Property & sales taxes				
Other expenses				
TOTAL CASH OPERATING EXPENSE				
Depreciation				
Loan principal pymts.				
Owners withdrawals				
TOTAL OTHER OUTFLOWS				
Net flow before taxes				
Income & FICA taxes				
NET CASH FLOW AFTER TAXES				

MANAGERS, OTHER PERSONNEL, AND INVESTORS

The Manager:

The person with overall responsibility for management will be:

Age _____

Telephone: - _____
(area code) (number)

This person will have _____ % ownership.

Home Address: _____

Years at this address: _____ If less than five years, former address:

Years education completed: _____ Highest degree held: _____

The manager has completed training and/or has earned these credentials:

The manager's previous business experience includes:

Other important personal attributes of the manager are:

Other Persons:

A second person in the business will be:

Age _____

Telephone: - _____
(area code) (number)

This person will have _____ % ownership.
Also manages? ____ Yes ____ No

Home Address: _____

Years at this address: _____ If less than five years, former address: _____

Years education completed: _____ Highest degree held: _____

This person has completed training and/or has earned these credentials: _____

This person's previous business experience includes: _____

Other important personal attributes are: _____

A third person in the business is:

Age _____

Telephone: - _____ This person will have _____% ownership.
(area code) (number) Also manages? ☐ Yes ☐ No

Home Address: _____

Years at this address: _____ If less than five years, former address: _____

Years education completed: _____ Highest degree held: _____

This person has completed training and/or has earned these credentials: _____

This person's previous business experience includes:

Other important personal attributes are:

Investors:

An investor with no direct involvement in the business will be:

This person will have _____ % ownership.

Telephone: - _____
(area code) (number)

Another investor with no direct involvement in the business will be:

This person will have _____ % ownership.

Telephone: - _____
(area code) (number)