

business plan workbook & resource guide *nxlevel*[®]

Workbook Editor / Author

David P. Wold is an international entrepreneurship consultant, advising start-up and growing businesses on strategy, management, and marketing. He has over 25 years of experience growing businesses in the United States, Latin America, the Middle East, Russia, and Eastern Europe. A graduate of the University of Wisconsin, he has an MBA from the Thunderbird School of Global Management.

Workbook Authors

Robert Horn was the Director of the Colorado Center for Community Development at the University of Colorado at Denver and is the founder of the NxLeveL[®] Training Network. He is an educator and professional planner by training. He holds a masters in Urban and Regional Planning, and has been involved in community economic development for over twenty years.

Dennis Sargent is Director of the Small Business Development Center at Linn-Benton Community College. He is a C.P.A. and holds an M.B.A. from Oregon State University. Dennis has more than 25 years of experience in business consulting, systems design, teaching and management.

George H. Gault, CED is president of Gault & Associates, LLC, in Cheyenne, Wyoming. He has been actively involved in the practices of economic and community development for more than twenty years. He holds the Certified Economic Developer designation from the American Economic Development Council and the Economic Development Finance Professional designation from the National Development Council.

Design & Printing

Jeremy Bailey • Graphic Designer • www.jbinkdesign.com

entrepreneur

On behalf of those involved in developing this program, we at the NxLeveL® Training Network dedicate this guide to entrepreneurs everywhere striving to reach the next level of success...

Fifth Edition

September 2009

Copyright © 2000, 2002, 2005, 2009 NxLeveL® Education Association. All rights reserved. No part of this Book may be reproduced, stored in a retrieval system or transcribed in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publishers.

Published in the United States of America by:

NxLeveL® Education Association

E-mail: info@nxlevel.org

Website: www.nxlevel.org

Design and Printing: Jeremy Bailey • www.jbinkdesign.com

ISBN: 1-931852-14-2



“Helping Entrepreneurs Reach the Next Level of Success...”

business plan workbook & resource guide

course overview

- | | | |
|----------------|------------|---|
| Session | 1. | Introduction: Overview and Entrepreneurship |
| Session | 2. | Planning and Research: Entrepreneurial Essentials |
| Session | 3. | Organizational Matters: Management and Legal Structure |
| Session | 4. | Marketing: Analysis and Understanding |
| Session | 5. | Marketing: Strategies, Tactics, and Implementation |
| Session | 6. | Financial Overview: Books, Records, and Controls |
| Session | 7. | Managing Your Money: Financial Planning and Budgets |
| Session | 8. | Managing Your Money: Developing and Using Cash Flow Projections |
| Session | 9. | Managing Your Money: Understanding and Using Financial Statements |
| Session | 10. | Financing Your Business: Sources of Money |
| Session | 11. | Green Business Opportunities: Environmental Solutions |
| Session | 12. | Your Business Future: Negotiating, Managing Growth, and Plan Completion |

entrepreneur

Learning Objectives

- Understand the course curriculum and expectations
- Understand the characteristics of successful entrepreneurs
- Understand the components of the NxLevel® Business Plan
- Develop goals, objectives, and a mission statement
- Experience networking with class participants

Introduction: Overview and Entrepreneurship Session One

Date: _____

Instructor Topics

1. Getting the Class Started

- Administrative details
- Staff introductions
- Instructor introduction

2. Course Introduction

- Course overview, books, and session dates
- Class structure

3. Expectations

- Student responsibilities
- Instructor responsibilities

4. Student Introductions

—No Guest Speaker This Session—

Break

- Refreshments
- Networking Activity

5. Thinking Entrepreneurially

6. Introduction to the NxLevel® Business Plan

Work Hour

Assignment for Session Two

TEXT	Read Part I: Understanding Entrepreneurship (Chapters 1 through 3); Part III: Planning Your Business (Chapters 11 through 13); and Market Research and Analysis (Chapter 26). Optional assignment: Part VII: The Internet and E-Commerce (Chapters 33 and 34).
WORKBOOK	Read and complete the worksheets in Workbook Session 1 .
WRITE	Using the <i>Writing Your Plan</i> page at the end of Workbook Session 1 as your guide, write Section II. Mission, Goals, and Objectives of your NxLevel® Business Plan.

Learning Objectives

- Understand the business planning process, feasibility studies, and the internal and external uses of a formal business plan
- Understand the components and organization of business plans
- Understand why, how, where, and when to do market research
- Begin market research by identifying industry-specific and global resources
- Build networking skills through interaction with other entrepreneurs and guest speaker

Planning and Research: Entrepreneurial Essentials Session Two

Date: _____

Due: Section II:_____

Mission, Goals, & Objectives_____

Class Opener

Instructor Topics

1. What is Business Planning?
2. Business Plans
3. Conducting Market Research



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Three

WORKBOOK	Read and complete the worksheets in Workbook Session 2 .
WRITE	Using the <i>Writing Your Plan</i> page at the end of Workbook Session 2 as your guide, write Section III. Background Information .
TEXT	Read Part IV: Legal Aspects of Your Business (Chapters 14 through 20); Part V: Managing Your Business (Chapters 21 through 24); Green Business Opportunities (Chapter 10); and optional reading from Part II: Entry and Growth Strategies (Chapters 4 through 9) as assigned by the instructor.

Learning Objectives

- Understand how to select the right legal structure
- Become aware of legal issues facing small businesses, and where to find help
- Understand business insurance, continuity planning, and other risk management needs, and weigh options
- Identify internal and external management team members
- Understand the importance of improving team-building, motivation, and management skills
- Understand the pros and cons of outsourcing

Organizational Matters: Management and Legal Structure Session Three

Date: _____

Due: Section III: _____

Background Information _____

Class Opener

Instructor Topics

1. The Legal Structure of Your Business
2. Government Regulations and Taxes
3. Other Legal Issues and Risk Management



Guest Speaker

Break

- Refreshments
- Networking Activity

4. Developing the Management Team
5. Employee Relations
6. Pros and Cons of Outsourcing

Work Hour

Assignment for Session Four

WORKBOOK

Read and complete worksheets in **Workbook Session 3**.

WRITE

Using the *Writing Your Plan* page at the end of **Workbook Session 3** as your guide, write **Section IV. Organizational Matters—Part A. Business Structure, Management, and Personnel**.

TEXT

Read **The Marketing Plan** (Chapter 25); **Market Objectives, Strategies, and Tactics** (Chapter 27); **Product** (Chapter 28); and **Placement** (Chapter 31). Review **A Customer-Driven Philosophy** (Chapter 2).

Learning Objectives

- Develop an understanding of marketing issues and their day-to-day impact on profitability
- Understand the necessity for market analysis
- Develop a customer profile and analyze the competition
- Learn how to use customer and competition profiles to analyze market potential
- Understand the relationship between the Four Ps

Marketing: Analysis and Understanding Session Four

Date: _____

Due: Section IV.—Part A._____

Class Opener

Instructor Topics

1. What is Marketing?
2. The Four Ps—Product
3. Analyzing the Customer
4. Analyzing the Competition
5. The Four Ps—Placement



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Five

WORKBOOK

Read and complete worksheets in **Workbook Session 4.**

WRITE

Using the *Writing Your Plan* pages in **Workbook Session 4** as your guide, write **Section V. The Marketing Plan—Part A. Products/Services**, and **Part B. Market Analysis.**

TEXT

Read **Price** (Chapter 29); **Promotion** (Chapter 30); and **The Art of Selling** (Chapter 32).
Read or review **Part VII: The Internet and E-Commerce** (Chapters 33 and 34).

Learning Objectives

- Understand the importance of branding
- Learn what elements influence price
- Understand the principles of customer service, and their impact on profitability
- Examine available promotional tools, and select the most effective mix for your business
- Consider how to use the Internet for marketing, sales, and customer relationship management

Marketing: Strategies, Tactics, and Implementation Session Five

Date: _____

Due: Section V.—Parts A and B

Class Opener

Instructor Topics

1. Product Strategies
2. The Four Ps—Price
3. The Four Ps—Promotion
4. The Internet and E-Commerce



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Six

WORKBOOK	Read and complete the worksheets in Workbook Session 5 .
WRITE	Using the <i>Writing Your Plan</i> page at the end of Workbook Session 5 as your guide, write Section V.—Part C. Marketing Strategies .
TEXT	Read Overview of Financial Statements (Chapter 35) and Keeping Books and Records (Chapter 36).

Learning Objectives

- Understand basic financial statements and their uses
- Understand how accounting systems aid in the production of financial statements
- Prepare a Personal Financial Statement and current Business Balance Sheet
- Use Financial Statement Analysis (ratios) to analyze Balance Sheet information
- Examine bookkeeping and recordkeeping activities and controls
- Identify internal controls and responsibilities

Financial Overview: Books, Records, and Controls Session Six

Date: _____

Due: Section V.—Part C.

Marketing Strategies

Class Opener

Instructor Topics

1. Overview of Financial Statements
2. The Balance Sheet
3. Ratio Analysis
4. The Importance of a Good Accounting System
5. Internal Controls: Accounting, Recordkeeping, and Operations



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Seven

WORKBOOK

Read and complete the worksheets in **Workbook Session 6**.

WRITE

Using the *Writing Your Plan* page at the end of **Workbook Session 6** as your guide, write **Section IV.—Part B. Operating Controls** and **Section VI.—Part D. Personal Financial Statement**.

TEXT

Read **Budgeting** (Chapter 37).

Learning Objectives

- Understand budgeting and the role of assumptions
- Explore how budgets provide performance feedback
- Prepare budgets, including Sales Forecast, Cost of Projected Product Units Sold, Fixed Assets, Growth/Start-Up Expenses, and Miscellaneous Expenses
- Review and adjust budgets prepared in earlier sessions

Managing Your Money: Financial Planning and Budgets Session Seven

Date: _____

Due: Section IV.—Part B._____

and Section VI.—Part D._____

Class Opener

Instructor Topics

1. The Basics of Budgeting
2. How to Prepare Your Budgets
3. Feedback From Your Budgets



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Eight

WORKBOOK Read and complete the worksheets in **Workbook Session 7**.

WRITE Using the *Writing Your Plan* page at the end of **Workbook Session 7** as your guide, complete **Section VI. The Financial Plan—Part A**.

TEXT Read **Cash Flow Management** (Chapter 38).

Learning Objectives

- Understand the concept of break-even analysis
- Calculate the break-even point in units and dollars
- Explore ways of managing the cash flow cycle
- Understand internal controls for cash management
- Prepare monthly and annual cash flow projections with accompanying notes

Managing Your Money: Developing and Using Cash Flow Projections Session Eight

Date: _____

Due: Section VI.—Part A._____

Worksheets_____

Class Opener

Instructor Topics

1. Break-Even Analysis
2. Managing the Cash Flow Cycle
3. Internal Controls for Cash
4. Preparing Cash Flow Projections



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Nine

WORKBOOK	Read and complete the worksheets in Workbook Session 8 .
WRITE	Using the <i>Writing Your Plan</i> page at the end of Workbook Session 8 as your guide, complete Section VI. The Financial Plan—Part B. Cash Flow Projections .
TEXT	Read Financing Your Business (Chapter 39).

Learning Objectives

- Prepare the Monthly Projected Income Statement and understand how it differs from the Cash Flow Projection
- Develop a Projected Balance Sheet and compare it with the Beginning Balance Sheet
- Become familiar with the Statement of Owner's Equity and Annual Statement of Cash Flows
- Gain an understanding of managerial uses of financial statements

Managing Your Money: Understanding and Using Financial Statements Session Nine

Date: _____

Due: Section VI.—Part B.

Cash Flow Projections

Class Opener

Instructor Topics (50 min.)

1. The Income Statement
2. The Balance Sheet
3. Statement of Owner's Equity
4. Annual Statement of Cash Flows
5. Summary of Financial Statements



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Ten

WORKBOOK

Read and complete worksheets in **Workbook Session 9**.

WRITE

Using the *Writing Your Plan* page at the end of **Workbook Session 9** as your guide, complete **Section VI. The Financial Plan—Part C. Financial Statements**.

TEXT

Read **Money Sources** (Chapter 40).

Learning Objectives

- An understanding of the difference between debt and equity financing
- Knowledge of alternative sources of financing
- Understand the components of a complete financing proposal
- Explore ways to work with bankers
- Communicate financial needs to lenders and investors

Financing Your Business: Sources of Money Session Ten

Date: _____

Due: Section VI.—Part C.
Financial Statements

Class Opener

Instructor Topics

1. Choosing the Right Financing
2. Debt Financing
3. Equity Financing
4. Other Financing Sources
5. Keys for Obtaining Financing



Guest Speaker

Break

- Refreshments
- Networking Activity

Work Hour

Assignment for Session Eleven

WORKBOOK

Read and complete the worksheets in **Workbook Session 10**.

WRITE

Using the *Writing Your Plan* page at the end of **Workbook Session 10**, write **Section I. Executive Summary**, and complete **Section VI.—Part D. Additional Financial Information**.

TEXT

Review **Green Business Opportunities** (Chapter 10); **Business and Environmental Ethics** (Chapter 16); and **Managing Green** (Chapter 24).

Learning Objectives

- Develop an understanding of green opportunities
- Explore the benefits and feasibility of going green
- Gain knowledge of green branding and marketing techniques
- Explore green management options
- Assess the competitive landscape for green business

Green Business Opportunities: Environmental Solutions Session Eleven

Date: _____

Due: Section I. and _____

Section VI.—Part D. _____

Class Opener

Instructor Topics

1. Green Business Opportunities
2. The Green Marketplace
3. Green Branding and Marketing
4. Managing Green



Guest Speaker

Break

- Refreshments
- Networking Break

Work Hour

Assignment for Session Twelve

WORKBOOK

Read and complete the worksheets in **Workbook Session 11**.

WRITE

Using the *Writing Your Plan* sections found in **Workbook Session 11** as your guide, complete the **Cover Page, Table of Contents, Section I. Executive Summary, and Appendix**.

TEXT

Read **Part X: Dealmaking** (Chapters 41 and 42), **Part XI: Managing Growth** (Chapters 43 through 47), and **Part XII: Conclusion** (Chapter 48).

Learning Objectives

- Understand negotiating processes and techniques
- Understand effective contract management
- Examine reasons for growing your business
- Recognize the pitfalls of unmanaged growth
- Gain knowledge of tools for managed growth, including project management and financial management
- Understand supply chain basics and current trends
- Evaluate your NxLevel® learning experience

Your Business Future: Negotiating, Managing Growth, and Plan Completion Session Twelve

Date: _____

Due: The Plan!_____

Class Opener

Instructor Topics

1. Negotiations and Contract Management
2. Managing Growth
3. Supply Chain Management

Course Evaluation

Break and Graduation—all remaining time

business plan workbook[®]

nxtlevel

entrepreneur

business plan workbook

table of contents

Session 1: Introduction, Overview & Entrepreneurship

p. 1

How to Use the NxLevel® Business Plan Workbook.....	p. 1
NxLevel® Business Plan Outline.....	p. 3
Writing Hints.....	p. 5
Making Use of Your Plan.....	p. 5
Getting Started	p. 8
General Description of the Business	p. 8
Your Mission Statement.....	p. 10
Goals and Objectives.....	p. 12

Session 2: Planning & Research: Entrepreneurial Essentials

p. 15

Sources of Information.....	p. 16
Key Contacts	p. 18
Background Information.....	p. 20
Action Log.....	p. 22

Session 3: Organizational Matters: Management & Legal Structure

p. 25

Forms of Doing Business	p. 26
The Management “Team”	p. 28
Personnel.....	p. 32
Salaries and Wages.....	p. 34
Risk Management	p. 36

Session 4: Marketing — “Behind the Scenes”: Analysis & Understanding

p. 41

Your Products/Services.....	p. 41
Products/Services—Description.....	p. 42
Life Cycle and Seasonality	p. 44
The Market Analysis	p. 47
Your Customer Profile.....	p. 48
Competitive Analysis	p. 51
Market Potential	p. 54

Session 5: Marketing — “On Stage”: Strategies, Tactics & Implementation

p. 57

Location/Distribution.....	p. 58
Occupancy Expenses.....	p. 60
Price/Quality Relationship.....	p. 62
Packaging—Your Business Image.....	p. 64
Public Relations and Networking.....	p. 66
Advertising Budget	p. 68
Customer Service	p. 72

entrepreneur

business plan workbook

table of contents (cont'd)

Session 6: Financial Overview: Books, Records & Controls	p. 75
Record-Keeping Checklist.....	p. 76
Other Operations Controls	p. 78
Personal Financial Statement	p. 80
Balance Sheet	p. 82
Session 7: Managing Your Money: Financial Planning, Budgets & Assumptions	p. 85
Sales Forecast	p. 86
Cost of Projected Product Units Sold	p. 88
Fixed Assets	p. 90
Growth (or Start-up) Expenses.....	p. 92
Existing Debt	p. 94
Miscellaneous Expenses	p. 96
Session 8: Managing Your Money: Developing & Using Cash Flow Projections	p. 99
Break-Even Analysis.....	p. 100
Monthly Cash Flow Projections	p. 102
Session 9: Understanding & Using Your Financial Statements	p. 109
Monthly Projected Income Statement	p. 110
Projected Balance Sheet	p. 112
Statement of Owner's Equity.....	p. 113
Session 10: Financing Your Business: Sources of Money	p. 115
Debt and Equity Financing.....	p. 116
Summary of Financial Needs	p. 118
Executive Summary.....	p. 119
Session 11: Green Business Opportunities: Environmental Solutions	p. 121
Green Business Opportunities	p. 122
Green Priorities Worksheet.....	p. 123
Materials Substitution Worksheet.....	p. 124
Cover Page	p. 127
Table of Contents/Executive Summary.....	p. 128
Action Log/Supporting Documents	p. 129
Session 12: Your Business Future: Negotiating, Managing Growth & Plan Completion	p. 123

SESSION 1. INTRODUCTION

This workbook will help you develop a *NxLevel® Business Plan* that will serve as your road map for the management and growth of your business. Together with the *NxLevel® Guide for Entrepreneurs* textbook, it will help you to take a hard look at your business, and decide whether you have the time, energy, resources, and desire to take it to the next level.

The thoughts you set down in this workbook are the building blocks for creating a written plan, and will be evaluated and developed throughout the course. By asking a series of questions about the normal operations of your business, and stimulating thought about potential growth options, it will assist you in developing marketing strategies, examining operating costs, predicting expansion costs, and projecting future financial performance. The assignments will help you explore your business ideas, assess business opportunities, and practice the research, analysis, and planning skills that you'll acquire through this NxLevel® course.

How to Use the NxLevel® Business Plan Workbook

This workbook is designed to coincide with the 12-session NxLevel® course in which you are enrolled. Your goal is to produce a *NxLevel® Business Plan* that will help outsiders, partners, lenders, and investors to understand your business's current stage of development, what you are planning for the future, and why. Most important, the *process* you go through to produce a well-researched business plan will lead you to a new level of understanding about your business.

The workbook should be completed in the order assigned in class. We suggest the following method for completing your business plan.

- Step 1 Read the assigned worksheets carefully, but do not fill in the blanks.*
- Step 2 Attempt to answer questions or complete worksheets as assigned. Don't expect to complete every worksheet on your first attempt. Do as much as you can the first time through, and make a list of the missing information that you'll need to research and gather in order to complete the worksheet.*
- Step 3 Research and gather missing information.*
- Step 4 Complete each worksheet to the best of your ability.*
- Step 5 Use the worksheets to write the sections of the NxLevel® Business Plan that are assigned at the end of each workbook session.*

All businesses are different, so it's impossible to cover every business situation with general questions and worksheets. This workbook focuses on the business knowledge and practices common to most businesses. It's up to you to determine what makes your business unique and special within the context of your industry and marketplace.

In addition, the worksheets contain many practical suggestions on how to manage your business. The mere act of reading and thinking about the topics discussed in these materials will help you to improve your management practices.

If you are unsure of how to answer a question or complete a worksheet, ask your instructor for clarification.

Writing a plan is a lot of work. But the insight you'll gain by assessing your business and exploring growth opportunities will save you money, time, and energy in the long run.

The outline of the *NxLeveL*® *Business Plan* appears on the following pages.

NxLevel® Business Plan Outline

<u>Assigned in Session:</u>	<u>Section #</u>	<u>Workbook Pages</u>	<u>NxLevel® Business Plan Order</u>
11	Cover Page	127	1
11	Table of Contents	128	2
10	Section I. Executive Summary	119-120, 128	3
1	Section II. Mission, Goals, and Objectives	7-14	4
	General Description of the Business		
	Stage of Development		
	General Growth Plan Description		
	Mission Statement		
	Goals and Objectives		
2	Section III. Background Information	15-24	5
	Industry		
	Industry Background Information		
	Current/Future Industry Trends		
	Business Fit in the Industry		
	Section IV. Organizational Matters		
3	A. Business Structure, Management, and Personnel	25-40	6
	Business Structure		
	Management		
	Personnel		
	Outside Services/Advisors		
	Risk Management		
6	B. Operating Controls	75-84	7
	Recordkeeping Functions		
	Other Operating Controls		
	Section V. The Marketing Plan		
4	A. Products/Services	41-46	8
	Products/Services Description		
	Features/Benefits		
	Life Cycles/Seasonality		
	Growth Description (Future Products/Services)		

NxLevel® Business Plan Outline (Continued)

<u>Assigned in Session:</u>	<u>Section #</u>	<u>Workbook Pages</u>	<u>NxLevel® Business Plan Order</u>
4	B. Market Analysis Customer Analysis Competitive Analysis Market Potential Current Trade Area Description Market Size and Trends Sales Volume Potential (Current and Growth)	47-56	9
5	C. Marketing Strategies Location/Distribution Price/Quality Relationship Promotional Strategies Packaging Public Relations Advertising Customer Service	57-74	10
Section VI. The Financial Plan			
7	A. Financial Worksheets Salaries/Wages & Benefits p. 34 Outside Services p. 31 Insurance..... p. 37 Advertising Budget p. 70 Occupancy Expense p. 59	85-98 Sales Forecasts..... p. 87 Cost of Projected Product Units .. p. 89 Fixed Assets p. 91 Growth (or Start-Up) Expenses... p. 93 Miscellaneous Expenses..... p. 97	11
8	B. Cash Flow Projections Break-Even Analysis Monthly Cash Flow Projections—Year One Notes to Cash Flow Projections Annual Cash Flow Projections—Years Two and Three	99-108	12
9	C. Financial Statements Projected Income Statement	109-114	13
6, 9	Balance Sheet Statement of Owner's Equity	82-83 & 112	
10	D. Additional Financial Information Summary of Financial Needs	115-120	14
7	Existing Debt	94-95	
6	Personal Financial Statement	80-81	
11	Appendix Action Log Supporting Documents	130	15

Writing Hints

The NxLeveL® workbook is designed to build the *NxLeveL® Business Plan* section by section. The 3-ring binder format allows you to add notebook paper wherever you feel the need. It's best to complete one section before tackling the next, and to keep notes on sections that require additional research and rewriting.

One good writing technique is to put your first thoughts down on paper, and let them rest for a few days. After that, you can edit, refine, expand, or revise them as needed.

Some people discover about halfway through the workbook that they want to change some of their assumptions or business ideas. While some minor adjustments are to be expected, we advise you to complete the plan all the way through on your original idea. It's best to have a complete picture of your business before you start revising individual parts. It becomes much easier to make the right changes in the second draft. Many people rewrite and edit the plan several times.

Most comprehensive business plans run from 15 to 40 pages, plus an appendix. The length of your plan should be dictated by how much detail you need to describe your business and analyze your growth plans.

Should your *NxLeveL® Business Plan* look professional? The answer depends on how you will use it. If you plan to attract investors, your plan needs to be as professional as possible. For the purpose of the NxLeveL® course, your plan simply needs to present your ideas, research, and analysis in a readable format. Your instructor will prefer that you submit a typed version with text on the right page only. Business plans should never be double-sided.

Making Use Of Your Plan

There are many uses for your business plan. In developing the plan, you will evaluate your marketplace, customers, and sales strategies. Since successful entrepreneurs are continually developing new ideas, refining old ones, and adapting to a changing environment, your plan will help you understand what you are currently doing well, and what you could be doing to improve.

For this reason, it should be a flexible document that allows you to adjust and re-analyze the individual parts of your business ideas before spending money on implementation. This flexibility increases your chance of success.

Of course, a plan is also essential when seeking financing, and helps financiers make decisions more quickly and easily.

Expanding or growing a business is an exciting and risky journey. The *NxLeveL® Business Plan* is a detailed, accurate map that will help you stay on the right path, and reach whatever destination is best for you and your business.

SESSION 1. INTRODUCTION: OVERVIEW AND ENTREPRENEURSHIP

The organizational structure of the *NxLevel® Business Plan* is shown on the previous outline pages. While the outline shows the Cover Page, Table of Contents, and Executive Summary as the first sections, those pieces will actually be written last, after the rest of the plan has been developed.

You will begin your writing work with **Section II. Mission, Goals and Objectives**. This section introduces the body of your *NxLevel® Business Plan* and provides the first opportunity for the reader to understand your business, its stage of development, and your plans for growth.

From the reader's standpoint, a general description of your business will set the stage for understanding the rest of the presentation. Additionally, understanding the business's mission statement, goals, and objectives will highlight the topics contained in your business plan.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

General Description of the Business

Stage of Development

General Growth Plan Description

Mission Statement

Goals and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

Appendix

Getting Started

One of the first exercises you should undertake is to define your reasons for writing this business plan. Your purpose may be to clarify your own thoughts about the business and its future, to create a guide for managing your business, to improve business operations, to obtain financing, or some combination of the above. While this information will not become a formal part of your business plan, it will help you think about who your audience is, and what you hope to accomplish by writing a business plan.

Answer the following questions on the right-hand page, in the space provided. If you need more room, add an extra sheet of paper to your notebook.

1. Define the purpose of your business plan. Who will read your business plan, and why? What do you hope to accomplish?

General Description of the Business

Being able to describe your business in a general way is essential to understanding the rest of your business plan. After reading a general description, an outside reader should be able to understand what business you are in, what products or services you offer, what market you believe exists for those products or services, and what kind of growth plans you envision.

Use the following questions to help summarize your thoughts about your business. **Note that in this text, “products” refers to products and services.**

You might change some of your thoughts as you proceed through this workbook. Don't be afraid to return to some of these early questions as the course progresses.

2. What business are you in? What are your key products?
3. What market do you believe exists for these products? (Describe your current market.)
4. How do you operate your business? Who is involved in the operations? How much of your time is spent in the business?
5. What stage of development is your business in (development, first year of operations, stable or mature business, stagnant mature business)?
6. Is growth a part of your plan for your business? If so, describe what kind of growth you are projecting, and how you think that growth will occur (adding products or services, expanding your market area, changing your product or service mix, going green, etc.).

General Description of the Business

Question 1. What is the purpose of your business plan?

Question 2. What business are you in? What are your key products?

Question 3. Describe the current market for your products.

Question 4. Provide a general description of how the business operates.

Question 5. What stage of development is your business in?

Question 6. Describe your plans for growth.

Your Mission Statement

The mission statement is one of the most important parts of your business plan. It sums up your values, your vision, and the purpose of your business. It's helpful to begin by working on each of these segments individually.

Step 1 Your Business Values

Business values establish the philosophy of your business, and describe the way employees and customers are treated. Doing business ethically and being honest exemplify values. You should incorporate a basic set of values into the mission for your business.

Step 2 Your Vision

The vision of your business will define and shape its future. Base your vision statement on your business values, and where you want the business to be 2 to 3 years in the future (e.g., stage of growth, position in the marketplace, etc.).

Step 3 Purpose of Your Business

You should determine the purpose of your business in two ways. First, you should use an internal measure of success. Second, the only external purpose of any company is to serve the customer.

Try to integrate your values and vision when defining the purpose of your business. Together, they provide the framework for your business concept.

Example: I love worms. The internal purpose of my business is that it will give me a chance to work with worms. The external purpose of my business is to provide composting, soil improvement, and fertilizer services to area gardeners.

Step 4 Your Mission Statement

A mission statement sums up all of the above elements: values (the philosophy of your business); vision (where are you going with your business); and purpose (what your business does to satisfy your internal measure of success *and* serve customers). It should be short and focused (no more than 35 words). It is stated in the present tense, in positive terms, and without qualifiers. (*Example: "Vulpinex Consulting helps its small-business clients to succeed by providing them with honest, ethical, affordable project implementation assistance in such areas as management training, merchandising, and business planning."*)

Many companies proudly display their mission statement in a place visible to customers and suppliers. Of course, posting it is easy. The challenge is to live up to it!

Your Mission Statement

Step 1. What values would you like your business to be known for, now and in the future?

Step 2. What is your vision for the future of your business?

Step 3. What is the purpose of your business, internally and externally?

Step 4. My mission statement is:

(Write a one- or two-sentence mission statement about your business, comprising no more than 35 words. If necessary, write a longer statement and cut it down to size by removing adjectives, adverbs, and words between commas.)

Goals and Objectives

Goals are targets, or desired outcomes, for your business. You should consider your short-term goals (within one year) and those that are 2 to 3 years into the future.

Goals are usually measured in dollars and other tangible desired outcomes, and are related to functions (rather than to individuals) within the business. Each goal must be stated in a quantitative manner that allows you to track progress towards the goal. In other words, every goal must be measurable. Goals must also be compatible with the mission statement and with each other.

Objectives are specific strategies for reaching goals. A goal may have several objectives, and every objective must be measurable. Each objective should be an assigned responsibility of some individual within your business.

Goals and objectives can be set for any aspect of your business, but are most commonly set within the following areas:

- Sales volume
- Owner compensation
- Number of employees
- Assets
- Customer satisfaction
- Owner time commitment
- Profit
- Market share

When setting goals and objectives, ask the following questions:

- What will I do?
- How will I do it?
- Who will do it?
- Why should I do it?
- When will I do it?
- What will the outcome be?

To help illustrate goals and objectives, consider the following example:

I own a small bakery in a metropolitan area. One of my goals is to be bigger than my largest local competitor within 3 years. My objectives are:

- *To get out of my current location in the church kitchen, and into a suitable leased space*
- *To buy my own space in 3 years*
- *To market outside of my immediate metropolitan area*
- *To take 25 percent of market share from my larger local competitor*

Step 1 *Set short-term goals. Identify at least three short-term goals and objectives for your business, and list them in order of importance. (Remember: Objectives include what needs to be done, when it needs to be done, and who is responsible for doing it.)*

Step 2 *Set long-term goals. Identify at least three long-term goals and objectives for your business, and list them in order of importance.*

Goals and Objectives Worksheet

SHORT-TERM GOALS AND OBJECTIVES (Within One Year)

Goal 1

Objectives	What	When	Who

Goal 2

Objectives:	What	When	Who

Goal 3

Objectives	What	When	Who

LONG-TERM GOALS AND OBJECTIVES (Two to Three Years)

Goal 1

Objectives	What	When	Who

Goal 2

Objectives	What	When	Who

Goal 3

Objectives	What	When	Who

Writing Your Plan

Now, you're ready to start writing your business plan. Read the "Writing Hints" section on page 5 again, and listen for your instructor's additional directions about formatting requirements (e.g., what kind of paper to use, whether typed or handwritten assignments are acceptable, when to turn in completed sections, requirements for correcting and resubmitting reviewed sections, and so on).

Write a brief summary of your answers to the preceding questions to describe your business, your goals, and your objectives. Format this section into paragraphs under the following headings and subheadings.

Section II. Mission, Goals, and Objectives

General Description of the Business

Review your answers to Questions 2 through 6. Describe your business so an outsider will clearly understand what business you are in, what products you offer, who your market is, how you operate (generally), the stage of development of your business, and what your growth ideas entail.

This is the first opportunity for readers to understand the nature of your business, so offer enough detail to make your description clear to the first-time reader.

Mission Statement

Review your answers to Steps 1 through 3 in the Mission Statement section. Then, using Step 4, write your mission statement, making sure it is clear and understandable.

Goals and Objectives

Using the Goals and Objectives Worksheet as a guide, summarize your short-term (within one year) and long-term (two to three years) business goals and objectives. Be sure your objectives are specific, and indicate who is responsible for getting them done and by what deadline.

SESSION 2. PLANNING AND RESEARCH: ENTREPRENEURIAL ESSENTIALS

Understanding your industry is one of the keys to developing a successful business. Therefore, researching your industry should be an ongoing process, regardless of your stage of business development. This will help you to prepare for changes, make informed decisions about growing your business, and avoid pitfalls. Tracking the effects of economic trends and new regulations on your industry will also help you to evolve and adapt in response to changing conditions. (The world is always changing—the question is, will you be prepared for it?)

There are lots of excellent resources available for gathering industry information, many of which are detailed in your *NxLevel® Business Resource Guide*. Learning how to use those resources, and identifying other local sources of key information, will be of tremendous help to you as you chart a course for your business.

This section of your *NxLevel® Business Plan* will explain the industry in which your business functions, the current and emerging trends that affect it, and how your business fits into your industry.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Industry

Industry Background Information

Current/Future Industry Trends

Business Fit in the Industry

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

Appendix

Sources of Information

Basing your business plan and decisions on facts, rather than personal opinions or assumptions, is important to the success of your business. There are many sources of information about your particular type of business available. For example, *US Global Outlook* is a government publication that profiles many industries, and gives projections of their future trends (i.e., stable, growing, declining). This information can be useful in analyzing your market niche, predicting how your market will respond to new technology and changing environmental laws, and so on. Your task is to think about how you plan to anticipate and adapt to industry changes.

The steps below will help you to identify specific industry resources. Remember: Your *NxLevel*® *Business Resource Guide* lists many useful sources of industry information.

Step 1 *Identify your industry.*

Step 2 *Identify trade associations that offer pertinent industry information.*

List the name of the association, address, phone number, toll-free phone number, e-mail address, and URL. Include any other pertinent information in your notes.

Step 3 *Identify available industry publications, magazines, and Websites.*

Most industries have publications containing valuable information about managing businesses in that industry. Trade associations, suppliers, and your local librarian can help you find these publications. List as many as you find. They may be very useful in your future research. Include the name, address or URL, and contact information. If online, use your browser to bookmark relevant pages.

Step 4 *Identify federal government publications.*

The US government is a valuable source of free or low-cost information. Check with your local librarian, search online, or call the US government information number listed in your phone book. Also, see your *NxLevel*® *Business Resource Guide* for government resources

Step 5 *Identify other sources of business information.*

There are many general business magazines and books that you may want to read. Ask your local Small Business Development Center counselor or other local business owners for ideas.

Step 1. In what industry(s) is your business?

Step 2. Identify trade associations that offer pertinent industry information.

Step 3. Identify available industry publications, magazines, and Websites.

Step 4. Identify federal government publications.

Step 5. Identify other sources of business information.

Key Contacts

Another important factor in your business success is your ability to network with contacts who can help you find information or solve problems. The following steps will help you build your contact list.

Step 1 *Who is the Director of your Chamber of Commerce?*

The local Chamber of Commerce is a good place to meet other business owners. Get to know the director, and find out what business committees exist.

Step 2 *Who is your trade association contact person?*

Your trade association is familiar with the various challenges your business faces. Find out who in the trade association is available to help you on a local or regional level.

Step 3 *Who is your local business librarian?*

Small-business owners tend to overlook their local librarian as a valuable contact person. Meet your librarian, and learn what assistance is available and what research tools your library provides.

Step 4 *Who is your local SBDC or BIC Director or Counselor?*

Your local Small Business Development Center (SBDC) provides counseling to a wide variety of business owners. SBDCs generally maintain extensive business libraries that may help you to find specific industry information. If you live in a larger metropolitan area, the Small Business Administration (SBA) may have a Business Information Center (BIC) established specifically to aid small business.

Step 5 *Identify other local business and civic organizations.*

Being active in local organizations and networking with your community is a key to success for many types of businesses. Determine which organizations would be of benefit to you and your business.

Step 6 *Identify social networking sites or online forums where you can make contacts.*

There may be many sites where people in your industry congregate in order to network, get advice, or trade strategies. Whether you participate in these groups, or simply read them, they can provide a wealth of valuable information.

Step 7 *Identify representatives of suppliers.*

These representatives often have considerable knowledge of the industry. Get to know more about supplier representatives and their backgrounds.

Step 1. Chamber of Commerce Director:

Step 2. Local or regional trade association contact person:

Step 3. Local business librarian:

Research tools available in the library:

Step 4. SBDC and BIC Director(s) or Counselor(s):

Step 5. Local business and civic organizations:

Step 6. Social networking sites and online forums:

Step 7. Representatives of suppliers:

Background Information

Using the resources you have identified, research the following information about your industry.

Step 1 Research the background of your industry.

Using your trade association information, industry publications, Websites, and other resources you identified, seek information about:

- How the industry has developed
- The industry's growth patterns
- How, or if, globalization has affected the industry
- How, or if, green business practices have affected the industry
- Whether small businesses are prospering in the industry
- How small businesses in the industry are affected by large companies
- How small businesses in the industry are affected by franchises

Step 2 Research current and future industry trends.

Using your industry research, seek information regarding:

- Current trends (growth patterns, niche markets, technology trends)
- The current size of the market
- Current typical costs, sales, and profit margins
- Future trends being predicted by industry experts (document your sources)
- Opportunities and threats relating to current and future technology
- Opportunities and threats relating to current and future government regulations

Step 3 Describe the background of your existing business.

Background information on your business is important to the reader of your business plan. You should include:

- When your business was founded
- Who started the business, and why
- Why the business has (or has not) been successful
- How the business has (or has not) grown
- The profitability patterns of the business
- Whether the business's purpose or goals have changed over time
- How the business currently fits in the industry

Step 4 Based on your research and data, answer the questions on the following page.

Background of your industry

1. How has your industry developed? What are its growth patterns?

2. How do small firms operate within the industry? Describe the industry's normal way of doing business (e.g., operating, production, marketing, and distribution methods and standards).

Current and future industry trends

3. What are the current trends (e.g., growth, decline, costs, sales, profits)?

4. What trends are expected in the future (e.g., new technology, regulations, competition)?

Background of your business, and business fit in your industry

5. Provide a brief history of your business, including when it was founded, why it was started, who started it, profitability and growth patterns, and how the business has changed over time.

6. How does your business (and its products) fit into the industry? Relate this to current and future trends.

Action Log

As you evaluate your business and write your business plan, you will identify many activities that need your attention. An Action Log will encourage you to write these activities down now, while you're thinking about it. In fact, it might be helpful to make several copies of the Action Log and head one "Personal" and one "Business." Feel free to write down whatever activity you have on your mind on the appropriate sheet while in class. This will free your mind to concentrate on in-class activities.

Step 1 Identify key activities.

As you work through each section of the business plan, compile a list of key activities that are vital to the successful operation of your business. Remember, **this is an ongoing process**, and you will be prompted throughout the workbook to return to this worksheet. *One idea is to move this Action Log into the new sessions as you go through the workbook, so that you can continue to add activities.*

Step 2 Assign responsibility for each activity.

For each identified activity, assign one person who will be primarily responsible for the completion of that activity.

Step 3 Determine an appropriate start date.

For each activity, determine the date on which work will begin. Consider how the activity fits into your overall plan, as well as the availability of the person responsible.

Step 4 Determine scheduled completion date.

For each activity, determine when the activity must be completed. Be realistic! A person outside of your organization may judge your managerial ability on your ability to meet these deadlines.

Step 5 Estimate costs relating to the activity.

Some activities will require a budget. You should estimate the cost of each activity, and review the estimated costs as you gather more information.

Step 6 Log completion dates.

Every time you complete an activity, log the completion date. (Make sure the activity is *really* complete before filling in the date.)

Step 7 Note any further actions that may be required.

When the original activity is complete, there may be some action required in the future relating to that activity. If so, note the date on which you need to review the activity.

Action Log

(Make copies, and mark one for “Business” and one for “Personal” actions.)

Actions	Who Is Responsible	Start Date	Estimated Completion Date	Estimated Budget	Actual Completion Date	Further Action

Writing Your Plan

Using the information you gathered in this session, describe your industry and how your business will operate within it. Format this section into paragraphs under the following headings and subheadings.

Section III. Background Information

Industry

Industry Background Information

Review your answers to Questions 1 and 2 in the Background Information section. Summarize this information to describe the background of your industry. Identify your industry, and state its current size in terms of dollar sales and/or number of businesses or customers. Note whether large or small firms dominate the industry, and how the industry has developed or grown.

Current and Future Trends

Review your answers to Questions 3 and 4 in the Background Information section. Summarize your answers to explain how products or services are currently bought, sold, delivered, and packaged in your industry; what the current sales costs and profit margins are; and whether they are expected to change in the future. Discuss how the industry as a whole is changing, whether the industry is growing or declining, and the impact of evolving technology and government regulations.

Business Fit in the Industry

Review your answers to Questions 5 and 6 in the Background Information section. Provide a brief history of your business's development, and describe how you see your business fitting into the industry. Is it one of the smaller or larger businesses in your industry? How is it similar to other businesses? How is it different?

SESSION 3. ORGANIZATIONAL MATTERS: MANAGEMENT AND LEGAL STRUCTURE

As your business develops and grows, you may need to review the legal structure of your business to make sure it’s still appropriate. The following discussion of legal structures will help you examine the form of business you have chosen, and compare it with other options.

Planning, organizing, measuring progress, solving problems, and managing risk are all parts of the management details of your business. It’s vital to know how to manage your business, evaluate your own expertise and that of your personnel, learn management techniques, gather knowledgeable resources, and hire professionals who can help when necessary. Building an effective team comprising employees, outside service professionals, and advisors is one of the keys to business success.

The Organizational Matters section of your *NxLevel® Business Plan* helps the reader understand the legal organizational structure under which you operate, and why that structure was chosen. This section will also help sort out your management tasks, personnel requirements, and use of outside professionals. Finally, you will examine the issue of managing risk, and learn about some of the tools available to help minimize it.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

A. Business Structure, Management, and Personnel

Business Structure

Management

Personnel

Outside Services/Advisors

Risk Management

Section V. The Marketing Plan

Section VI. The Financial Plan

Appendix

Forms of Doing Business

There are five primary forms of doing business, which are described briefly below. The reasons for choosing one legal structure over another have to do with tax, liability, financing, and estate planning issues. Unless you have an extensive background in these areas, this is a management decision you should not make on your own! Instead, seek advice from your accountant and tax attorney. As your business changes, be sure your legal form of doing business continues to meet your needs.

Sole Proprietorship

- You and your business are one and the same.
- It's easy to start this type of business. It requires very little paperwork.
- You own all assets and are entitled to all profits.
- You are personally responsible for all liabilities and debts.
- There is no business income tax. Earnings pass through to your individual income tax return.

General Partnership

- Your business is owned and operated by you and at least one other person.
- You share profits and losses, and assets and liabilities, according to a written partnership agreement.
- You and your partners have legal liability for one another's acts.
- There is no business income tax. Partners pay personal income tax on their share of the profits.

Limited Partnership

- Similar to a general partnership, but with two types of partners: general and limited.
- Limited partners have limited liability, based on the amount of their capital contribution to the business.
- General partners are responsible for all management decisions.

Corporation

- A separate legal entity formed by you alone, or in conjunction with other owners.
- Corporations pay corporate income taxes. Owners pay individual taxes on any salaries or dividends they receive from the corporation.
- Usually requires more paperwork to be recognized as a legal entity on the state and federal level. If done correctly, the corporation stands on its own for liability purposes.

S Corporation

- A corporate tax election, not a separate legal form of doing business.
- Taxes the owners like a partnership, instead of taxing the corporation as a separate entity.
- Eligibility requirements limit one's ability to choose this option.

Limited Liability Company

- A hybrid form of ownership that combines the liability advantages of a corporation with taxation as a partnership.

Answer the questions on the following page regarding the legal structure of your business.

Describe the legal structure of your business. The most desirable structure for your business may depend on the type of business, the kinds of products or services you offer, and tax issues. Talk with an accountant and/or attorney to determine if your chosen legal structure is the best one to meet your needs.

1. Is your business a sole proprietorship, partnership, corporation, or limited liability company? What are the benefits of this structure? Describe the advantages and disadvantages.

Legal structure of your business: _____

Advantages	Disadvantages

2. Why did you choose this structure? Did you consult with your accountant? Your attorney?
- _____
- _____
- _____
- _____

3. Describe the ownership of the business. Who are the owners? What is their financial share of ownership?
- _____
- _____
- _____
- _____

The Management Team

This section describes the management philosophy of your business. It also indicates who leads the business, and highlights their credentials and qualifications.

Step 1 *List owners and managers and their titles.*

Step 2 *Develop a resumé for each owner and manager.*

Individual resumé will be included in the Appendix of your *NxLevel® Business Plan*. They should contain the person's name and title, and include the following details:

- Most important duties
- Previous business experience
- Educational background
- Personal interests
- References

Step 3 *Complete the Management Skills Matrix Worksheet.*

Analyzing your skills, and the skills of your management team, is the first step in determining what expertise you have in-house and what expertise you need to seek from outsiders. The *Management Skills Matrix Worksheet* will help you to identify specific areas where you need to seek additional expertise. In other words, this exercise will help you clarify who belongs on your management team.

Review each skill area listed in the *Management Skills Matrix Worksheet*. In the “Adequate Knowledge,” column write an “I” to indicate that an *Insider* (you, other owners, or a key employee) has the skill, or write an “O” to indicate that you must hire an *Outsider* to provide the skill. If you don't know whether you have adequate knowledge or should seek an outsider, enter a question mark. If the skill isn't relevant to your business, leave it blank.

For each “I,” write the name of the person with that skill in the “Who” column. If you are unsure, place an “X” in either the “Assistance Needed” column or the “Education Needed” column.

Step 4 *Review the “Assistance Needed” or “Education Needed” areas of your Management Skills Matrix.*

Look at the skills for which you checked “Assistance Needed” or “Education Needed,” or entered a question mark. Would it be better to try to train someone inside your organization, or obtain the expertise by using outsiders on a contractual basis? Is the cost of obtaining the education (for either yourself or an employee) worth the time away from the business? The next section will help you answer these questions.

Step 1. List owners and managers by name, and their titles.

Name	Owner	Manager	Title

Step 2. Prepare resumés for each owner and manager. Develop a separate resumé for each, and include them in the Appendix.

Step 3. Management Skills Matrix Worksheet

Skills	Adequate Knowledge	Who	Assistance Needed (X)	Education Needed (X)	Cost Of Education (\$)
Accounting and Taxes					
Planning and Organizing					
Financial Management					
Bookkeeping					
Personnel Management					
Project Management					
Sales					
Marketing					
Manufacturing					
Cost Control					
Team Building					
Credit and Collections					
Green Business Skills					
Internet / Website					
Design / Engineering					
Other:					

Step 4. “Assistance Needed” and “Education Needed.” Write down the skill areas for which you may require outside assistance or education on the lines below.

The Management Team

Outside Services

You can obtain expertise that your business lacks by using outsiders. For instance, almost all small businesses make some use of attorneys and accountants. You can also obtain other expertise, such as marketing or engineering, on a contractual basis. Additionally, you may consider contracting for secretarial, equipment and building maintenance, and janitorial services.

This practice is called *outsourcing*. It allows you to “rent” the expertise you need, without permanently increasing your employee costs (e.g., payroll, payroll taxes, and employee benefits).

Before outsourcing, be sure to consider the legal issue of “Independent Contractor vs. Employee” as defined by the IRS 20-Point Checklist.

Step 1 Complete the Outside Services Worksheet.

Look at Step 4 on the prior page, which identified outside services you are considering using, and then fill out the *Outside Services Worksheet*. For each type of service you need, budget an appropriate monthly amount. Obtaining two or three bids for each category will help you develop realistic budget figures.

Next, calculate the monthly expenses for each function and develop a total. This allows you to compare the cost of procuring external expertise to the cost of training someone internally.

Advisory Boards

Advisors can enhance your management team by adding expertise and unbiased views to your business at a low cost. Many advisory boards are set up to meet a limited number of times during the year, while others meet on a regular basis.

Most small business advisory board members serve on a non-compensated basis. They’re often rewarded for their participation by having their meeting meal paid for, or by discounts on products or services. The board may consist of family members (who may or may not be directly involved with the business); local business professionals; former owners of similar businesses; customers; or interested observers. The key to an effective board is to identify categories of expertise that might enhance your board, and then find an appropriate individual to fit each category.

One example of an effective advisory board is the upscale clothing store that chose to establish an advisory board of teenagers to meet quarterly and discuss fashion ideas and trends with the store’s teen clothing buyers. As a reward, the teen board members’ pictures were featured in a local newspaper ad thanking them for their service, they were invited to be models at the store’s fashion shows, and they were given a 20% discount on purchases at the store.

Step 2 Identify potential advisory board members by category and name.

Step 1. Outside Services Worksheet

Category of Service	Who	Cost per month	Cost per year
Accountant			
Lawyer			
Banker			
Insurance Broker			
Internet / Web Design			
Marketing			
Secretarial			
Maintenance / Janitorial			
Bookkeeping			
Energy Efficiency			
Pollution Control			
Other:			
Total Monthly Cost			
		Total Annual Cost	

Step 2. Advisory Board Worksheet

Advisory Board Member Category	Knowledge or Expertise Desired	Potential Board Member Name

Personnel

Now that you've identified management and outside services, you should examine the rest of your team needs by analyzing your employee requirements. What will employees do and what skills will they need? Written job descriptions that clearly define the duties of each employee, and a written personnel/policy manual that details the relationship between employee and employer, are vital documents.

Step 1 Identify your personnel needs by using the worksheet to detail job title, skills, qualifications, and responsibilities. Identify full and part-time positions and when needed (e.g., seasons, specific hours of the day).

Do you have current job descriptions written for your management and personnel positions? If not, make a note on your Action Log from Session 2 that this activity should be scheduled and completed.

Do you have a written personnel/policy manual? Do you want to develop one? Does your existing manual need revising? Add these items to your Action Log as necessary.

Step 2 Identify sources for hiring employees, and the process you will use to screen and hire recruits.

Remember, good employees can make the difference between a successful business and a marginal one. Knowing where and how to find qualified employees is essential.

Step 3 Specify employee training needs.

Training new employees, and retraining existing employees, is critical to operating a successful business. Consider the following questions:

- What training is needed for new employees?
- What training is needed for existing employees?
- Who will conduct employee training (in-house; paid consultants; community college; etc.)?
- Estimate the cost for employee training.

Step 1. Identify personnel needs.

Job Title	Skills and Qualifications	Job Responsibilities	Full or Part Time	When Needed

Step 2. Where will you obtain the employees (employment agency, ad, LinkedIn.com, etc.)? What process will you use to screen and hire recruits (skill testing, interviews, drug testing, etc.)?

Step 3. What training is needed for new employees? For existing employees? Specify training needs for each position. Who will conduct employee training (in-house; paid consultant; community college)? Estimate the cost for employee training.

Employee Monthly Salary/Wage & Benefits Worksheet

Title:		Notes:	
Work performed:			
Salary/Wage per hour/month: \$			
Mandatory Benefits:		Optional Benefits:	
Social Security	\$	Medical Insurance	\$
Federal Unemployment	\$	Dental Insurance	\$
State Unemployment	\$	Vision Insurance	\$
Workers' Compensation	\$	Life Insurance	\$
Other	\$	Disability Insurance	\$
		Pension Plan	\$
		Profit-sharing Plan	\$
		Other	\$
Mandatory per month	\$	Optional per month	\$
		GRAND TOTAL PER MONTH	\$

Employee Monthly Salary/Wage & Benefits Worksheet

Title:		Notes:	
Work performed:			
Salary/Wage per hour/month: \$			
Mandatory Benefits:		Optional Benefits:	
Social Security	\$	Medical Insurance	\$
Federal Unemployment	\$	Dental Insurance	\$
State Unemployment	\$	Vision Insurance	\$
Workers' Compensation	\$	Life Insurance	\$
Other	\$	Disability Insurance	\$
		Pension Plan	\$
		Profit-sharing Plan	\$
		Other	\$
Mandatory per month	\$	Optional per month	\$
		GRAND TOTAL PER MONTH	\$

Risk Management

Managing risk generally begins with insurance issues, and extends to special needs and requirements depending on the types of products or services sold. You have a lot to lose, so you should review your insurance needs and the adequacy of your existing policies each year with your insurance agent. Note: Obtain several bids for your insurance needs, and investigate premium payment options before deciding which bid to use.

Step 1 *After consulting with your insurance agent(s), fill out the **Types of Insurance Worksheet** on the following page, making sure it reflects updated costs.*

The topic of managing risk extends to products that are proprietary, add value to your business, and may need protection (e.g., a patent, trademark, or copyright).

Step 2 *Complete the **Intellectual Property Rights Worksheet** below. (Skip this step if not applicable.)*

Intellectual Property Rights Worksheet

Intellectual property	What must be done to secure protection?	Cost
Patent		
Trademark		
Copyright		
Trade Secrets		
Other:		

What other inside and outside risks could affect your business, and what risk management policies and procedures have you considered implementing? For example, an *inside risk* might be a structural threat (e.g., a fire). An *outside risk* might be someone coming to rob your business. Again, what management policies and procedures should you implement to protect you, your employees, your business?

Step 3 *Complete the **Other Risks Worksheet** on the following page, describing other inside and outside risks your business may face, and what policies and procedures you have developed to help manage those risks.*

Step 4 *Complete the **Contingency Planning Worksheet** on the following page, describing business tasks, the threats you face, what you will do to minimize and recover from those threats. (Note: This worksheet is simply an initial look at the kind of data required for a business continuity plan. As soon as it's practical, you should create an actual, full-scale plan to help your business recover from disasters and disruptions.)*

Types of Insurance Worksheet

Types of Insurance	Required	Type/Coverage	Annual Cost
Protecting Your Business			
General Liability			
Electronic Data / Website			
Product Liability			
Completed Operations			
Errors / Omissions			
Professional Liability			
Automobile Liability			
Fire and Theft			
Business Interruption			
Fidelity Bonds			
Surety Bonds			
Other:			
Protecting Yourself			
Personal Disability			
Key-Person			
Life			
Medical			
Other			
Protecting Your Employees			
Group Health			
Life			
Pension Plan			
Workers' Compensation			
Other:			

Other Risks Worksheet

Description of the Risk	Inside or Outside	Risk Management Strategies

Continuity Planning Worksheet

[illegible]

Writing Your Plan

Using these worksheets as a guide, write a summary of your answers to the questions to describe the legal structure and organization of your business. Format this section into paragraphs under the following headings and subheadings.

Section IV. Organizational Matters

A. Business Structure, Management, and Personnel

Business Structure

Review your answers to Questions 1 through 3 in the Forms of Doing Business section. Describe the legal structure you chose for your business, and why. Then, describe who owns the business, and their financial share of ownership.

Management

Review the Management Team section of the workbook. Summarize your management philosophy and describe your management team. Include details about key managers and why they were chosen, with a reference “(see resume in Appendix ____)” for each manager you determine to be an essential part of your team. This section should tell your reader why you and your team are qualified to manage this business. If applicable, include an organizational chart for your business to help clarify the roles and responsibilities of your management team.

Personnel

Review Steps 1 through 3 of the Personnel section. Summarize your non-management personnel needs. Discuss where and how you recruit new employees, what screening processes you use in hiring, and whether you will have trouble finding qualified recruits for your business. Also, discuss your training procedures for new personnel, and your retraining efforts for existing personnel.

Outside Services/Advisors

Review the Outside Services and Advisory Board Worksheets. Describe how your management team is enhanced by the use of qualified outside service providers, and discuss the outside services for which you contract. State whether you currently use an Advisory Board, or will use one in the future, and explain what impact that part of the team has (or will have) on your business.

Risk Management

Review the Types of Insurance Worksheet, Other Risks Worksheet, and Continuity Planning Worksheet. Summarize how you will manage risk in your business. List the types of insurance you need, insurance costs, and any intellectual property protection your business requires. Also address other inside and outside risks your business faces, and what management policies and procedures are in place to help manage those risks (e.g., continuity planning). Consider including estate planning and succession strategies as ways of managing long-term risk to the business.

NOTE: Be prepared to hand in copies of the Outside Services Worksheet, Employee Salary/Wage & Benefits Summary, and Types of Insurance Worksheet along with this written section of the business plan. Your instructor may want to comment on their content now, before they are incorporated into later financial sessions. Also, as you continue making decisions, you may want to review worksheets that reflect cost decisions.

SESSION 4. MARKETING: ANALYSIS AND UNDERSTANDING

Your Products and Services

This first part of the Marketing Plan section of your *NxLevel® Business Plan* helps the reader understand what your products are, what makes them unique, what features you consider important, and the benefits the customer will derive from those features.

Your description will also explore the life cycle and seasonality issues related to your products, and your plans for adding new products to your business.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

A. Products/Services

Products/Services Description

Features/Benefits

Life Cycle/Seasonality

Growth Description

Section VI. The Financial Plan

Appendix

Products/Services Description

This section will help you to describe your products. (**Remember: the term “products” also refers to services**). When trying to describe your products, think about your business from the perspective of your customer. As you continue through this section, you may find your descriptions changing as you learn more about your market.

Step 1 List the products your business will offer.

Make a copy of the *Products/Services Description Worksheet* for each product you sell. Write the name of the product in the space provided, then write a brief description.

Step 2 Identify the unique features of your products.

These could include size, quality, product mix, varieties or types, materials used, and so on. What features make your product unique, special, and compelling? (Think like a customer: Why should I buy it?)

If you are selling a product, describe packaging, delivery, training, or other services that accompany the product. If you are selling a service, describe the services offered.

Step 3 Describe the benefits of your products to the customer.

A benefit is what your product will do for or give to your customer. For each feature, there is a benefit to the customer. (Example: A service feature of a pizza restaurant might be ten-minute delivery. The benefit to the customer is convenience and time savings.)

Step 4 Answer the questions below the worksheet for each product you offer.

Compare the descriptions, and consider grouping products with very similar characteristics into **product lines** (e.g., *Nike men's athletic shoes*, as opposed to listing each model of Nike shoes for men).

Step 5 Review product lines for compatibility.

Does each fit into the overall mission of your business? Do they complement your other products?

Step 6 Repeat steps 1 through 5 for each new product (or product line) you plan to offer.

By going through this process, you will compare existing products with new ones to make sure that they complement existing product lines.

Products/Services Description Worksheet

Product Name or Description:	
Features	Benefits

1. How do your products compare to those of the competition? (Consider price, quality, green aspects, availability, etc.) Is most of your competition from small, mid-sized, or large firms?

2. *(For service businesses only)* Can you sell this service as well as you can perform it? Are your credentials and skills equal to, or better than, those of your competition?

3. How is your product produced? Will you make the product yourself, buy it wholesale, or have someone else make it? Is it expensive or difficult to make? Will you have to deal with regulatory agencies or obtain special insurance? Will you make products for inventory or per order? —OR— How is your service delivered to the customer? Will you perform the service yourself, or will you subcontract some or all of the work?

4. *(Future Products/Services)* When do you plan to add this product? Is it a new product, or an expansion of your current product line?

Life Cycle and Seasonality

Your marketing strategies will depend on what stage your product has reached in its **life cycle**. For example, pricing considerations for a declining product are considerably different than those for a growing one, while competition among new products is often keener than among mature ones.

Factors that influence a product's life cycle include visibility, familiarity, frequency of use, and popularity over alternative products. Note that length of existence is not a reliable way of gauging what stage a product is in. Campbell's Soups have been around over a hundred years, with the products holding steady in their life cycle at the maturity stage. Disco boots completed their life cycle in a few years.

Services have life cycles too, as anyone who offers manual typewriter repair, or tries to start a seltzer delivery business, will soon find out.

Monthly sales of some products vary greatly, depending on the season and the location of the business. For example, a lawn care service in Wyoming will experience a peak from May through September, but will be nearly dormant from November through February. The same service in Southern California may have a much longer season, and never experience dormant periods.

Analyzing your product's **seasonality** will help you plan for product unit purchases and labor needs when you begin forecasting costs.

Step 1 Copy and cut apart the worksheets on the following page, so that you have one for each product (or product line).

Step 2 Evaluate each of your products and assign it a stage in the product life cycle.

Step 3 Analyze your product's seasonality.

Utilizing actual sales figures from the prior year, or estimating sales if that information is not available, plot your product's seasonality by placing a dot in the appropriate monthly column between zero and peak sales (with the middle being an average sales month). Then, connect the dots to visualize your product's seasonality.

Product Life Cycle Worksheet

Place a checkmark to indicate the product's stage in its life cycle.

Product:			
	1. New Product (first sales)		4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchase (rapid loss of sales)

Product Seasonality Worksheet

Put a dot under the January column at the level of sales for that month. Repeat for each month. Connect the dots to see your product's seasonality.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales												
Average Sales												
Zero Sales												

*Product Life Cycle Worksheet*

Place a checkmark to indicate the product's stage in its life cycle.

Product:			
	1. New Product (first sales)		4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchase (rapid loss of sales)

Product Seasonality Worksheet

Put a dot under the January column at the level of sales for that month. Repeat for each month. Connect the dots to see your product's seasonality.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales												
Average Sales												
Zero Sales												

Writing Your Plan

Using the information and worksheets in this session, write a summary describing your products. Format this section into paragraphs under the following headings and subheadings.

Section V. The Marketing Plan

A. Products/Services

Products/Services Description

*Review your work in the **Products/Services** section. Describe the products or product lines you sell, and how your products compare to the competition (price, quality, availability, convenience, green aspects, your skills, service, etc.). Include everything the first-time, non-expert reader needs to know to understand what your business offers. Also include any proprietary aspects of your products.*

Features/Benefits

*Review **Steps 2 and 3** in the **Products/Services** section. Summarize the features and benefits of your product, including what they do, and what features make them unique. Then, describe the benefits of these features to the customer.*

Life Cycle/Seasonality

*Review your **Product Life Cycle Worksheets** and **Product Seasonality Worksheets**. Describe where your products or product lines are in their life cycle, and how that influences your business decisions. Discuss the seasonality of your products, and what role seasonality plays in your business planning.*

Products/Services Growth Description

*Review **Question 4** in the **Products/Services Description** section. Summarize any new products you intend to add. Explain why you are adding them, when you anticipate adding them, and how they fit into your current product mix and business mission. Also, discuss life cycles and seasonality (including how, or if, those factors influenced your decision to add the new products).*

NOTE: *This is a good time to review your Action Log, and make a note of any activities relating to the addition of new products that you may have forgotten.*

*Session 4 continues—and contains another **Writing Your Plan** assignment—so keep working!*

Market Analysis

This section of your *NxLevel® Business Plan* analyzes who your competitors are, where they're located, and any competitive advantage you enjoy over them. This information allows you to determine your realistic market potential, based on your current trade area, market size, market trends, and your current and projected sales volume.

Business conditions and technology can change quickly, so even seasoned entrepreneurs find it necessary to reevaluate customer and competition issues on an ongoing basis. Ignoring new customer markets; failing to recognize and plan for the effects of new competition, laws, and technology on the marketplace; and under- or over-estimating market potential can make it very difficult to maintain and expand your market share.

Cover Page

Section	I. Executive Summary
---------	----------------------

Section III. Background Information

Section IV. Organizational Matters

B. Market Analysis

Customer Analysis

Competitive Analysis

Market Potential

Current Trade Area

Market Size and Trends

Sales Volume Potential (Current & Growth)

Section VI. The Financial Plan

Appendix

Your Customer Profile

Your customers are the most important part of your business. You must carefully analyze who they are, how much and how often they buy from you, what they're willing to pay, and why they do business with you rather than your competitors.

A “market” is a group of people who are, or will be, your customers. Marketing is often defined as the process of understanding the needs and wants of your customers. The more specific information you can gather about your market, the better your sales projections will be.

We will be profiling both individual and business customers. Use the worksheets that are appropriate to your business.

Individual customers

Physical characteristics of your customers (age, gender, occupation, etc.) are called **demographics**.

Common demographic characteristics include:

<i>Gender</i>	Men and women often exhibit different buying habits, so analyzing how many men and women are in your market is vitally important.
<i>Age</i>	Age is second only to gender as the most important characteristic to measure. It's generally defined by age ranges, each of which exhibits different buying habits.
<i>Income</i>	Income level is a good indicator of whether the customer or household has the financial capability to buy, particularly non-essential purchases.
<i>Education</i>	Education may be an indicator of advertising comprehension, reasoning power, interest levels, etc.
<i>Occupation</i>	Occupation relates closely to age, income, and education, and also may indicate financial capability.
<i>Location</i>	Location can refer to proximity to your business, neighborhoods, and upper- or lower-income level housing areas, as well as regional, national, or international location.
<i>Family status</i>	Customers' needs and desires vary based on whether they are single or married.
<i>Children</i>	Households with young children exhibit very different buying habits than those with no children or grown children.
<i>Ethnic origin</i>	People from different cultures have different values and needs, which may influence buying habits.

Psychological characteristics that motivate people to buy are called **psychographics**. Do your customers value image, appearance, security, price, function, or quality in products or services? Do their cultures (conservative, liberal, religious, artistic, environmental) influence their buying habits? What are their hobbies and interests?

Basing your customer profile on demographics and psychographics will help you define the key characteristics of the people who are most likely to buy from you, and prevent you from wasting your time and money pursuing the wrong market.

Step 1 *Fill out the Customer Profile Worksheet for up to three customer markets. Make a copy of the worksheet if you have more markets.*

Step 2 *Answer the question below the worksheet.*

Individual Customer Profile Worksheet

You may have only one customer group, or you may have more than three. Fill in this worksheet for all the markets you want to profile, using Group A as your most attractive market, B as the second-most attractive, and so on. Break each characteristic down into more specific measurable information. (Age, for example, is usually broken down into 18 and younger, 18 to 24, 25 to 34, 35 to 49, 50 to 64, and 65 and older.)

	Customer Group A	Customer Group B	Customer Group C
Demographics			
Gender (male, female, both)			
Age (range)			
Income level (range)			
Occupation (blue collar, professional)			
Location (regional, national, international)			
Family (single, married)			
Children (none, at home, grown)			
Education level			
Ethnic origin			
Other:			
Other:			
Psychographics			
Where do they shop? (malls, boutiques, online)			
When do they shop? (am, pm, holidays, weekends)			
Why do they buy? (motivations)			
Other:			
Other:			
Expectations			
What do buyers expect from your product?			

Where did you get this information about your customer(s)? What research methods did you use?

Your Customer Profile—continued

Using the worksheet below, research your prospective business customers. Focus on the most promising within each category, but don't limit yourself to just one market. Prepare yourself to utilize several marketing options. Remember: The more you know about your target markets, the more directly you'll be able to apply your marketing strategies.

Business Customer Profile Worksheet

Characteristics	Wholesale Customers			Retail Customers		
	A	B	C	A	B	C
Annual sales						
Number of employees						
Location (town, region, country)						
One site or multiple branches						
Legal structure (sole proprietor, partnership, corporation, LLC)						
Who handles purchasing?						
Where do they get product information?						
How do they buy?						
What do they expect from your product?						
Other:						
Other:						
Other:						

Where did you get the information about your business customers?

Competitive Analysis

In this section, you will compare your business to at least three major competitors. Use the form on the following page to record the rankings.

Be honest with yourself. Look for areas where you need to improve, as well as areas where you have a competitive advantage. Don't forget to look at *indirect* competition as well as direct. And remember, there is no such thing as “no competition”!

1. <i>Products</i>	How well do their products meet the needs of customers? How satisfied are customers with their products?
2. <i>Price</i>	How well do their prices match their customers' expectations and assessment of value?
3. <i>Quality</i>	How good is their workmanship and quality?
4. <i>Selection</i>	How many options do they offer? How complete is the product line?
5. <i>Customer service</i>	How well does the business meet customers' needs for attention, timeliness, information, knowledgeable assistance, and problem-solving?
6. <i>Product service</i>	If customers have problems with products, are these problems fixed correctly, quickly, and to the customer's satisfaction?
7. <i>Reliability</i>	How dependable are their products? Do they require frequent repair or replacement? Are services timely and as expected?
8. <i>Expertise</i>	Are the owners and staff knowledgeable about their products? Do they answer questions promptly, clearly, and accurately?
9. <i>Image/reputation</i>	What is the business's reputation in the area? Nationally? Are they involved in charities and community improvement programs? Are they considered to be “socially responsible”?
10. <i>Location</i>	How well does the accessibility, parking, visibility and convenience of each competitor's physical location satisfy customers needs?
11. <i>Store/Website layout</i>	Is merchandise displayed in a manner that makes shopping easy and convenient? Is space used efficiently?
12. <i>Appearance</i>	How well does the appearance of the product, store, Website, and personnel match the expectations of the customers?
13. <i>Sales method</i>	Are sales methods effective and in keeping with customer's expectations (e.g., polite, avoids high pressure tactics, ethical, etc.)?
14. <i>Credit policy</i>	Are customers given a variety of ways to pay for purchases (e.g., cash, store credit, credit card, layaway)?
15. <i>Availability</i>	Are customers able to get the desired products or services when needed?
16. <i>Management</i>	Does the management of the business appear to be effective? Is the business clean and organized? Has the staff been trained? Is customer billing correct? Is customer service efficient? Is the owner involved?
17. <i>Longevity</i>	Has this business been open long enough to prove it has staying power?
20. <i>Advertising</i>	How frequently and how effectively is advertising used? How visible is this business as a result of its promotional efforts?
19. <i>Technology</i>	How do they use the Internet and other technology (e.g., cellphones, RFID) to promote, sell, and deliver products and services?
20. <i>Green aspects</i>	What green business standards do they meet? Do they promote themselves as a green business? Do they have eco-labels or other forms of green certification?

Competitive Analysis—continued

Competitive Analysis Worksheet

Make additional copies of this worksheet if you will be profiling more than three competitors.

Step 1 *Identify three of your major competitors, and record their names on the worksheet below.*

Step 2 *Compare your business to the competition.*

Rank yourself and your competitors honestly for each factor on a scale of 1 to 4, with 1 being best and 4 worst. Write “NA” (not applicable) if a factor does not apply. (You may need to visit your competitor’s location or Website to research these factors.)

Step 3 *Prioritize each factor by writing **high**, **moderate**, or **low**, based on your best assumption of the importance of each factor to the customer.*

Factors	Your Business	Competitor A	Competitor B	Competitor C	Priority
1. Products					
2. Price					
3. Quality					
4. Product selection					
5. Customer service					
6. Product service					
7. Reliability					
8. Expertise					
9. Reputation					
10. Location					
11. Appearance					
12. Sales method					
13. Credit policy					
14. Availability					
15. Management					
16. Advertising					
17. Technology					
18. Green aspects					
Estimated sales volume					

Step 4. Using your worksheet research, answer the following questions about your competition.

1. Who are your strongest competitors and where are they located (local, in another state, overseas)? Is their location a strength or a weakness? Which customers are they targeting?

2. Summarize key features and benefits of your strongest competitors' products? How do they meet consumer needs? What other strengths and weaknesses do they have? How do their prices compare to yours? What technological advantages or disadvantages do they have?

3. Look at the areas in which you ranked 1 or 2. What are your key competitive advantages? How will your products better meet the needs and wants of your customers? How are your products different from those of the competition? What can you do better than your competitors, and how do you know this?

4. Looking again at the worksheet, note the areas in which you ranked 3 or 4. List changes you can make to improve your competitive position.

Market Potential

Geographic Boundaries of Your Market

Identifying the trade area of your business is an essential step in determining who your customer is, who and where your competitors are, and how many prospective customers you have.

Is your trade area your community or some select part of it? Your entire state? The world? The answers to these questions affect your customer and competitive analysis by increasing or decreasing the number of your prospective customers and direct competitors. Many industries have standards for identifying market area. For example, retail stores located in neighborhood commercial shopping centers generally have a trade area within a 1/2- to 1-mile radius of the center.

Step 1 Identify the boundaries of the trade area of your business on the lines below. Describe in geographic terms (a map can be included in your business plan if applicable). How did you determine your area?

Market Size and Trends

Finding out about trends in population growth, consumption, competition, and pricing can help you figure out how many prospective customers you have, and how many of them are likely to buy.

Market Size

Determining the size of your market requires some additional homework. If you are selling to the general public, you need to look at the US Census data for your market area. Census information is usually available in the reference section of your local library, or you can visit the Census Bureau Website. If you sell to other businesses, a trade association, the Chamber of Commerce, or the Yellow Pages may be able to provide a list of prospective wholesale and retail customers.

Step 2 Using the worksheet on the following page, answer the following questions.

1. How many individual prospective customers live within your designated trade area? How many prospective business customers exist within your trade area? Look back at your *Customer Profile Worksheets* for individuals and businesses. List the top one or two individual target markets, and the top three or four business target markets on the *Annual Sales Volume Potential Worksheet* on the following page, and record the appropriate numbers.
2. How many of the prospective customers in your trade area fit your customer profile? Review your *Customer Profile Worksheets*. Carefully estimate the number of individuals/ businesses that fit your profile. Record those numbers on the *Annual Sales Volume Projection Worksheet* on the following page.

Annual Sales Volume Projection Worksheet

Target Market	Total number of customers	Number who match your profile	How many will buy? (A)	Quantity per sale (B)	Sales per year (C)	Expected unit price (D)	Expected Sales Volume (A x B x C x D)
Individuals							
Businesses							
TOTAL							

Market Trends

3. Is your prospective market growing, declining, or holding steady? (Answer for both individual and business customer markets.)

4. (Individuals) What is the per capita consumption of your product? Seek information regarding the average annual dollars spent per person on your product, or the average number of units purchased. Also, think about how often your product is purchased (annually, monthly, weekly).

(Businesses) What is the average order size, and how many orders are generally placed per year? For both questions, look at the trends for the last five years, and project trends for the next five years. What are the reasons for these trends?

5. What are the price trends for your product? What is the lowest price you are likely to receive in the near future for your product? What is the highest price you are likely to receive? What market conditions will dictate these prices?

Writing Your Plan

Using the information and worksheets in this session, assemble the market analysis section under the following headings and subheadings.

Section V. The Marketing Plan

B. Market Analysis

Customer Analysis

*Based on your completion of the **Customer Profile Worksheet**, summarize the key characteristics of your target customer. Be as specific as possible, and include all relevant factors such as demographic characteristics, psychographic information (motivation for buying, values, interests, preferences) and lifestyle descriptions (where, how, and when they choose to buy). If you're targeting more than one customer group, include an explanation of each group and why they were chosen.*

Competitive Analysis

*Review the **Competitive Analysis Worksheet** and your answers to the questions that followed it. Write a paragraph that briefly describes your major competitors. Describe where they are located and whether their location is a strength or weakness. Then, summarize your competitors' key strengths and weaknesses, including how they are currently performing to meet customer needs. Clearly identify your competitive advantage by discussing the aspects of your business or products that are superior to the competition.*

*You may choose to include the **Competitive Analysis Worksheet** in your business plan, to show readers what factors were used for comparison.*

Market Potential

Current Trade Area

Describe your actual geographic trade territory, and explain why your customers will choose to do business with you in this trade area. If applicable, include a map that designates the boundaries of your trade area.

Market Size and Trends

Describe the size of your market in terms of the number of prospective customers. Summarize the trends for this market, including whether the market is growing, stable, or declining, and why.

Market Potential

*Describe your market potential in terms of total potential sales (**Annual Sales Volume Projection**). Discuss your current sales volume (existing business) and your projected ability to grow based on your market potential, including your plans for adding new products and services. Include the calculations used in the **Annual Sales Volume Projection Worksheet**, and any assumptions you used in making those calculations, so the reader will understand the basis for your discussion of market potential.*

SESSION 5. MARKETING: STRATEGIES, TACTICS, AND IMPLEMENTATION

Having completed the market research and analysis for your customers and competition, it's time to make some important decisions about the actions you will take to attract and communicate with current and prospective customers.

This final part of the Marketing Plan section of your *NxLevel® Business Plan* will help readers understand the strategies, tactics, and specific actions that comprise your marketing effort. You will analyze the physical location and suitability of your **place** of business. You will discuss **pricing** strategies in terms of positioning and profitability. You will base **packaging** decisions on your marketing research, so that your image is consistent with your business goals. You will explore **public relations and networking** as potential sources of effective low-cost marketing. And you will use your research and analysis to decide which **advertising tools** are most beneficial for your business.

Last, you will explore **customer service** issues, which are essential to satisfying your customers' needs. Throughout, you will begin to assign costs to the strategies discussed, which will then be used in the Financial Plan sections.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

C. Marketing Strategies

Location/Distribution

Price/Quality Relationship

Promotional Strategies

Packaging

Public Relations

Advertising

Customer Service

Section VI. The Financial Plan

Appendix

Location/Distribution

The location of your business should be compatible with the overall goals and strategies of your business. Location depends on what kinds of products you provide, what kind and amount of space you need, how you distribute your products, and your customer needs.

Distribution is the process of moving a product through the **supply chain** from the manufacturer to the end user. The length of your supply chain depends on where you are positioned within it. For example, if you are a retailer, you want to be positioned near your end user (which may be defined as “populated areas” or “places where the end user gathers”).

The goal for most businesses is to achieve the shortest and least complicated supply chain at the most reasonable cost, given their position in the chain. For a manufacturer, location near transportation hubs may be critical to ensure that transport costs are minimized. For an international service provider, perhaps the only real location issue is the availability of air travel near the headquarters of the business.

NOTE: The *Location/Distribution Worksheet* on the following page can be used to evaluate several potential properties if you are comparing locations for a new business component or expansion. Make copies of the worksheet and use one per location.

Step 1 Describe the location of your business.

- What is the address of your business?
- What features make this a good location for your business?
- What nearby businesses will help to attract customers?
- Are there any drawbacks to the location that need to be addressed?

Step 2 Describe the appearance of your business.

- What are the physical features of your building?
- What is the appearance of nearby businesses?

Step 3 Describe your location relative to your distribution needs.

- Is your location positioned appropriately in your supply chain?
- Is your location cost-effective for your transportation needs (cost of getting supplies in and shipping product out)?

Step 4 Determine future needs of your location.

- What renovations are necessary, and what are the costs?
- What are the prospects for business growth in the area near your location?
- Will you need to move to a new location if you grow?

Step 5 Prepare visual aids to show the location to outsiders.

It is often easier to describe your location to an outsider through use of maps, pictures, and a diagram of the layout.

Location/Distribution Worksheet

Your Business Name:	Business Address:
Features of this location:	Physical features of the building:
Location relative to distribution needs:	Transportation issues:

Nearby Businesses

Business Name	Appearance/Other Attractive Features

Future needs of this location:

Renovations/Additions (Describe)	Costs

Occupancy Expenses

There are many costs of maintaining a business location in addition to the basic monthly rent. This section helps you to identify and analyze these costs.

Take time to think about how costs vary with the season, the weather, and other factors, and assign the costs to the months as realistically as you can.

Step 1 Put a check by the expenses that are applicable to your business location.

Step 2 Fill in the monthly costs for all applicable cost categories.

If you have an existing business, use historic information and update it for anticipated increases. If you are planning a physical expansion, include updated costs to accommodate the new space. If you are not sure of the cost, do some research instead of taking a blind guess.

Avoid simply estimating a yearly total and dividing it by twelve to determine the monthly total, unless you are certain that there is no monthly fluctuation associated with that cost item. (Note: Building insurance should have been included in the *Types of Insurance Worksheet* from Session 3, so don't duplicate it here.)

Step 3 Calculate the monthly totals (add down the columns).

Step 4 Calculate the annual totals for each expenses category (add across the rows).

Step 5 Check for accuracy (column totals and row totals should match).

Step 6 Document your assumptions for each expense category.

"Assumptions" are reasons or justifications for the numbers you use in financial worksheets. Written assumptions help you and your reader keep track of why you decided to use a certain cost estimate, and where the number originated. Write your assumptions for your individual occupancy expenses on the corresponding numbered line below the worksheet.

As you work through the rest of the workbook, don't forget to review these early worksheets to see if your plans and assumptions have changed as your thoughts progressed.

NOTE: Make a note on your Action Log to review your *Occupancy Expenses Worksheet* before completing your *Cash Flow Projection Worksheet* in Session 7.

Occupancy Expenses Worksheet

		1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
1.	Rent / loan Payments													
2.	Property Taxes													
3.	Maintenance & Repairs													
4.	Electric													
5.	Gas													
6.	Water & Sewer													
7.	Telephone													
8.	Garbage													
9.														
10.														
11.														
12.														
TOTALS														

Assumptions for Occupancy Expenses Worksheet

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	

Price/Quality Relationship

Consumers almost invariably evaluate products on the basis of a **price/quality profile**. The four basic profile combinations are as follows.

- **Low Price/High Quality** is an ideal profile, because it balances price and quality in the customer's favor. Many new businesses establish themselves with this profile.
- **High Price/High Quality**. As demand for a product increases, producers realize they can increase the price as long as quality also remains high. BMW, Rolex, and Nikon are examples, as are some organic and green products.
- **High Price/Low Quality**. Companies with older, well-established products are lured by the profit inherent in cheapening the product and coasting on a quality reputation. (Once they've been disappointed, however, customers may not give these products another chance.)
- **Low Price/Low Quality**. Because product quality from discount to discount is the same, price assumes greater significance. Note that low price may not be enough to lure customers more than once if the quality is below their definition of "standard."

Step 1 Describe the relationship between price and quality in your product.

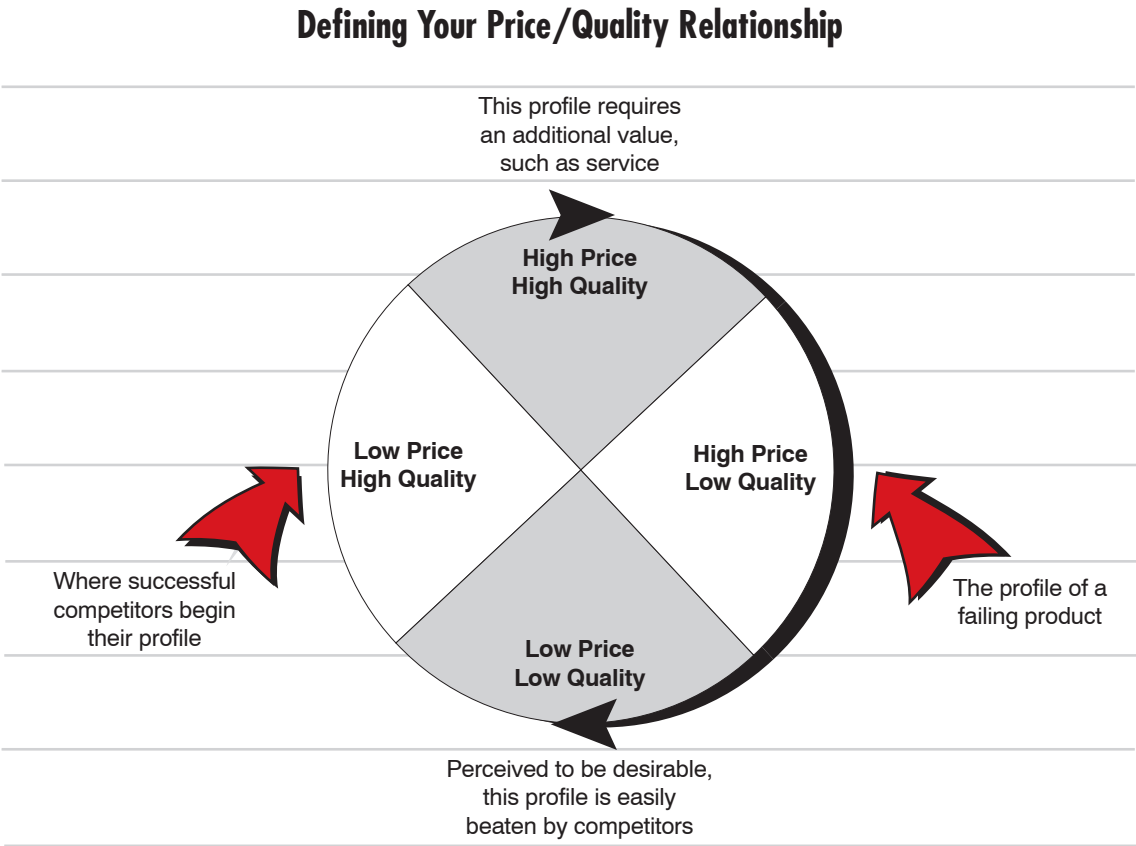
Evaluate the price and quality of your major products and the perceived price/quality profile of your business as a whole. Place an "x" on the circle for each of your major products. Then, place a "y" on the circle in the position where your overall company profile fits. Are the two positions compatible?

Step 2 Identify your three major competitors' product profiles.

Write the names of your three major competitors from Session 4 in the indicated spaces. Mark each one's overall profile on the cycle chart by writing in a "1" for Competitor 1, a "2" for Competitor 2, etc. Check your position against those of your major competitors. Have you established a unique market position? Answer the question below the chart.

Price/Quality Relationship Worksheet

Step 1. Mark the chart below to show the relationship between price and quality in your product, and your overall company profile position.



Step 2. Identify your competitors' product profiles.

Competitor's Name	Competitor's Profile	Competitor's Price
1.		
2.		
3.		

Are you effectively positioned in the market based on the price/quality relationship? Is your position consistent with your brand identity?

Packaging—Your Business Image

Most people think of packaging as the physical package that surrounds a product. In fact, packaging includes everything from your stationery, business cards, and brochures to your marketing slogan, your advertising, the layout of your store or Website, and the way you and your employees present yourselves to the public.

Decisions about packaging should be based on your marketing research. What is your brand identity? How does it position you in the marketplace? If your business is green, do your packaging decisions communicate concern about resource use, waste reduction, and so forth?

If you are marketing a service, the packaging of your company is just as important. A negative impression of your company can dilute all of the positive aspects of your actual service. Packaging in this sense includes such things as how you and your workers dress, the cleanliness of your work vehicles, the attitude of the service provider, and so on.

Step 1 Think about all of the ways you can add to the packaging of your business. Then, use the chart on the following page to list the packaging tools you will use, including a brief description and how they will help to create the image you want.

Your Marketing/Branding Slogan

A marketing slogan is a short, clever and often humorous translation of your mission statement. It is meant to convey a single, simple thought about your business that is useful and memorable to your customers. A good marketing slogan is one of your best packaging tools, if used consistently.

Look through magazine advertisements for the catchy phrases many large corporations use. Examples include General Electric (*Progress Is Our Most Important Product*) and VISA (*It's Everywhere You Want To Be*). The NxLeveL® Education Association class you are currently taking also has a slogan: "*Helping Entrepreneurs Reach the Next Level of Success.*" Slogans are often used as tag lines in advertising, placed immediately after the company name so that the name and the slogan remain connected.

Step 2 Write a marketing/branding slogan for your business.

Step 1. Describe your packaging tools.

	Packaging Tool	Brief Description	How It Helps Brand Identity
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Step 2. Write a marketing/branding slogan. (Note: Review your mission statement from Session 1 to ensure that the slogan is compatible.)

[illegible]

Public Relations and Networking

Public relations and networking enhance the potential for positive word of mouth about you and your business. Community involvement, sponsoring worthwhile community events, and participating in activities that nurture the networking process can build rapport with customers and the community.

Public relations is not something that just happens when an event becomes newsworthy. It is a planned effort to positively influence public opinion through honest, non-paid publicity efforts. Because you aren't restricted to paying the advertising media to present positive news about you and your business, your creativity is all that limits your public relations possibilities.

Common events around which you can build public relations opportunities include:

- Company anniversary
- New employee hired
- Employee promotions
- Change of location
- Introduction of new products
- Change of ownership
- Awards received (company or employee)
- Sponsored events
- Renewable power and other green efforts
- Factory tours

You can create events around public relations opportunities, issue news releases, call the media, create brochures or other advertising tools, and talk about activities in public or in online forums. A few low-cost or no-cost activities that can help promote events include:

- Community education seminars
- TV or radio talk shows
- Community bulletin boards
- Enclosures in monthly statements
- Sponsorship of community athletic events
- Membership and active participation in community or professional organizations
- Meeting presentations
- Social networking sites (e.g., Twitter)
- Participation in fundraising events
- Articles in magazines and journals
- Displays
- Writing for a blog

Step 1 Fill out the Calendar of Public Relations Activities.

Use the calendar to think about public relations opportunities and how you might promote them. Place a checkmark in the month box, to show when the event takes place. This will help you to schedule public relations activities throughout the year. Also check off necessary actions for that activity.

Step 2 Complete the Service Clubs and Organizations Chart.

Participation in service clubs and organizations—online and off—is a natural means of networking with community members. While you can't belong to all of them, knowing key contacts for the major organizations may be helpful in communicating a public relations activity.

Step 1. Calendar of Public Relations Activities

Event	Actions	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec
Award Received	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Green Innovation	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Employee Promotion	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Change of Location	___ Plan an Event ___ Call the Media ___ Prepare News Release												
New Product	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Charitable Activity	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Website Launch	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Sponsor Events: 1. 2. 3.	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Change of Ownership	___ Plan an Event ___ Call the Media ___ Prepare News Release												
Other:	___ Plan an Event ___ Call the Media ___ Prepare News Release												

Step 2. Service Clubs and Organizations

Service Club or Organization	Key Contact (Name and Phone)	Are You a Member?
Rotary		
Lions		
Kiwanis		
Elks		
Chamber of Commerce		
Business Club:		
Professional Organization:		
Other:		

Advertising Budget

Since advertising is one of the most common and heavily used promotional tools, you should make informed decisions about its use. Knowing your target markets, determining your trade area, and defining the features and benefits of your products will prepare you to choose the best types of advertising for your business.

While there are many ways of developing advertising budgets, here are three options you should definitely *not* pursue:

- **Buying advertising as you go** indicates there is no real plan or budget process in place. Overspending is the usual result.
- **Matching competitors' advertising.** Unless you have some insight into the effectiveness of their promotional strategies, you could be attempting to duplicate something that doesn't work well, and that you may not be able to afford.
- **Spending whatever is left over on marketing.** How do you know if there will be anything left over? What if you are in an industry that relies heavily on advertising to promote sales? How will you measure effectiveness if you have no plan?

Instead, identify which advertising tools you want to use, and specific events or seasons during which you want to advertise. Then, use industry information as a gauge of what others in your industry have determined to be an "appropriate" annual advertising budget. A percentage of your annual sales can then serve as a target dollar amount, which you can check against the advertising budget you will develop from your list of specific marketing activities.

Note: Make some copies of the *Advertising Tools Worksheets*. You may want to use them again in future projections.

Step 1 Evaluate the advertising tools you may want to use (maximum monthly amount).

Start by choosing a month during which you want to advertise heavily, which will help you develop a maximum per-month figure. Then, research the actual costs of the advertising tools you anticipate using. (If you don't know which you will use, researching all of them should help you decide.) You will have to make some decisions, such as the size of a print ad, the number of radio spots, keywords for Web promotions, etc. Media representatives can help you make these choices.

Fill in the dollar amounts you are considering spending in the "Researched Cost/Month" column. Be sure you are using the *Maximum Advertising Tools Worksheet* found three pages forward (it's designed so you can take it out of your notebook and follow the steps).

Step 2 Research the number of targeted customers you can reach in your trade area with each of the tools you checked, and fill in the "Anticipated Reach" column. (Again, your media representatives can help.)

Step 3 Calculate the "Cost per Customer" by dividing the "Researched Cost/Month" by the "Anticipated Reach" for each tool.

Step 4 After researching the tools, check the "Intend to Use" column for each tool you will use.

Step 5 *Add the total for the tools checked in Step 4, and enter the total in the “Researched Monthly Cost Total” space.*

You have now developed a maximum monthly amount as your starting point, which you can use for months during which you plan major promotional events.

Now, you will repeat the process for a month in which you anticipate doing a minimum amount of advertising, using the *Minimum Advertising Tools Worksheet*.

Step 6 *Repeat Steps 1 through 5 to fill out the Minimum Advertising Tools Worksheet.*

Next, fill out the *Annual Advertising Calendar & Budget Worksheet*. (Hint: make enlarged copies.)

Step 7 *Determine specific promotional activities for which you want to use advertising.*

Use the *Annual Advertising Calendar & Budget Worksheet* on the following page to determine your advertising strategies for specific events. List the promotional event, the advertising tools you intend to use, and their anticipated cost. Then, post the advertising cost in the month(s) in which the event and associated advertising for it will be paid. For each event, look back at your *Advertising Tools Worksheets*, and make decisions about the importance of each event and the amounts you want to budget for it.

Strategy hint: Limit the number of specific activities for which you want to use advertising, and build your advertising strategy around those. This will keep quality and focus high, instead of diluting your efforts through too many activities. Remember: You are pursuing the biggest bang for your buck.

Step 8 *Fill in the “Non-Event Months” on the Annual Advertising Calendar Worksheet.*

Using your *Minimum* and *Maximum Advertising Tools Worksheets*, fill in the “non-event months” cost of anticipated advertising. Use your *Minimum Advertising Tools Worksheet* to determine costs for months during which you anticipate minimum activity. Use an average of the maximum and minimum for months where there is no need to advertise heavily, but you anticipate average sales activity.

Step 9 *Calculate your anticipated monthly advertising cost and the yearly total.*

Add down the columns to determine the total cost you have scheduled per month. Then, add all the monthly totals across to determine the annual advertising budget you have projected.

This provides a starting point from which you can evaluate how realistic and feasible your Annual Estimated Advertising Budget might be. Once the worksheets on the following pages are complete, you can proceed to Step 10.

Advertising Budget—continued

Minimum Advertising Tools Worksheet

Tool	Anticipated Reach	Researched Cost per Month	Cost per Customer	Intend to Use
Newspaper				
Magazines				
Online ads				
Yellow Pages				
Online Yellow Pages				
Billboards				
Radio				
Network TV				
Cable TV				
Novelties (e.g., caps, pens)				
Brochures				
Signage				
Trade shows				
Other:				
Researched Monthly Cost Total		\$		

Annual Advertising Calendar & Budget Worksheet

Event (place a checkmark under the month in which it occurs)	Advertising Tools & Costs (list tools and post costs in the month used)	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Total
Monthly Cost Totals														
Annual Estimated (Year Total) Advertising Budget														

Maximum Advertising Tools Worksheet

Tool	Anticipated Reach	Researched Cost per Month	Cost per Customer	Intend to Use
Newspaper				
Magazines				
Online ads				
Yellow Pages				
Online Yellow Pages				
Billboards				
Radio				
Network TV				
Cable TV				
Novelties (e.g., caps, pens)				
Brochures				
Signage				
Trade shows				
Other:				
Researched Monthly Cost Total		\$		

Step 10 *Calculate a percentage-based annual advertising budget.*

Multiply last year's annual sales volume (or the current year's projected sales volume) by the average percent you wish to devote to advertising.

Annual sales volume \$ ____ x *Average percentage* ____ (2% = .02) = \$ ____.

For most businesses, the average percentage ranges from 2 to 15 percent. If you're a new business, your trade association can help you project the percentage of gross sales usually dedicated to advertising within your industry. If you are planning for growth, you will want to review this worksheet after projecting annual sales in the following sessions.

Step 11 *Compare your Annual Advertising Calender & Budget Worksheet with the percentage-based annual advertising budget.* If the total budget on this worksheet is much higher than the percentage-based budget, you may be planning too much advertising for a business of your size. In that case, you should reevaluate and adjust your plan, or explain the special circumstances that you believe justify spending more than your industry recommends.

Now, you can plan your specific advertising efforts with a budget to guide your annual and monthly activities. Note that if a special promotional activity requires more of your financial resources in a given month, you must take those dollars out of another month to stay within your annual budget.

Customer Service

Customer Service Policies

You can have the greatest product, the best packaging, a reasonable price, and dynamic advertising strategies, but if you don't implement effective customer service strategies you might not stay in business! Being customer-oriented is essential to entrepreneurial business success.

This might be a good time to review Chapter 2 *A Customer-Driven Philosophy*.

1. **Who in your business is specifically designated to handle customer service issues, and what responsibilities are involved?**
2. **Describe your customer service policies. Explain how your policies meet the goals for your business, and your branding strategy.**

Customer Retention Policies

It is seven times more cost-effective to keep an existing customer than to find a new one. Customer retention is a big part of overall customer service.

3. **What are your customer retention strategies? How will working to retain existing customers enhance business growth? How will you measure customer satisfaction?**

Customer Service and Your Technology Assessment

E-commerce means much more than just selling online. It means understanding and utilizing technology to reach and stay in touch with your customers and suppliers. Even if you are not currently selling online, you should be assessing all of your technology needs to make sure you are keeping up with the best ways possible to communicate with your customer base.

4. **Assess the current technology your business uses to communicate with customers. Be sure to include an honest assessment of the following:**
 - Phone capabilities (enough lines, adequate answering/voice messaging service)
 - Cellphone capabilities (mobile Internet and database access)
 - Fax capabilities (dedicated fax line, adequate fax capabilities for your business type)
 - Computer equipment (adequate hardware and software to build databases, use online communication techniques, access hosted services, allow videoconferencing, etc.)
 - E-mail and Internet services (adequate for your business type)
5. **How will technology affect your customer service strategies in the future? What are your plans for keeping up with technology? What will it cost? How does it tie in with your overall plans for growth?**

1. Who handles customer service, and what are their responsibilities?

2. Describe your customer service policies.

3. Describe your customer retention strategies, and how they will enhance growth.

4. Assess the current technology your business uses to communicate with customers.

5. How will technology affect your customer service strategies in the future?

Writing Your Plan

Using the information and worksheets in this session, describe your marketing strategies under the following headings and subheadings.

Section V. The Marketing Plan

C. Marketing Strategies

Location/Distribution

*Review the **Location/Distribution Worksheet**. Write a paragraph explaining your business location, and why you chose it. Describe the features of the location and the building, including how it is positioned relative to your distribution needs. If there are nearby businesses, describe how they improve or detract from your location. Discuss future needs of your location, and include any visual aids to help the reader understand where you do business.*

*If you are a home-based business, you should also discuss the appropriateness of your location, the pros and cons of locating at home, any special arrangements you have made to use the location to your advantage, and your reasons for being home-based. (Be prepared to turn in a copy of your **Occupancy Expenses Worksheet** for your instructor to review.)*

Price/Quality Relationship

Describe the relationship between price and quality in your products. Explain whether or not you are effectively positioned in the market, based on your price/quality relationship and those of your competitors. Is your position consistent with your brand identity? Explain why or why not.

Promotional Strategies

Packaging

*Review the **Packaging—Your Business Image** section of the workbook. Describe how your product and business are packaged. Describe how this packaging will reinforce your brand identity and your other marketing strategies. (Pictures can really help readers, so consider adding a picture of your packaged products to the Appendix).*

Public Relations

*Using your **Calendar of Public Relations Activities**, explain how you intend to use public relations and networking to influence public opinion about you and your business. Explain how this element fits with the rest of your marketing strategies.*

Advertising

*Describe the primary advertising tools you will use, and why you chose them. Explain your advertising budget, and how you intend to measure the effectiveness of your advertising tools. Detail any specific advertising events you have planned for the coming year. If you have yet to plan specific events, explain when you will put your promotional calendar together, and mark your Action Log! (Be prepared to turn in a copy of your **Annual Advertising Calendar & Budget Worksheet** for your instructor to review, along with the assumptions on which it's based.)*

Customer Service

*Review the questions in the **Customer Service** section. Describe your customer service strategies and how you will implement them. Include customer retention strategies and the use of technology in this discussion. Describe how your customer service strategy fits with your other promotional strategies and goals.*

SESSION 6. FINANCIAL OVERVIEW: BOOKS, RECORDS, AND CONTROLS

Who uses the financial information you compile? Although it's crucial for bankers, investors, and governmental agencies, the most important user of your financial information is *you*. As your business's owner, you need to be able to utilize financial information to get feedback about decisions you have made, evaluate the performance of the business, and identify planning opportunities and needs.

To use financial information effectively, you have to understand it. Knowing where the information comes from and how to interpret it is essential. Ensuring that your books and records are as complete and accurate as possible will produce managerial financial information that is truly useful to you.

Decisions regarding your recordkeeping and accounting functions are just part of the controls that must be in place to run an efficient and profitable business. This session will help you identify the recordkeeping chores that must routinely be performed in order to produce the financial information you need, how often they should be performed, and who is responsible for them. You will also identify other operating controls, and who will be responsible for implementing them. Finally, you must look at your personal and business balance sheets, and understand how the information derived from them is used in the business world.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

B. Operating Controls

Recordkeeping Functions

Other Operating Controls

Section V. The Marketing Plan

Section VI. The Financial Plan

D. Additional Financial Information

Personal Financial Statement

Appendix

Recordkeeping Checklist

As the owner of a small business, you are very busy! You may not have enough hours in the day to perform all of the business tasks yourself, but someone has to do them. From an operations standpoint, thinking about who can help you perform and control the various daily tasks of your business *before* the burden becomes unbearable is the sign of a good manager.

You need an efficient way to keep track of routine financial tasks and who is supposed to do them. Your goal is to compile the most complete and accurate sources of financial information possible. Sometimes seemingly simple tools, like this checklist, can help the most.

Step 1 *Identify financial activities of your business that require recordkeeping.*

Several standard categories are listed on the following page, including accounts receivable, cash, accounts payable, and payroll. You may wish to add other activities.

Step 2 *List the recordkeeping tasks for each activity.*

Be as specific as you can. Some standard tasks are shown under the *Financial Activities and Tasks* column to get you started.

Step 3 *Determine the frequency of the task.*

Should it be performed daily, weekly, monthly or quarterly? Place a checkmark in the appropriate box. You can also note a specific date or time requirement in the box, such as “by the 15th.”

Step 4 *Determine who should perform the task.*

Decide who has the right skills for this task, and write that person’s name in the appropriate space.

You should review this checklist periodically to make sure all tasks have been included, and that the person assigned is keeping up with the list.

Some financial chores have deadlines that you do not want to miss. For instance, depositing payroll taxes late can cost your business a tremendous amount in penalties. Skipping a payroll tax deposit entirely can jeopardize your whole organization.

Even if you are delegating responsibility for these tasks, you must periodically check up on areas that are essential to the business.

Recordkeeping Checklist

Financial Activities and Other Recordkeeping Tasks	Frequency				Person Responsible
	Daily	Weekly	Monthly	Quarterly	
Accounts Receivable					
Send out invoices or statements					
Post charges / payments					
Prepare an aging schedule					
Follow up on delinquent accounts					
Other					
Cash					
Deposit sales receipts					
Reconcile bank account(s)					
Balance petty cash					
Other:					
Other:					
Accounts Payable					
Maintain "Invoice Due" file					
Pay invoices					
Review missed cash discounts					
Follow up on invoice problems					
Other:					
Payroll					
Prepare paychecks					
Deposit federal payroll taxes					
Prepare state payroll reports					
Prepare federal payroll reports					
Other:					
Other					

NOTE: Decide how often you want to review this checklist, and make a notation on your Action Log.

Other Operating Controls

Operating controls are the policies and procedures that you use to safeguard business assets. In general, controls can be grouped into categories, including:

Control Environment	Procedures you establish to set the standard for how work should be done (e.g., weekly staff meetings, clean desk policies, customer orientation).
Authorization	Who can and should perform various functions.
Segregation of Duties	Checks and balances that ensure physical separation of authorization, cash handling, and recordkeeping chores.
Physical Controls	This includes locks, identification cards, and safes.
Processing Controls	Systems and procedures that ensure activities are performed on time and correctly.
Monitoring/Review/Training	What supervision is needed, who should perform it, and how. What initial and ongoing employee training is needed, and how it is acquired.

You should maintain a complete **operations manual** that includes all your policies and procedures. A general description of policies and procedures is part of your business plan. If you don't have a policies/procedures manual, make a note on your Action Log to develop one.

Step 1

Identify business activities that require operating controls.

The more succinct the categories are, the easier it will be to identify the controls you need. Several categories are included on the next page to get you started, but you will need to fill in the specific activities under each and add more if needed.

Step 2

Identify who is responsible for establishing the controls for this activity.

Step 3

Briefly describe the controls in place. If there are no controls in place, check the column "need to be developed."

Try to be clear and concise. Think about these controls in terms of who, what, when, where, and why. If you identified an activity for which adequate controls have yet to be developed, make a notation on your Action Log.

Operating Controls Worksheet

Activity	Person Responsible	Controls in Place	Controls Needed
Personnel			
Purchasing			
Inventory Control			
Customer Service			
Customer Credit			
Pricing			
Quality Control			
Employee Training (Initial or Ongoing)			
Other			

Personal Financial Statement

Financial institutions and investors usually require a personal balance sheet, which provides an indication of your net worth. Lenders, in particular, look at this information to determine if you will be able to repay the loan should the business not perform as expected.

The worksheet on the next page will help you prepare a personal financial statement. You should prepare this statement *before* investing your personal assets in the business.

Step 1 Prepare a list of all assets you own, whether these assets are paid for or not. The market value is the amount you would receive today if you sold the assets for cash.

You can add an extra sheet of paper or “schedule” if you need additional space to list items in a particular category. Number or letter the schedules, and reference the schedule number/letter on the worksheet (e.g., see sch. _____).

Step 2 Add the column to find Total Current Assets, Total Non-Current Assets, and Total Assets (A).

Step 3 Prepare a list of your liabilities (the money you owe).

Step 4 Add the column to find Total Current Liabilities, Total Non-Current Liabilities, and Total Liabilities (B).

Step 5 Calculate your net worth by the following method:

$$\text{Total assets (A)} - \text{Total liabilities (B)} = \text{Net worth}$$

Personal Financial Statement Worksheet

Name:		Prepared as of:	
ASSETS		LIABILITIES	
Cash on hand (in checking accounts)		Current personal / household bills	
Cash (in savings accounts)		Credit / charge cards (specify):	
Certificates of deposit			
Notes, accounts receivable			
Marketable securities (stocks, bonds)		Installment loans (short-term)	
Life insurance (cash value)		Short - term notes, accounts payable	
Other current assets (specify):		Taxes due	
		Other current liabilities (specify):	
Total Current Assets		Total Current Liabilities	

Real estate - market value (see sch. ____)		Real estate debts / mortgages (see sch. ____)	
Vehicles - market value (see sch. ____)		Other non-current liabilities (specify):	
Boats, motorcycles, RVs, trailers - market value (see sch. ____)			
Individual retirement plans, etc.			
Major household items			
Other personal properties			
Other assets (specify):			
Total Non-Current Assets		Total Non-Current Liabilities	
(A) Total Assets (current + non-current)		(B) Total Liabilities (current + non-current)	
		(A - B) NET WORTH:	

Balance Sheet

The **balance sheet** is a snapshot of your business's financial condition on a particular day. This statement is a list of your business assets (what your business owns at cost), and liabilities (what your business owes). The **owner's equity** in these assets is the difference between the dollar value of the assets and the associated liabilities.

You are going to prepare a balance sheet as of the end of your last fiscal year, or the start-up date of your business. You will be filling in the left-hand (*Current*) Balance Sheet on the following page. You should include all assets and liabilities as of the appropriate date. In a later session, you will return to the right-hand side of this sheet and also prepare a projected balance sheet for a date one year in the future.

Step 1 Fill in the amounts for each of the Current Assets and calculate the Total Current Assets.

If you are an existing business, use historical information as of the end of your last fiscal year. If you are starting a new business, use numbers as of the start-up date of your business.

Step 2 Fill in the amounts for each of the Fixed Assets—Land, Buildings, Equipment, and Other—less accumulated depreciation, and calculate Total Fixed Assets.

Step 3 Calculate the Total Assets (Total Current Assets + Total Fixed Assets).

Step 4 Fill in the amounts for each liability, and calculate the required totals.

Step 5 Calculate the Owner's Equity (Total Assets – Total Liabilities).

Step 6 Fill in the amount of Total Liabilities + Owner's Equity. This amount must equal the amount for Total Assets.

Note: When you return to this worksheet to complete the one-year projection, you will repeat steps 1 through 6.

Now, let's use the information in the balance sheet as a measurement tool. Lenders are particularly interested in your business's short-term ability to pay current and unexpected debts. This is referred to as *liquidity*. **Liquidity ratios** provide the measurement of your business's ability to meet short-term debt. Your industry research will tell you what the benchmarks are for these ratios, as will your banker.

Step 7 Calculate the liquidity ratios shown, and determine the amount of working capital your business currently has.

Balance Sheet Worksheet

Current	
Date prepared:	
ASSETS	
Current Assets	
Cash	\$
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Land	\$
Buildings (less accum. depr.)	
Equipment (less accum. depr.)	
Other fixed assets (less accum. depr.)	
Total Fixed Assets	
(A) TOTAL ASSETS	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$
Other Current Liabilities	
Total Current Liabilities	
Long-term Liabilities	
Debt	\$
Other Long-term Liabilities	
Total Long-term Liabilities	
(B) TOTAL LIABILITIES	
(A - B) OWNER'S EQUITY	\$

Projected	
Date prepared:	
ASSETS	
Current Assets	
Cash	\$
Accounts Receivable	
Inventory	
Other Current Assets	
Total Current Assets	
Fixed Assets	
Land	\$
Buildings (less accum. depr.)	
Equipment (less accum. depr.)	
Other fixed assets (less accum. depr.)	
Total Fixed Assets	
(A) TOTAL ASSETS	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$
Other Current Liabilities	
Total Current Liabilities	
Long-term Liabilities	
Debt	\$
Other Long-term Liabilities	
Total Long-term Liabilities	
(B) TOTAL LIABILITIES	
(A - B) OWNER'S EQUITY	\$

Check your math. Total Assets must equal Total Liabilities plus Owner's Equity.

*Liquidity Ratios**Current Ratio:*

Current Assets ÷ Current Liabilities = _____

Benchmark: _____

Quick Ratio:

(Current Assets - Inventory) ÷ Current Liabilities = _____

Benchmark: _____

Working Capital:

Current Assets - Current Liabilities = _____

Target
Minimum: _____

Writing Your Plan

Using the information and worksheets in this session, describe the operating controls that are in place for your business. Organize the information under the following headings and subheadings.

Section IV. Organizational Matters

B. Operating Controls

Recordkeeping Functions

*Review your **Recordkeeping Checklist**. Describe how you keep control of the major financial functions of your business. Indicate who is responsible for these activities, and how you will monitor these tasks. (You may want to include a copy of your **Recordkeeping Checklist** in this section.)*

Other Operating Controls

*Review your **Operating Controls Worksheet**. Describe key activities that require internal operating controls. Indicate what controls are in place, and who is responsible for the ongoing development of controls in each area. Explain how you will monitor activities and control functions, and why the controls that are in place enhance the overall effectiveness of your business.*

NOTE: *The Personal Financial Statement you prepared in this section will be included in Section VI. **The Financial Plan**. There is no written assignment at this time relating to the Personal Financial Statement. You also started the **Business Balance Sheet**, and will return to it in Session 9 to complete the projection column. Your instructor may request that you turn in a copy of your **Business Balance Sheet** with this written assignment. Remember, the projected side should not yet be filled in yet.*

*Make a note on your Action Log to review your **Personal Financial Statement** before completing the plan, so that you can see whether any significant changes occurred.*

SESSION 7. MANAGING YOUR MONEY: FINANCIAL PLANNING AND BUDGETS

Managerial accounting is the process of gathering, sorting, and analyzing a business's financial data. Budgeting helps you plan for revenues and expenditures, based on historic information or projections of the future.

Your projected expenditures are likely to have some inaccuracies. However, the budgeting process gives you a standard against which to measure your progress and the quality of your decisions. Has your business performance been good or bad? Is it better or worse than you expected? Without standardized measurement tools, you would not be able to answer these questions.

The **Financial Plan—Worksheets** section of your *NxLevel® Business Plan* will guide you through preparing the budgets needed to develop your cash flow projections. You have already completed some of the worksheets for this section in previous sessions. You will be prompted to review them again, to see if any of your financial assumptions have changed. Remember: Your business plan is an evolving document, so don't be discouraged by having to go back and review previous work. In fact, congratulate yourself for taking the time to make your plan as informative and accurate as possible.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

A. Worksheets

Sales Forecast

Cost of Projected Product Units Sold

Fixed Assets

Growth (or Start-Up) Expenses

Existing Debt

Miscellaneous Expenses

Appendix

Sales Forecast

Forecasting sales is critical to your business, from both a management and revenue point of view. If you don't know how much you plan to sell in the next 12 months, you can't plan how much to spend, nor can you project a profit picture for the future.

Remember to be realistic in your projections. Look for trends by reviewing industry information. If you have an existing business, look at last year's sales data. Reviewing the sections you've completed on products, customers, competitors and seasonality can assist in defining trends.

The steps required to develop your *Sales Forecasting Worksheet* are as follows. (Note that you can easily transfer this worksheet to a computer spreadsheet program—such as Lotus 1,2,3 or Microsoft Excel—and let the computer do the calculating.)

Step 1 *Using what you learned through research (and historic sales information, if you have it), estimate unit sales for the next 12 months.*

Define units carefully. Remember that almost all businesses have seasonal fluctuations. Your industry study may provide helpful information on seasonality. Review the *Seasonality Worksheet* from Session 4. Make copies of the *Sales Forecasting Worksheet* if you need to add more products. Check the assumptions used to make this forecast.

Step 2 *Insert the retail prices for each product.*

Price per Unit is your retail price. If you plan to adjust prices over the course of the year, reflect this change in the appropriate months.

Step 3 *Calculate monthly sales. Multiply the number of units you plan to sell in one month by the retail cost per unit. Enter the total, in dollars, in the Total Sales space under that month.*

Note: Repeat steps 1 through 3 for each product.

Step 4 *Calculate monthly sales total. Add all the Total Sales within each month column and insert this figure in the Total – All Product Sales space at the bottom of each column.*

Step 5 *Calculate total yearly sales for each category. Add the Total Sales for each product across each row, and insert this figure in the column marked Yearly Total.*

Step 6 *Check the accuracy of your figures. The sum of all the figures in the Yearly Total column should match the sum of all the monthly totals along the bottom of the worksheet.*

The figure in the lower right corner of the spreadsheet is the projected total yearly income from all products sold. Compare this number to the Annual Projected Sales Volume calculated in Session 4. If the two numbers are completely different, re-evaluate your work. You will be making some assumptions as you work on this forecast. Write your assumptions in the area provided below the worksheet.

Sales Forecasting Worksheet

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Product 1:													
Units Sold													
Price per Unit													
Total Sales													
Product 2:													
Units Sold													
Price per Unit													
Total Sales													
Product 3:													
Units Sold													
Price per Unit													
Total Sales													
Product 4:													
Units Sold													
Price per Unit													
Total Sales													
Total - All Product Sales													

<i>Assumptions for Sales Forecasting Worksheet</i>													
Units sold each month is based on:													
Seasonal fluctuation of units sold is based on:													
Price per unit is based on:													
Other Information: Of the sales reported above: ____% will be cash sales ____% will be charge sales													
Terms of payment:													
Additional comments:													

Cost of Projected Product Units Sold

In the previous section, you projected monthly sales for each product. In this section, you will calculate the *direct cost* of these projected sales. For example, you might sell a product for \$50.00 (the retail price), but your *cost* for this product might be \$30.00 (including freight).

We are using the term “Cost of Projected Product Units Sold” so that you will specifically associate the direct costs of the product units with the units you forecasted selling on the *Sales Forecasting Worksheet*.

This is not to be confused with the accounting term “Cost of Goods Sold,” which, for a specific accounting period, refers to beginning inventory *plus* inventory purchases *minus* ending inventory. The purpose here is to project the monthly and annual direct cost of each product listed on the *Sales Forecasting Worksheet*.

Note: Service businesses do not need to complete this section, and can go to the next section.

To complete this section, you will need to use data from your *Sales Forecasting Worksheet*.

- Step 1 Fill in the Units Sold line for your product categories. (Refer to your Sales Forecasting Worksheet.)*
- Step 2 Fill in your Cost per Unit for each category. You are making some assumptions here. What are they and how much risk is involved? (Use the lines below the worksheet to list your assumptions.)*
- Step 3 Calculate the Total Cost for each of the categories. Multiply Units Sold by Cost per Unit.*
- Step 4 Calculate the total Cost of Product Units Sold for each month. Add down the columns.*
- Step 5 Calculate the Yearly Total of Units Sold for each product. Add across the row.*
- Step 6 Check for accuracy. The 12 monthly totals added across for All Products Total Cost should match the Yearly Total column added down.*

If you have an existing business, you may be able to use your historic information to determine the relationship between last year’s sales and Cost Of Product Units Sold by looking at the “Cost of Goods Sold” entry on your Income Statement. That term, from an accounting perspective, represents your beginning inventory *plus* your purchases during the year (including related costs like freight), *minus* your ending inventory. The result is the cost of the inventory you actually sold.

What percentage is the Cost of Goods Sold, relative to the Annual Sales on that same Income Statement? Compare that figure to the Cost of Projected Product Units Sold relative to your projected Sales Volume from this session, and see how closely they match.

Using the Cost of Goods Sold percentage as a tool to plan for purchases relating to sales works well if you have a large number of total products in your product group (where it would be very tedious to project the individual sales and cost projections for each item), and if you have accurate historic information or reliable industry information that produces an accurate Cost of Goods Sold percentage.

Cost of Projected Product Units Sold Worksheet

1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
----------	----------	----------	----------	----------	----------	----------	----------	----------	-----------	-----------	-----------	-----------------

Product 1:

Units Sold												
Cost per Unit												
Total Cost												

Product 2:

Units Sold												
Cost per Unit												
Total Cost												

Product 3:

Units Sold												
Cost per Unit												
Total Cost												

Product 4:

Units Sold												
Cost per Unit												
Total Cost												

**ALL
PRODUCTS
TOTAL COST**

--	--	--	--	--	--	--	--	--	--	--	--	--

List assumptions for Cost of Projected Product Units Sold Worksheet.

Step 7 Calculate the relationship between total Cost of Projected Product Units Sold and Total - All Product Sales (from the Sales Forecasting Worksheet).

All Products Total Cost (Yearly Total) ÷ Total - All Product Sales (Yearly Total) = Total Projected Cost of Product Units Sold _____%.

How does this percentage compare to your historic Cost of Goods Sold percentage?

How does this compare to your industry information about the average Cost of Goods Sold percentage?

Fixed Assets

This section will help you plan purchases of **fixed assets**, which are assets with useful lives of more than one year (e.g., land, buildings, leasehold improvements, machines, equipment, office furniture, and computers).

This section also will help you calculate the monthly **depreciation** for each fixed asset. Depreciation is defined as the original cost of the equipment divided by the useful life (in months) of the equipment. For example, a truck might cost \$6,000 and have a useful life of five years (60 months). The truck's monthly depreciation would be \$100 per month (\$6,000 divided by 60 months). This example is called **straight-line depreciation**. There are several other methods for calculating depreciation. Consult your accountant to determine the depreciation schedule most applicable to your business. Land is not depreciated, so be sure to deduct its value and only depreciate buildings located on the land.

Step 1 List each fixed asset to be purchased during the next year.

Step 2 Fill in the cost of each fixed asset (new or used) and the estimated acquisition date.

Be sure you have analyzed whether you should purchase new, purchase used, or lease.

Step 3 Estimate the useful life (in months) of each fixed asset to be purchased.

The IRS has some guidelines on allowable useful life by asset category. Seek that information before estimating useful life, or consult your accountant.

Step 4 Fill in the monthly depreciation for each fixed asset to be purchased (cost divided by useful life in months).

Step 5 Calculate the Annual Depreciation cost for each fixed asset by multiplying Monthly Depreciation by the number of months from the date of acquisition that are in the (fiscal/accounting) year.

There are IRS regulations concerning partial-month depreciation for the month in which an asset is acquired. However, this calculation will give you a close estimate.

Step 6 Calculate the Total Cost for fixed assets to be purchased and Total Monthly and Total Annual Fixed Assets Depreciation.

Step 7 On the Fixed Assets Summary Worksheet, total New and Existing Fixed Assets. Fill in the total cost, and monthly and annual depreciation of existing fixed assets. Fill in the total cost, and monthly and annual depreciation of new assets to be purchased. Now, you have the total annual depreciation expense, which will be used in later worksheets.

If you are an existing business or are transferring assets into the business, use last year's accounting information for existing fixed assets. Again, consult your accounting professional for help.

Step 8 Calculate the totals for new and existing fixed assets.

Fixed Assets Worksheet

List of Fixed Assets	New or Used	Cost	Acquisition Date	Useful Life (in months)	Monthly Depreciation	Annual Depreciation
Total Cost		\$	Total Fixed Assets		\$	\$

Fixed Assets Summary Worksheet

Total New Acquisitions and Existing Fixed Assets	Cost	Monthly Depreciation	Annual Depreciation
New Fixed Assets (from worksheet above)			
Existing Fixed Assets (obtain totals from accountant or current records)			
TOTAL FIXED ASSETS	\$	\$	\$

Growth (or Start-Up) Expenses

Growth expenses are directly related to growing or expanding your business. They might include renovating an existing space, building a new space, or opening a second location. Start-up expenses are the various expenses it takes to launch a new business component. The majority of these expenses will be one-time expenditures. Examples of expense categories are listed on the next page.

For new businesses, the purpose of isolating start-up expenses is to prepare for higher costs in the early opening months of the business, and to understand the total costs required to get the business started. For existing businesses, the purpose of isolating growth expenses is to calculate the cost of launching your growth project separately from your existing business expenses. You will then be able to integrate these costs into your cash flow projection, to see whether the business can fund the growth itself, or additional funding is required.

***Step 1** If you are starting a business, enter **Cash Available Now** for starting your business. If you are an existing business, **Cash Available Now** is the current cash balance in your business.*

***Step 2** Review the expenses listed on the next page. You will probably use most of the expense items on this list for your growth or start-up project. You may have some expenses not listed. Write them under **Other Expenses**.*

***Step 3** Estimate your cost for each expense. Try to be as accurate as possible. You may have to call an insurance agent, get bids on construction, or contact other professionals to obtain bids and get an accurate estimate of costs.*

***Step 4** Calculate the total for your expenses.*

***Step 5** Calculate **Beginning Cash Balance** or **Additional Cash Required** by subtracting **Total Growth/Start-Up Expenses** from **Cash Available Now** ($A - B = C$). This amount will be used to start the **Cash Flow Projection Worksheet**.*

***Step 6** Document your assumptions.*

For each item of expense, you will need to explain how you arrived at the estimated costs. Use the lines below the worksheet to write your assumptions about the corresponding expense item.

Note: Some of these expense items show up on other worksheets as ongoing costs to your business. However, on this worksheet, we are isolating one-time extraordinary expenses relating specifically to growth or start-up.

Growth (or Start-Up) Expenses Worksheet

Cash Available Now (A)		Cost
1.	Purchase fixed assets (land, equipment, buildings, vehicles) (See Fixed Assets Worksheets)	
2.	Remodeling costs (buildings, fixtures, signs, paint, cleaning)	
3.	Installation fees (equipment, phones, hookup charges)	
4.	Deposits (utilities, lease, phone, leased equipment)	
5.	Fees, licenses, certifications	
6.	Special one-time legal fees (specifically for growth or start-up)	
7.	Special accounting/other professional fees	
8.	Pre-opening labor expense	
9.	Pre-opening training costs	
10.	Beginning inventory of merchandise or materials	
11.	Supplies (letterhead, forms, price tags)	
12.	Promotion (grand opening, prizes, giveaways)	
13.	Advertising (initial media, direct mail, coupons)	
	Other expenses (one-time, specifically related to growth/start-up)	
14.		
15.		
Total Growth (or Start - Up) Expenses (B)		
Beginning Cash Balance - OR - Additional Cash Required (A - B)		

Assumptions for Growth (or Start-Up) Expenses Worksheet

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	

Existing Debt

This includes all existing debt belonging to the business. Whether the source is an owner, family member, relative, friend, bank, or supplier, the debt belongs on this schedule. **Note: This is for existing debt, not anticipated debt.**

Step 1 List all existing debt obligations.

Enter the description and source of the debt next to the numbers in the first section. (Principal and interest amounts should be separated and listed appropriately.)

Step 2 Complete principal and interest payment amounts.

For each debt obligation on which you are paying interest, enter the monthly principal and interest payments. This schedule should reflect when the payments are actually scheduled, not merely an equal amount in each month (if other than equal monthly payment arrangements have been made). You may have to do some research on existing debt to separate principal and interest in your combined payment. Do these figures involve an assumption about future interest rates? Is it an accurate assumption? List any assumptions in the space provided below the worksheet.

Step 3 Calculate total principal payments, total interest payments, and a grand total for each month (add down the columns).

Step 4 For each debt obligation, calculate yearly totals for principal and interest payments.

Step 5 Check for accuracy (column totals should equal row totals).

Existing Debt Payment Worksheet

1	2	3	4	5	6	7	8	9	10	11	12
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Principal Payments (list source of debt)

1.												
2.												
3.												
4.												
5.												
6.												
Total Principal												

Interest Payments (list source of debt)

1.												
2.												
3.												
4.												
5.												
6.												
Total Interest												
Total Principal + Interest Payments												

Assumptions for Existing Debt Payment Worksheet (principal + interest for each source of debt)

1.	
2.	
3.	
4.	
5.	
6.	

Miscellaneous Expenses

This budget of miscellaneous expenses should include all expenses not listed on previous budget worksheets. Note that you have already completed budgets for:

Salaries/Wages & Benefits
Outside Services
Insurance
Advertising Budget
Occupancy Expenses
Cost Of Projected Product Units Sold
Fixed Assets
Growth (Or Start-Up) Expenses
Existing Debt

Step 1 *Compile list of miscellaneous expense categories.*

The worksheet on the next page lists some common miscellaneous expenses. If you currently run a business, you can review your chart of accounts or old financial statements to determine others that should be listed. New businesses can use a chart of typical account information for similar businesses, and add expense items as needed.

Step 2 *Complete monthly budget amounts for all miscellaneous expenses.*

Step 3 *List Assumptions for Miscellaneous Expenses on the lines below the worksheet.*

As with the other worksheets, it's essential to document your reasons for using the budget figures for each expense item. Write your assumptions on the corresponding numbered line for each item of miscellaneous expense.

Step 4 *Calculate total expenses for each month (add down the columns).*

Step 5 *Calculate yearly totals for each expense (add across the rows).*

Step 6 *Check for accuracy (column totals should equal row totals).*

Miscellaneous Expenses Worksheet

1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jul	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
----------	----------	----------	----------	----------	----------	----------	----------	----------	-----------	-----------	-----------	-----------------

Miscellaneous Expense Items

1. Bad Debt												
2. Car/Delivery												
3. Supplies												
4. Training												
5. Other:												
6.												
7.												
8.												
9.												
10.												
Totals												

Session 7

Assumptions for Miscellaneous Expenses Worksheet

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Writing Your Plan

Using the information and worksheets in this session, assemble the following information under the heading and subheading shown below.

Section VI. The Financial Plan

A. Financial Worksheets

Review all of the worksheets completed in Sessions 3, 5, and 7, and make any necessary revisions to worksheets that were previously reviewed by your instructor. Before you can begin the worksheets in the next session, all of these worksheets need to be completed. Make copies of the completed worksheets and their assumptions, and list them in this section under this subtitle: "See the following worksheets and assumptions." Then, list the worksheets in order. The worksheets you should include are:

- Salaries/Wages & Benefits
- Outside Services
- Insurance
- Advertising Budget
- Occupancy Expense
- Fixed Assets
- Growth (or Start-Up) Expenses
- Existing Debt
- Miscellaneous Expenses
- Sales Forecast
- Cost of Projected Product Units Sold

NOTE: *This would be a good time to review your Action Log for pending items relating to budgets and budgeting decisions.*

SESSION 8. MANAGING YOUR MONEY: DEVELOPING AND USING CASH FLOW PROJECTIONS

Now that you've budgeted your expenses, you need to know the minimum level of sales required to cover those expenses. You will then be able to compare that minimum required sales level with your sales forecast, and determine how realistic your current projections are.

If your budgets and assumptions are not realistic, you can make adjustments to get your break-even point to a more realistic level. Managerial finance involves continual analysis and revision of decisions to bring them in line with reality, so don't be discouraged by having to review and adjust your work! Consider this an ongoing exercise designed to improve your business.

Once you've finished your sales and expenses budgets, and arrived at a realistic break-even point, they can be translated into a Monthly Cash Flow Projection.

The Cash Flow Projections section of your *NxLevel® Business Plan* introduces some of the most essential financial management tools for entrepreneurs. Managing your cash efficiently improves your bottom line, and will save time, energy, and interest payments throughout the life of your business.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

B. Cash Flow Projections

Break-Even Analysis

Monthly Cash Flow Projections—Year One

Annual Cash Flow Projections—Years Two & Three

Appendix

Break–Even Analysis

The **break-even point (BEP)** is the point at which total sales for a time period cover the cost of product units sold and operating expenses. In other words, it's the volume of sales at which revenues and expenses are equal. If you sell less than this amount, you experience a net loss.

Step 1 *Enter Total Sales, Total Product Units Cost, and Variable Operating Expenses.*

Refer to the appropriate worksheets for these figures. Also, calculate your Gross Margin and Contribution Margin.

Step 2 *Calculate the Contribution Margin as a percentage, using the formula on the worksheet.*

This tells you the percentage that each dollar of sales contributes towards fixed expenses. Enter the Contribution Margin percentage in a decimal format (i.e., 0.347, not 34.7%).

Step 3 *Enter your Fixed Operating Expenses (refer to previously completed worksheets).*

Fixed operating expenses remain constant when sales or production levels change. Examples include rent, utilities, and insurance premiums.

Make sure you have included all of your planned operating expenses in the formulas up to this point. Step 1 asked for Product Unit Costs and Variable Costs, such as freight and labor directly related to production. Step 3 accounts for all of your other operating costs, so be sure to include operating costs from all of your worksheets.

Step 4 *Calculate the BEP dollar sales level using the formula provided.*

Step 5 *Calculate the BEP unit sales level by dividing BEP dollars by unit selling price. This is the level of unit sales you need to reach your BEP.*

Note: This calculation does not include loan principal payments, or owner draws if your business is a sole proprietorship or partnership. It also includes no provision for profits. How many more units will you have to sell to cover your debt payment, your owner's draw, and desired profit?

Step 6 *Reality check: Is your break-even point realistic?*

If not, go back and make changes in the budgets to get the BEP to a more realistic level. Generally, you should start by examining expenses, since it's better to cut back than to assume you can increase sales. Look for expenses that are "wish list" items rather than necessities. Also, check Growth (or Start-Up) Expenses estimates, and check salaries and wages for yourself and employees to see if they are more than the business can support in a growth or start-up phase. Last, check your sales projections. Are they overly pessimistic?

Once you have revised your budgets, repeat the break-even calculation. If your BEP is now realistic, you are ready to move on to the next section of the workbook.

Break-Even Analysis Worksheet

Step 1.	Total Sales		
	Cost of Product Units Sold	(-)	
	Gross Margin	(=)	
	Variable Operating Expenses	(-)	
	Contribution Margin	(=)	

Step 2. Calculate the Contribution Margin as a decimal percentage.

Contribution Margin ÷ Total Sales: _____ ÷ _____ = 0. _____

Step 3. Determine your Fixed Operating Expenses.

Fixed Operating Expenses = \$ _____

Step 4. Calculate the BEP Dollar Sales Level.

Fixed Operating Expenses ÷ Contribution Margin percentage: \$ _____ ÷ 0. _____ = \$ _____

Step 5. Calculate the BEP Unit Sales Level.

Dollars (from Step 4) \$ _____ ÷ Unit Selling Price _____ = _____ units

Note: To calculate the BEP in Units of Sales, you must know the unit selling price, or the average unit selling price if you are grouping several similar items into your Total Sales number.

How many additional units will you have to sell to cover your debt payment (\$ _____) and your owner's draw (\$ _____)? _____ additional units

How much profit do you want to make? \$ _____ per _____. How many additional units will you need to sell to make your desired profit? _____ additional units

Here's another way to look at the break-even formulas on a "per unit" basis (including sample numbers to help understand the calculations):

Unit selling price:	\$100	Fixed Operating Expenses:	\$24,000
- Cost of product unit sold:	<u>50</u>	÷ Unit Contribution Margin:	<u>40</u>
= Gross Margin per unit:	50	= Number of Units to BE:	600
- Variable Costs per unit:	<u>10</u>	x Unit Selling Price:	<u>100</u>
= Contribution Margin per unit:	\$ 40	= Dollars to BE:	\$60,000

Monthly Cash Flow Projections

A Cash Flow Projection is a budget and goal-setting tool that forecasts cash flowing into your business from sales, investments and borrowing, and cash flowing out of your business to pay expenses, buy equipment, and take care of other business expenditures. **This is one of the most critical financial tools you will learn to use.**

You will calculate your projected cash receipts and cash disbursements for a 12-month period, then for two more years following. If projected cash receipts are greater than cash disbursements, you will have a **positive cash flow**. If projected cash receipts are less than cash disbursements, you will have a **negative cash flow**, which is indicated by enclosing the number in parentheses.

If you are an existing business, with no specific growth or expansion plans incorporated in your assumptions, the Cash Flow Projection will tell you if your business can support your current debt level. Is there enough cash flowing through the business to make the principal payments, and support the level of expenses you have budgeted, without injecting additional borrowed funds into the business?

If you're planning for expansion or growth, or are starting a new business, the Cash Flow Projection will help you decide how much additional cash must be injected into the business during the first year, and at what point the business will allow you to meet budgeted expenses and make principal payments on existing and additional debt. It will also tell you when you may need additional cash during the year.

You should already have completed worksheets for most of the line items on this worksheet. If you still have work to do on previous worksheets, please complete them before continuing.

Step 1 *Make enlarged copies of the Cash Flow Projection Worksheet and the accompanying Notes to Cash Flow Projection —OR— transfer this worksheet to a computer spreadsheet program, and let the computer do the calculating.*

Using a computer is preferable, because you'll be adjusting the worksheet several times.

For your convenience, the worksheet was kept on one page, but because it summarizes so much information, it's too small to work with easily. If you aren't using a computer version, make enlarged copies so you have adequate room to write.

Step 2 *Enter your beginning cash balance for the first month.*

This amount should be taken from the *Growth (or Start-Up) Expense Worksheet*. Note that if this amount was listed as "Additional Cash Required," it will be a negative number enclosed in parentheses.

Step 3 *Fill in the various categories for Cash Receipts, and total them for the first month only.*

The line labeled **Collect Accounts Receivable** should be considered carefully. It applies only if you are allowing customers to charge sales and pay for them over time. You must know what percentage of your sales are credit sales, and how many days it normally takes to collect them, to determine when the cash will flow into the business.

Step 4 *(Service Businesses—skip this step and go to Step 5.) Refer back to All Products Total Cost on the Cost of Projected Product Units Sold Worksheet. This represents the total merchandise purchases anticipated for the year. Write that total in the Yearly Total space for Cash Purchases (Merchandise), then allocate the total to individual months, based on when the purchases will be made.*

Since merchandise usually must be bought before you can sell it, your next challenge is to determine when merchandise will be bought and paid for. Look at your monthly projected sales totals to see when you need the most merchandise and when you need the least. Based on your research, or the typical purchasing terms offered in your industry, decide when you will need to make your merchandise purchases. Then, divide the **Yearly Total** for **Cash Purchases (Merchandise)** among the individual months accordingly. Timing is very important to cash flow, so think hard about when you need to buy merchandise, based on when you anticipate selling it.

Last, total the 12 months across, and make sure the total equals the Yearly Total you started with.

Step 5 *Fill in the various categories for Cash Disbursements and total them for the first month only.*

Most of the items listed come from other worksheets. (Remember: Owner Withdrawals applies only if your business is a sole proprietorship or partnership. Owner salaries in corporations will be included in the Wages/Salaries & Benefits category.)

Step 6 *Calculate the Net Cash Flow for the first month (Total Cash Receipts minus Total Cash Disbursements).*

Step 7 *Enter New Owner Withdrawal, New Owner Investment, or New Debt.*

If Net Cash Flow is positive, and you are a sole proprietorship, you may want to take an owner withdrawal. The **New Owner Withdrawals** line is the place to indicate that decision. If the Net Cash Flow is negative, you have decisions to make regarding obtaining additional funds. Will the money come from you (Owner Investment) or from a lender (New Debt), or was there enough money in the Beginning Cash Balance to cover this month's negative balance?

Step 8 *Calculate Adjusted Net Cash Flow by adding or subtracting adjustment items from Net Cash Flow.*

Monthly Cash Flow Projections — continued

- Step 9** *Calculate the Ending Cash Balance for the first month. (Beginning Cash Balance, plus a positive Adjusted Net Cash Flow —OR— minus a negative Adjusted Net Cash Flow).*
- Step 10** *Fill in the Beginning Cash Balance for the second month (which is the Ending Cash Balance for the first month).*
- Step 11** *Repeat the first ten steps for each of the twelve months. Remember to complete one month at a time!*
- Step 12** *Analyze your Cash Flow Projection.*

Remember, this is a management tool. Analyze how the cash is flowing through your business, and look at all the decisions you made that affect cash flow management. For example, look at your decision regarding collection of Accounts Receivable. Is cash being collected too slowly? What happens if you shorten the collection time? Your instructor (or accountant) can point out other ways to improve your cash flow through similar decision adjustments. Note: This would be a good time to review Chapter 38 *Cash Flow Management*.

Once again, your reader must be able to understand the source of the numbers used in the Cash Flow Projection. Use the “Notes to Cash Flow Projection” section to list your assumptions, or reference the worksheet and assumptions included your Financial Plan—Section A. (*Example*: “See Fixed Assets Worksheet and Assumptions” in Section A). Lines are numbered to correspond to the lines on the *Cash Flow Projection Worksheet*.

Annual Cash Flow Projections — Years Two and Three

If you are using your plan to obtain money from traditional financing sources, you’ll need to include Cash Flow Projections for a period of three years. Three-year projections are also highly recommended from a management standpoint. The first-year cash flow projection may not reflect a long enough time-frame to make decisions about your business’s financial performance, particularly during a growth or start-up phase.

Lending institutions will usually accept the second and third year financial information in summarized annual form. But for your own benefit, you should continue working through the monthly projections.

- Step 1** *Carry your ending cash balance from the Year One worksheet to the beginning cash balance of the second year. Then repeat Steps 1 through 11 for Year Two. Use the same method for Year Three. Be sure to mark the years clearly on the worksheet. Don’t forget to adjust for anticipated price increases, inflation, etc.*
- Step 2** *Transfer the Yearly Total information from the monthly projection sheets to the Annual Year Two and Year Three summary sheets.*

Beginning Cash Balance (A)

[illegible][illegible][illegible][illegible][illegible]

Monthly Cash Flow Projections—continued

Cash Flow Projections—Years Two and Three—Summary Worksheet

Year Two	Yearly Total
Beginning Cash Balance (A)	
Cash Receipts	
Cash Sales	
Collect Accounts Receivable	
Sale of Fixed Assets	
Miscellaneous Income	
Total Cash Receipts (B)	
Cash Disbursements	
Cash Purchases (Merchandise)	
Pay Accounts Payable	
Salaries / Wages & Benefits	
Owner Withdrawals	
Non-Labor Expenses	
Outside Services	
Insurance	
Advertising	
Occupancy Expenses	
Miscellaneous Expenses	
Purchase of Fixed Assets	
Debt Payment - Old	
Total Cash Disbursements (C)	
Net Cash Flow (B - C)	
Adjustments to Net Cash Flow	
(+) New Debt	
(+) New Owner Investment	
(-) New Debt - Interest Payments	
(-) New Debt - Principal Payments	
(-) New Owner Withdrawals	
Adjusted Net Cash Flow (D)	
Ending Cash Balance (A + D)	

Year Three	Yearly Total
Beginning Cash Balance (A)	
Cash Receipts	
Cash Sales	
Collect Accounts Receivable	
Sale of Fixed Assets	
Miscellaneous Income	
Total Cash Receipts (B)	
Cash Disbursements	
Cash Purchases (Merchandise)	
Pay Accounts Payable	
Salaries / Wages & Benefits	
Owner Withdrawals	
Non-Labor Expenses	
Outside Services	
Insurance	
Advertising	
Occupancy Expenses	
Miscellaneous Expenses	
Purchase of Fixed Assets	
Debt Payment - Old	
Total Cash Disbursements (C)	
Net Cash Flow (B - C)	
Adjustments to Net Cash Flow	
(+) New Debt	
(+) New Owner Investment	
(-) New Debt - Interest Payments	
(-) New Debt - Principal Payments	
(-) New Owner Withdrawals	
Adjusted Net Cash Flow (D)	
Ending Cash Balance (A + D)	

Notes to Cash Flow Projection Worksheet

	Notes
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
Other Information:	

NOTE: Make copies of this worksheet to use with your Cash Flow Projections for Years Two and Three.

Writing Your Plan

Using the information and worksheets in this session, assemble the following information under the following headings and subheadings.

Section VI. The Financial Plan

B. Cash Flow Projections

Break-Even Analysis

*Write a paragraph discussing your break-even analysis. Explain why you think your break-even point is realistic. Include a copy of your **Break-Even Analysis Worksheet** so that readers can understand your discussion.*

Monthly Cash Flow Projections—Year One

*Make copies of your completed **Monthly Cash Flow Projection Worksheet** and the list of assumptions that go with the Cash Flow Projection. Write a paragraph reminding the reader that Growth (or Start-Up) Expenses were projected on a separate worksheet in Section A, and that those expenses were brought forward into this Cash Flow Projection as Beginning Cash Balance.*

Annual Cash Flow Projections—Years Two and Three

Make copies of your completed worksheets for Years 2 and 3. Explain the differences in projections for Years 1, 2, and 3 by including the assumptions that are unique to Years 2 and 3.

SESSION 9. MANAGING YOUR MONEY: UNDERSTANDING AND USING FINANCIAL STATEMENTS

We started the financial discussion by asking the question, “Who uses financial information?” From a managerial standpoint, *your* use of financial information has been the focus. Now, we turn the discussion to outside users of financial information, including lenders, investors, and governmental agencies. Financial statements are the standard means of presenting financial data to users like these.

This session introduces the *Income Statement*, *Balance Sheet*, and *Statement of Owner’s Equity*. These statements are prepared on a historic basis, using financial data accumulated over your accounting year. *Projected Financial Statements* use financial information developed from your projections and assumptions, and explain how your business will perform if those projections become reality.

This section also explores the use of industry benchmarks and financial ratios to understand and analyze financial information.

This section of your *NxLevel® Business Plan* will take some of the mystery out of financial statements, by helping you understand where the numbers originate and how the statements are analyzed.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

C. Financial Statements

Projected Income Statement

Balance Sheet

Statement of Owner’s Equity

Appendix

Monthly Projected Income Statement

You are now ready to assemble the data for your projected income statement. This statement will calculate your net profit or net loss (before income taxes) for each month.

Step 1 *Fill in the sales forecast for each month.*

You already estimated these figures on the *Sales Forecasting Worksheet*.

Step 2 *Fill in the Cost Of Product Units Sold for each month.*

You already estimated these figures on the *Cost of Product Units Sold Worksheet*.

Step 3 *Calculate the Gross Margin for each month (Sales – Cost of Product Units Sold = Gross Margin).*

Step 4 *Fill in the total labor–related operating expenses (salaries, mandatory benefits, optional benefits).*

You estimated these figures on the *Salaries/Wages & Benefits Worksheets*, so copy them here. Be sure to verify that your assumptions are still valid.

Step 5 *Fill in the total non–labor–related operating expenses.*

You estimated these figures on your earlier worksheets and used them on your *Cash Flow Projection Worksheet* (Outside Services, Insurance, Advertising, Occupancy Expenses, and Miscellaneous Expenses).

Step 6 *Calculate the expense labeled “Interest–New Debt” (i.e., interest expense on new debt).*

Check the current lending rate for commercial loans, so you use a realistic interest rate.

Step 7 *Enter the Depreciation numbers from your Fixed Assets Worksheet in Session 7, using the Total Fixed Assets monthly depreciation figures.*

Step 8 *Enter the interest on existing debt.*

Again, you have this information on your prior worksheets.

Step 9 *Calculate yearly totals for all categories (add across the rows).*

Step 10 *Calculate the Total Operating Expenses for each month (add down the columns).*

Step 11 *Calculate the Net Operating Profit for each month (Gross Margin – Total Operating Expenses = Net Operating Profit). Also, calculate the yearly total. Determine the amount of other gains or losses, and then calculate the Net Profit or Net Loss before income taxes.*

Step 12 *For a sole proprietorship or partnership, enter the amount of Owner Withdrawals from your Cash Flow Projection Worksheet.*

Monthly Projected Income Statement Worksheet

	1 Jan	2 Feb	3 Mar	4 Apr	5 May	6 Jun	7 Jul	8 Aug	9 Sep	10 Oct	11 Nov	12 Dec	Yearly Total
Sales													
Cost of Product Units Sold													
Gross Margin													

Operating Expenses

Salaries/Wages & Benefits													
Non-Labor Expenses: Outside Services													
Insurance													
Advertising													
Occupancy Expenses													
Misc. Expenses													
Depreciation													
Interest - Old Debt													
Interest - New Debt													
Total Operating Expenses													
Net Operating Profit													
Other Gains/ Losses													
Net Profit (or Loss) Before Income Taxes													

**Owner
Withdrawals (Sole
Proprietorships
and Partnerships)**

--	--	--	--	--	--	--	--	--	--	--	--	--	--

Projected Balance Sheet

Now you're ready to return to the Business Balance Sheet you started in Session 6. Your Projected Balance Sheet will reflect a picture of your business's financial condition at the end of your projected first year. You will be able to see how your decisions have affected business assets (what the business now owns at cost), the associated liabilities (what the business owes), and your equity in the assets.

Go back to the *Balance Sheet Worksheet* you started in Session 6. You will be filling in the right-hand side (labeled *Projected*). Fill in the "Prepared as of" date to reflect the end of the period for which you have prepared the projections. Abbreviated instructions for filling out the balance sheet are repeated below. (You will use the numbers from the projected worksheets you have prepared to this point.)

- Step 1 Fill in the amounts for each of the Current Assets, and calculate Total Current Assets.*
- Step 2 Fill in the amounts for each of the Fixed Assets (Land, Buildings, Equipment, and Other) less accumulated depreciation, and calculate Total Fixed Assets.*
- Step 3 Calculate Total Assets (Total Current Assets + Total Fixed Assets).*
- Step 4 Fill in the amounts for each liability, and calculate the required totals.*
- Step 5 Calculate the Owner's Equity (Total Assets - Total Liabilities).*
- Step 6 Fill in the amount of Total Liabilities + Owner's Equity. This amount must equal the amount for Total Assets.*
- Step 7 Calculate the liquidity ratios shown, and determine the amount of working capital your business has as of the date of this Projected Balance Sheet.*

Let's see how the measurement information has changed. Use the formulas below to calculate the liquidity information, and compare it to the first (current) Balance Sheet you prepared.

Liquidity Ratios

Current Ratio

Current assets ÷ *Current liabilities* = _____

Benchmark: _____

Quick Ratio:

(Current assets - Inventory) ÷ *Current liabilities* = _____

Benchmark: _____

Working Capital:

Current assets - *Current liabilities* = _____

Target
Minimum _____

Statement of Owner’s Equity

The Statement of Owner’s Equity is the bridge between the Income Statement and the Balance Sheet. The Income Statement details the income-producing activities of your business and determines your net income. This net income is produced for the benefit of the owners, so the Statement of Owner’s Equity adds it to amounts already owned by the owners. The newly adjusted amount of owner’s equity appears on the Balance Sheet as a single line item.

The appearance of the Statement of Owner’s Equity depends on the form of ownership of your business. Unincorporated businesses, sole proprietorships, and partnerships use the first format shown below. Incorporated businesses, corporations and limited liability companies use the second format.

- Step 1 Determine which format is appropriate for your business.*
- Step 2 Refer to your Projected Balance Sheet Worksheet, Cash Flow Projection Worksheet, and Projected Income Statement Worksheet. Fill in all the amounts except the final line.*
- Step 3 Calculate the amount for the final line (Ending Owner’s Equity or Ending Retained Earnings).*

Statement of Owner’s Equity Worksheet

Unincorporated Business
Statement of Owner's Equity
For the Year Ended _____

Beginning Owner's Equity	
+ New investment by owner(s)	
+ Net income of business	
- Owner Withdrawals	
= Ending Owner’s Equity	

Unincorporated Business
Statement of Owner's Equity
For the Year Ended _____

Beginning Retained Earnings	
+ Net Income	
- Dividends	
= End Retained Earnings	

Writing Your Plan

Using the information and worksheets in this session, assemble the following information under the following headings and subheadings.

Section VI. The Financial Plan

C. Financial Statements

*Make copies of your **Projected Income Statement**, **Current and Projected Balance Sheets**, and **Statement of Owner's Equity** to include in this section. Also, write a brief statement drawing some conclusions about what these statements are telling you as the financial manager of your business.*

SESSION 10. FINANCING YOUR BUSINESS: SOURCES OF MONEY

At this point, you have put all the pieces together to describe the amount of financing you need to cover growth (or start-up) costs and operate your business, what funding sources you intend to use, how the money will be spent, and when and how you will pay it back. The last piece of financial information needed to complete the **Financial Plan** section of your *NxLevel® Business Plan* concerns how much money you actually need to grow or start your business.

The **Summary of Financial Needs** section pulls everything together into a concise discussion of how you intend to fund your business. Most businesses use a number of different sources of funding. Through your class discussion, you will learn about some alternative funding sources, in addition to traditional sources like banks. If you decide to pursue one of these sources, you will of course need to explain this in your business plan.

When you're finished, you will be ready to write the **Executive Summary** section of your *NxLevel® Business Plan*. For your reader, this section offers a first impression of your business, your plan, and your abilities. Since we all know how important first impressions are, you will have the opportunity to write this section, have it reviewed, and re-write it before submitting your completed plan.

NxLevel® Business Plan Outline

Cover Page

Table of Contents

Section I. Executive Summary

Section

II. Mission, Goals, and Objectives

Section

III. Background Information

Section

IV. Organizational Matters

Section

V. The Marketing Plan

Section VI. The Financial Plan

D. Additional Financial Statements

Summary of Financial Needs

Personal Financial Statement

Appendix

Debt and Equity Financing

There are two primary ways of obtaining additional funds with which to operate your business. **Debt financing** refers to a loan, meaning that you borrow money for your business and pay back the principal with interest. Funding sources may include your own savings, a family member, friends, financial institutions, peers, suppliers, and leasing companies. You need to plan for the amount of debt needed to expand, grow, or start your business.

Equity financing means that you sell ownership in part of your business in exchange for an investment in your company.

Regardless of the method you choose, you need to determine your needs, and consider how likely you are to obtain the money from each potential funding source.

Look at your Cash Flow Projections and answer the following questions:

Step 1 How much money do you need to borrow or to invest yourself to cover your growth (or start-up) expenses and to operate the business for the next year? How much financing will you need and for how long? Will you seek debt or equity financing? Provide a list of potential sources for each.

Debt Financing: Amount Sought \$_____

Potential Sources: _____

Equity Financing: Amount Sought \$_____

Potential Sources: _____

Step 2 How will your debt financing be used?

Using the worksheet below, fill in:

Use of borrowed funds. On what will you spend the money? Examples: Remodeling costs; other growth (or start-up) expenses (installation, deposits and fees, legal and professional); purchase of Fixed Assets (land, building, equipment, vehicles, etc.—list the categories and individual large expense items); Seasonal Working Capital (money needed to cover peak work or sales periods, with repayment as the product is sold or the services are paid for); Permanent Working Capital (base inventory, supplies, etc.); Operating Line of Credit (revolving credit for operating expenses).

Amount needed. List the total amount of money needed for each purpose.

Borrowing terms. Note length of loan, interest rates, and payment terms.

Use of Borrowed Funds	Amount Needed	Borrowing Terms (Length of Loan, Interest Rates, Payment Terms)

Step 3 How will you pay the money back? (Make sure you included principal and interest payments on your Cash Flow Projection Worksheet.)

Summary of Financial Needs

A “financial package” is a set of written documents developed for the purpose of obtaining business financing. For your purposes here, if you plan to grow (or start) a business with money other than your own, you need to think about how you will secure the necessary financing.

In previous sessions, you identified the growth (or start-up) and operational requirements of your business. You looked at the cost of buying equipment vs. leasing, and whether the asset you need to start your business should be new or used. You also started to determine how much working capital you need to cover growth (or start-up) expenses and operating costs, until cash flowing into the business exceeds cash being paid out.

Now it's time to summarize your financial needs, which will bring into focus all of the financial information you have presented up to this point.

Writing Your Plan

Using the preceding questions and worksheets, summarize your financial needs under the following headings and subheadings.

Section VI. The Financial Plan

D. Additional Financial Information

Summary of Financial Needs

Review your responses to Steps 1 through 3. Write a paragraph about your capitalization needs. In other words, explain how much money you will need to borrow, or to invest yourself, to cover your growth (or start-up) expenses, fixed asset purchases, and to operate the business. Explain how much of the total funds required will come from owner or outside investment (equity financing) and how much from borrowed funds (debt financing). Then, explain where you will get the money. If using borrowed funds, indicate how long you will need the money, and when it will be paid back. You should also list the uses for these funds.

Personal Financial Statement

Review the Personal Financial Statement that you prepared in Session 6. If necessary, update the information, and include a copy in this section.

Executive Summary

Although it is written last, the Executive Summary is quite possibly the most important part of your business plan. Many prospective investors and lenders will *only* read your Executive Summary. If this section doesn't entice the reader to go into the body of the plan for additional information, then it has failed its purpose.

Once you've finished the other sections of your plan, focus on the best two or three points from each section to create an outline of your Executive Summary. The key to writing a good summary is to write it with your reading audience in mind. If you're going to use your plan to attract investors, your Executive Summary should address the issues that prospective investors care about. If the plan is going to a banker, the Executive Summary should address issues of concern to bankers.

The Executive Summary should be no longer than two pages, and it should be in the same order as the sections of the plan. The parts should all fit together as a cohesive summary, rather than as a collection of loosely related thoughts.

Before you attempt to write the Executive Summary, take a little time to review your earlier work.

- Look back at your mission statement, goals, and objectives. Get a clear picture in your mind of how you want to present your business to your reader. Is your mission statement well worded and concise enough to include in the opening paragraph of the Executive Summary? Can you summarize your goals and objectives in a way that will make the reader want to learn more about you and your business?
- Review the **Business Structure, Management, and Personnel** section from Session 3. Your Executive Summary should explain why you (and your management team) are uniquely qualified to move forward with your business, and indicate to your reader that you realize how crucial your management capabilities are to the project.
- Summarize the **Marketing Plan** section in such a way that the reader has no doubt you have done your homework! Marketing tends to be one of the weakest sections in a typical business plan. The Executive Summary is a great place to let the reader know you understand how important marketing is to the success of your business, and that you have (and will continue to) put time into market research and analysis.
- The Executive Summary normally includes a one-line statement about financial needs, including the total amount needed, a breakdown of how the money will be spent, and anticipated payback time. Most important, you must demonstrate a thorough understanding of your customers.

You have only two pages to present all this information, so pick your key points and remember your purpose!

Writing Your Plan

Section I. Executive Summary

Write a one-to two-page summary summarizing highlights from the various sections of your NxLeveL[®] Business Plan. Your goal is to make the reader want to read more!

NOTE: You are being asked to begin developing your Executive Summary now because it often takes several rewrites. Turn in your first “best effort” in Session 11, and let your instructor or other participants critique it. After that, you’ll be able to make corrections and turn in a final draft in the last session with your completed business plan.

SESSION 11. GREEN BUSINESS OPPORTUNITIES: ENVIRONMENTAL SOLUTIONS

You're now ready to pull together the last pieces to make your plan complete.

The front-end pieces of your *NxLevel® Business Plan* introduce and organize the plan for easy reading. The **Cover Page** identifies your business, provides contact information, and states the month and year in which the plan was written. The **Table of Contents** shows the organization of all included materials by page number. The **Executive Summary** introduces the essential points of the plan, and encourages readers to continue on to the body of the plan, which lays out all of the important facts about your business.

The final section, the **Appendix**, provides whatever additional details you feel are necessary for someone who wants to understand your business completely, including Supporting Documents and your Action Log.

NxLevel® Business Plan Outline

Cover Page
Table of Contents
Section I. Executive Summary

Section	II. Mission, Goals, and Objectives
Section	III. Background Information
Section	IV. Organizational Matters
Section	V. The Marketing Plan
Section	VI. The Financial Plan

Appendix
Action Log
Supporting Documents

Green Business Opportunities

This session concentrated on two topics of interest to many entrepreneurs: green business opportunities, and managing energy and resources. Look back over your Business Plan, and decide if any of the options you've learned about are **appropriate, affordable, and attainable**, and therefore worth pursuing. Will you improve efficiency, reduce waste, be a better citizen and neighbor, and satisfy the consumer demand for green products? If so, make sure your business plan reflects these goals and values, and explains how they will make your business more competitive and profitable.

1. Will you realign your company to market greener products? If so, how? If not, why not?

2. List any areas of your business that could benefit from an analysis of green technologies and practices. If you intend to take action on these issues, add them to the NxLevel Action Plan in Session 12.

3. Do you have green competitors? If so, list them, and explain what makes them green. Consider whether you need to meet or exceed their standards.

4. List any portions of your business plan that need additional work in order to communicate and accomplish your green goals.

5. With the above questions and answers in mind, revise your Business Plan where appropriate.

Green Priorities Worksheet

Why should you go green? Should you do it for yourself, for your customers, or for the sake of the planet? Remember: Different goals require different tactics and different approaches to risk.

Use this worksheet to prioritize your green business goals, by entering 1 for low-priority goals, and 5 for high-priority goals. Then, take the time to answer these same questions for your customers (e.g., by giving them a questionnaire) and your competitors. If your priorities are different from those of your customers, think about how to align them, and revise your plan if necessary.

Green Business Priorities Worksheet			
	You	Your Customers	Your Competitors
Beat the competition			
Gain market share			
Win new customers			
New source of revenue			
Avoid regulatory burdens			
Reduce waste and inefficiency			
Launch a new product or service			
Satisfy request from customers			
Save natural resources			
Achieve energy independence			
Prevent or solve a crisis			
Effect a political change			
Benefit the environment			
Benefit future generations			
Benefit animals			
Benefit a specific community			
Other:			
Other:			
Other:			
Other:			

Materials Substitution Worksheet

This is a simple, **optional** exercise that you can complete on your own time, as necessary. You should follow this process whenever you are considering switching to a greener product, whether it's a production input, or an office or cleaning supply. When you're finished with the research suggested here, consider whether you need to update your business plan to reflect what you've learned.

1. Choose three products or materials you currently use in your business (e.g., raw materials, office equipment, cleaning supplies, packing materials, etc.), and use the chart below to research greener substitutes. Note the source and cost of each material, and use the checklist provided to compare their green or sustainable characteristics.

Current Material	Green Features	Alternative Material	Green Features
Name <i>Deth-Grip Adhesive</i>	<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic	<i>Hold-Tite Eco-Glue</i>	<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input checked="" type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic
Source and Cost <i>Toxico, Inc.</i> <i>\$1 per oz</i>		<i>Green Glues, LLC</i> <i>\$1.25 per oz</i>	
Name	<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic		<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic
Source and Cost			
Name	<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic		<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic
Source and Cost			
Name	<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic		<input type="checkbox"/> Sustainable <input type="checkbox"/> Recyclable <input type="checkbox"/> Reusable <input type="checkbox"/> Nontoxic <input type="checkbox"/> Biodegradable <input type="checkbox"/> Energy efficient <input type="checkbox"/> Organic
Source and Cost			

2. Next, pick one of the green materials or products, and do whatever research is necessary to answer the following questions.

a. What are the pros and cons of the current material?

b. What are the pros and cons of the substitute material?

c. Which material offers greater value in use? Why?

d. Which is easier to transport, store and use?

e. How long has the manufacturer been around? Who are their distributors? What's the average turnaround time on orders of your size?

f. What performance standards and specifications must be met? How will you test the product for compliance?

Materials Substitution Worksheet—continued

g. What aspects of your production process will change if you use the substitute material?

h. How will using the substitute material change your packaging?

i. How will it change your price?

j. How will it change your promotional message?

k. How will it affect your distribution strategy?

l. List any other changes that will result from substitution

Cover Page

The cover page of your *NxLeveL® Business Plan* should include the following information:

- Name of the company. Use the full business name. If your business is registered under one name, but you actually do business under another name, show both.
- Company address
- Logo (if you have one)
- Company Phone Number(s)
- E-mail address
- Month and year the plan was completed

Here's an example:

Ubik, LLC dba

The Golden Tripod

1311 N. Avenue Road Highway, #511
Townsville, AM 40171

Tel: (102) 077-0211

E-mail: info@suet-trees.com

April 2010

Table of Contents

A standardized format for your table of contents is appropriate. Look at the NxLeveL® Business Plan Outline in Session 1 for the organization. At minimum, emphasize the major section headings and the page number that starts the section. It’s even better to show detailed headings under the sections, so the reader can find a specific piece of information easily. For example:

Table of Contents

<u>Section</u>	<u>Page</u>
Section I. Executive Summary	1
Section II. Mission, Goals, and Objectives	3
General Description of the Business	3
Stage of Development	
General Growth Plan Description	
Mission Statement	5
Goals and Objectives	6

Executive Summary

Take one more look at the Executive Summary. It may be tempting to make it longer than two pages. *Don’t.* If you can’t get your reader interested in two pages, you probably can’t in three or four. Most readers have a limited amount of time in which to decide whether or not to study your plan further. Make sure your Executive Summary compels them to read further.

Writing Your Plan

Develop the Cover Page
Develop the Table of Contents

Finish your Executive Summary and include it under the heading:

Section I. Executive Summary

Action Log

Review your Action Log, and update any activities that have been completed or need additional work. For your business plan, consider revising the Action Log to show only the activities that still require work, and to give the reader information about your direction now that the business plan is complete. Include a copy of this revised Action Log in the Appendix.

NxLevel Action Plan

In the next session, you will create a NxLevel Action Plan in order to list any projects you intend to undertake in order to improve your business. If these projects have a bearing on your business plan, you should include the NxLevel Action Plan in your Appendix.

Supporting Documents for Appendix

This section of your business plan should include any information or documents which further explain or exhibit decisions and obligations of your business.

Step 1 Identify all necessary supporting documents.

Using the checklist on the following page, identify documents you will use as support for your business plan. (Note that the type of supporting evidence you will need depends on who will be reading your completed business plan.)

Step 2 Collect the supporting documents.

Complete any documents that are not readily available, and obtain copies of items that are already in existence. Use the checklist to keep track of documents you've gathered, and ones that still need to be assembled.

Supporting Documents

Supporting Documents to be Considered for Appendix	Needed?	Completed
Historical business financial statements - 3 years		
Historical business tax returns - 3 years		
Current business credit report		
Resumes for each owner		
Resumes for key employees		
Recent tax return for each owner		
Organizational chart		
Job descriptions		
Property layout (showing outbuildings) or floor layout (showing fixed assets)		
Photos of business and/or equipment		
Map showing location		
Photos of products		
Photos of marketing tools		
Lease/rental agreements		
Contracts		
Loan Documents		
Credit reports of major customers		
Licenses, permits or patents		
Letters of reference		
Market survey report		
NxLevel Action Plan		
Appraisals		
List of attorney, accountant, and other business consultants		
Certifications		
Other:		

Writing Your Plan

Update your Action Log and include a copy in the Appendix. Determine which Supporting Documents you want to include, then prepare a cover page for the Appendix under the following heading.

Appendix

*List the contents of the **Appendix** under this heading, in the order in which the documents are organized. Then, include those documents in that order.*

SESSION 12. YOUR BUSINESS FUTURE: NEGOTIATING, MANAGING GROWTH, & PLAN COMPLETION

Congratulations! You have completed your *NxLevel® Business Plan*. Now that you're familiar with the business planning process, you can utilize these powerful tools again and again as your business grows and prospers.

There are several questions to ask at this point, including how you feel about the plan, whether the timing is right to continue with the project, and how your family feels about implementing the plan. In this final session, we ask you to consider your business future, including managing business growth.

NxLevel® Business Plan Outline — COMPLETE

Cover Page

Table of Contents

Section I. Executive Summary

Section II. Mission, Goals, and Objectives

Section III. Background Information

Section IV. Organizational Matters

Section V. The Marketing Plan

Section VI. The Financial Plan

Appendix

This final session is dedicated to strategies that, if undertaken conscientiously, will improve your ability to manage and grow a profitable business. Answer the following questions, and if necessary, go back and revise the parts of the business plan to which they apply.

Negotiations and Contract Management

1. List your main negotiating partners, prioritize the issues that are important to you, and explain your idea of a win-win outcome.

2. Describe the tools you'll use to manage contracts.

3. List the methods you'll use to keep in touch with contract partners.

Supply Chain Management

1. Supply chain management, especially green practices, can have a huge effect on your bottom line and customer perceptions. Review your business plan in light of what you've learned about your supply chain, and make any changes necessary to reflect this new information.

Profitable Growth and Project Management

1. Make a list of the items you consider most important to you when planning for profitable growth.

2. Which of your projects are large or complex enough to require using project management software?

3. Which type and brand of project management software will you use, and why?

The NxLevel Action Plan

Most small businesses can benefit from utilizing project management tools to guide and measure their progress towards important goals. The NxLevel Action Plan is a simple project management tool that will help you accomplish the next steps in growing your business.

List the projects you need to complete:

[illegible]

Next, prioritize them, add them to the NxLevel Action Plan on the next page, and fill in the missing information. (You can enlarge this page with a photocopier, or else create your own version on a computer).

Note that effective project management provides data that will help you to improve your planning skills (e.g., by identifying bad assumptions, variances, and so on).

Ideally, the Action Plan should be posted on a whiteboard or blackboard where all team members can see it. You can update it every week or two as necessary to reflect changes (with the exception of the cost and time estimates, which must stay the same so that they can be compared with actual results).

If the projects listed here are vital to your *NxLevel® Business Plan*, you may wish to include the NxLevel Action Plan in the Appendix.

NxLevel Action Plan

Project	Team leader / Team	Resources needed	Estimated costs	+ / -	Success indicators	Next steps	Timeline (in weeks)	+ / -

Go or No Go?

Is the plan doable? That question runs through almost all entrepreneurs' minds, particularly at this point in a planning project of this size.

There are a lot of elements to consider when deciding whether or not to move forward with a project.

- Is it the right place and right time?
- Do you have the support of your family?
- Did you gather enough information, or does the idea still need more work?
- Does the plan fit with your personal goals, obligations, and income requirements?
- Do you have the desire to move forward?

1. Define "doable" in your own words, as it relates to your business ideas.

Barriers and Pitfalls

If you intend to move forward, you know there will be some barriers and pitfalls along the way. Part of your last reading assignment concerned managing growth, and the problems that can occur as a result of growing too fast. Take time to think about what you will face *before* you implement your plan.

1. What barriers and pitfalls do you expect to face in implementing your business plan project? What will you do to manage your business growth?

*Congratulate yourself on completing this course.
You have taken a significant step toward business success!*

Additional Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Additional Notes

[illegible]

business resource guide[®]*nxlevel*

1: USING THE GUIDE

Your *NxLevel® Business Resource Guide* is conveniently 3-hole punched for easy binding, and is divided into tabbed sections that can be added to or changed at will.

NOTE: *The NxLevel® Business Resource Guide* is also available for download in Adobe .pdf format on the NxLevel® Website (www.nxlevel.org) in the Participant Resource Section. As information changes, updates are posted to our Website so that participants can download individual pages and keep their own Resource Guide up to date. (If you find that any of this printed material is out of date, please email us at: resourceguide@nxlevel.org and we'll be sure to post any corrections to our Website.)

Tab 1

This introductory section, **Tab 1**, will outline the other tabs in *The Guide* and suggest their uses. There are a total of nine tabbed sections:

Tab 2	Business Start-Up Information by State
Tab 3	Sample Business Letters
Tab 4	Sample Business Forms & Agreements
Tab 5	Marketing Information Resources
Tab 6	Capital & Financial Information Resources
Tab 7	Special Population Resources
Tab 8	Business Assistance Resources
Tab 9	General Business Information Resources

Tab 2 (Online only)

Tab 2—Business Start-up Information by State gives you a quick two-to-three page summary of key business contacts that would be required for starting a business in each state. Topics for this state-specific information include:

- Registering your business
- Obtaining sales tax licenses
- Obtaining a Federal Employers Identification Number
- Registering for Workers Compensation Insurance
- Registering for Unemployment Compensation Insurance
- OSHA state contact information

- Where to find more information about:
 - Other required state licenses and permits
 - Local business licenses and permit requirements
 - Zoning and building permits
 - Wage and hour, fair labor standards requirements
 - Business incentives, employee training, local economic development programs
 - Business assistance, publication and financing resources
 - Counseling, training and managerial assistance for small business owners

Tab 3

Tab 3—**Sample Business Letters** may save you time, energy and money. This section starts with **Effective Business Letter Tips**, then suggests uses and formats that can be customized for frequently used letters in the categories shown below:

Employment Matters

- Request for Reference From Prior Employer
- Authorization to Release Reference Information
- Employment Offer
- Rejection Letter to Unsuccessful Applicants
- Notice of Deficient Work Performance

Buying and Selling Goods and Services

- Request for Bid
- Bid Rejection Notice
- Bid Award
- Order Confirmation
- Order Acceptance
- Delivery Receipt
- Cancellation Notice—Back-Orders
- Cancellation Notice—Failure to Deliver
- Rejection of Shipment Notice
- Non-Conforming Goods Notice
- Acceptance of Non-Conforming Goods Notice
- Demand for Goods
- Notification of Non-Shipment
- Stop Shipment Order
- Disputed Balance Letter

Credit and Collection Issues

- Bad or Returned Check Letter
- Credit References Letter
- Credit Application—for a business
- Notice of C.O.D.
- Explanation of Credit Rejection
- Notice of Overdue Account
- Account Past Due—Second Notice
- Overdue Account—Final Notice
- Installment Agreement to Pay Overdue Account

General Useful Letters

- Letter to a Legislator—sample
- Letter to a Local Official—sample
- General Letter of Apology
- Acknowledgment of a Complaint

Tab 4

Tab 4—Sample Business Forms & Agreements provides you with forms and agreements most frequently used in the business setting. While it is *not* suggested that you use the samples relating to legal matters without the advice of your attorney, all of these samples may give you a head start on understanding the typical form or agreement contents, which will potentially save you time and money. Again, you are encouraged to customize the format of the samples to fit your particular business situation, and to seek professional legal help where appropriate. Forms and agreements categories and their contents include:

Employment Matters

- Employment Agreement
- Non-Disclosure Agreement
- Employee Secrecy Agreement
- Employee Non-Compete Agreement
- Employee Invention Agreement
- Independent Contractor Agreement

Intangible Asset Protection

- Assignment of Copyrights
- Permission to Use Copyrighted Material
- Permission to Use Quote or Personal Statement

Legal and Organizational

- Power of Attorney
- Revocation of Power of Attorney
- Partnership Agreement
- Joint Venture Agreement
- Ratification of Organizational Meeting
- Notice of Annual Meeting
- Notice of Meeting of Directors
- Notice of Special Meeting of Directors
- Notice of Special Meeting of Shareholders
- Minutes of Meeting of Directors
- Minutes of Special Meeting
- Certificate of Corporate Resolution
- Certificate of Corporate Vote
- Record of Vote Establishing Salary
- Record of Vote for Execution of Property Lease

Leasing

- Lease Agreement
- Lease Amendment
- Lease Extension
- Agreed Lease Termination
- Assignment of Lease
- Notice to Vacate for Cause
- Lease of Personal Property

General Forms and Agreements

- Promissory Note
- Single Installment Note and Guaranty
- Demand Note
- Payment in Full
- Notice of Default on Promissory Note
- Consignment Agreement
- Sales Agency Agreement
- Contract Modification
- Contract Termination

Tab 5

Tab 5—Marketing Information Resources is designed to enhance your ability to find information through research resources listed. Information categories have been selected pertaining to the broad subject of marketing, and only the most helpful of the specific resources are listed. Each listing includes the resource name, address, phone number, Website (when available), and a description of the type of information that particular resource provides. Resources are listed in the following marketing information categories:

- Industry Information
- Consumer Information and Demographics
- Franchising
- Trade Associations
- Marketing Education

Tab 6

Similarly, **Tab 6—Capital & Financial Information Resources** was developed to aid you in your research about sources of capital for small business and other relevant financial information for the entrepreneur. Specific resources have been narrowed only to those proving to be most beneficial for the entrepreneur to pursue, and include the resource name, address, phone number, Website (when available), and type of information provided. Information in this section is divided into **Capital Resources**, **Financial Resources**, and **Government Financial Resources**.

Tab 7

Tab 7—Special Population Resources provides resources available to **Minority-Owned Businesses**, **Women-Owned Businesses** and the expanding category of **Home-Based Businesses**. Specific listings include the resource name, address, phone number, Website (when available), and type of service or information available from that particular resource. Listings in this section are primarily associations organized for the enhancement of a special population group. Quite often, these listings have extensive access to additional resources for that population segment.

Tab 8

Tab 8—Business Assistance Resources lists small business service providers within the most frequently requested categories of business assistance. Descriptions are given of the various services available within each service provider listing, including addresses, phone numbers of specific offices where appropriate, and Websites (when available). Categories of business assistance information are divided into:

- Management and Technical Assistance
- Labor/Employment
- Procurement
- Patents/Copyrights/Trademarks
- Tax
- International Trade

Tab 9

Tab 9—General Business Information Resources contains four sections. **Periodicals** lists the most popular and informational of small business and entrepreneurial over-the-counter periodicals, with the phone numbers for subscription inquiries. **Library Resources** lists hard-copy resources which are readily available in most libraries and on-line services that may be accessible from library computer services. **Selected Business Organizations** provides the name, address, phone number and organizational description of the most widely recognized small business organizations in the United States. Finally, the **Helpful Reading** section lists additional useful books for the entrepreneur's library. While there are thousands of literary works in the libraries concerning small business and entrepreneurship, only the most helpful of selected "reference-type" reading is listed in this section.

For more information, suggestions, and comments please contact us:

NxLevel® Education Association

63 East 11400 South #322

Sandy, Utah 84070

Phone: 801.446.6162 or 800.873.9378

Fax: 801.446.6972

E-mail: info@nxlevel.org

—OR—

Visit our home page:

www.nxlevel.org

3: SAMPLE BUSINESS LETTERS

Effective Business Letter Tips

Effective business letters have some common characteristics that make them look acceptable and sound professional. Review the following tips before you write any business letter, and make sure the basics are in place.

Business Letterhead

Use your business letterhead for all business correspondence, regardless of how brief. It will provide the reader with a professional image, as well as the essential information about your business, including the business name, address and phone number.

Paper Quality

Most business letterhead is printed on 20 pound paper or heavier. A more professional image is communicated with the use of the heavier paper.

Typed vs. Handwritten

Given today's technology, the more professional letter is definitely typed or word-processed. Save handwritten notes for your personal communications.

Format

There are several acceptable business letter formats, and the choice is up to the writer. Be sure the format is attractive, consistent and easy to read. All letters should contain the date, inside address (complete name and address of the addressee, including title) and proper salutation. Informational correspondence that is considered "memo" should still contain the date and the inside address, with the salutation changed to "To:", followed by the name of whomever the correspondence is to be directed.

Style

All letters and memos should be written in standard English. Write as you talk, but be sure you use complete sentences and correct grammar. Try to be concise and clear in your language, and avoid very long sentences and paragraphs.

Appropriate Close

Most business letters use the standard "Sincerely," close, which is fine. Avoid overly emotional closes in your business correspondence; but choosing an alternative that more closely fits your style is acceptable.

Signature

Based on the degree of formality, you can decide whether to sign your full name or just your first name. Your full name including titles or degrees earned can be typed, and you can still make the impact less formal by signing only your first name.

Employment Matters

Employment matters take up a tremendous amount of an entrepreneur's time. Having a few simple letters ready to customize for specific needs can save you wrestling with that "how did I word that last time" syndrome. The following letters should be put on business letterhead, and are simple and straightforward, yet may be customized and lengthened to fit your needs.

First, the **Request for Reference From Prior Employer** can help you get vital information about an applicant you are considering for hire. Often times a written request is more credible than a phone call. If there is more specific information you think you need, add it in—but be aware that most prior employers aren't anxious to take too much time providing anybody with information about someone they no longer employ, so **KEEP IT SIMPLE**—and short. Including the **Authorization to Release Reference Information** with the Request letter will increase your chances of receiving any information. Have applicants fill out this **Authorization** letter at the time of interview if you are interested in them at all.

While "employment contracts" are being discouraged among many of the small business legal experts, an **Employment Offer** letter can serve as an acknowledgment of the basic parameters under which someone is being hired, and can establish the "at-will" employment relationship. Before adding more details to the letter, check with your legal advisor.

Even though rejection letters aren't the most fun items to receive OR send, as a courtesy to applicants who took their time to interview with you, send a simple note similar to the **Rejection Letter to Unsuccessful Applicants**. Just the fact that you took the time to write to an interviewee is impressive—and, you never know when you may want to reconsider that individual in the future. This simple courtesy could go a long way to keeping doors open that you may need to pass through later.

Recourse for improper termination is becoming a very real issue, even in the *very small business* world. The **Notice of Deficient Work Performance** letter is one that should be used judiciously to document meetings with employees. Hold the meeting, then use this letter to record the meeting contents (both for your and the employee's future reference). Keep a copy of each meeting letter in the employee's file. And insist that the signed "acknowledgment of receipt" copy of the letter be returned to you. Even with "at will" employees, you will have the documentation you need to address potential future issues. You can easily modify this notice to be a "*Final* Notice of Deficient Work Performance," including appropriate consequences of non-corrective action, if the situation warrants.

Request for Reference from Prior Employer

HMS, Inc.
1111 East Street - Hometown, USA
(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [employer name]:

We have received an application from one of your [current/
former] employees, _____, seeking the
position of _____ with our firm.

It would be very helpful if you would provide the
following information concerning _____:

Dates of employment with your company:

Job description and rate of compensation:

Performance evaluation:

Reason for termination:

Any other pertinent information:

A form authorizing your release of this information by
_____ is enclosed. Please indicate whether your
reference information should be kept confidential.

Thank you for your help. Your cooperation is appreciated.

Sincerely,

H.M.Smith

Authorization to Release Reference Information

HMS, Inc.
1111 East Street - Hometown, USA
(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

I have been informed that _____ is
seeking employment reference information about me.

I, _____, authorize _____
to release, without limitation, information concerning my
employment.

Employee

Employment Offer

HMS, Inc.
1111 East Street - Hometown, USA
(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [applicant name],

It is my pleasure to offer you employment in the capacity of _____ with our firm. The proposed starting date of your employment is _____.

Your compensation will be \$_____ per [week/month/year]; in addition you will be entitled to the following "employee benefits":

This offer is for employment AT WILL. It may be terminated either by you or by us for any reason at any time.

Please acknowledge your acceptance of this offer by signing and dating below, and return this letter to me by (date)_____ at the address above.

Congratulations on your selection.

Sincerely,

H.M. Smith

Agreed and Accepted: _____
Date: _____

Rejection Letter to Unsuccessful Applicants

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [applicant name],

Thank you for meeting with us regarding the position of _____. We were very fortunate to have you and several other highly qualified applicants interview with us. After extensive consideration, we have selected another candidate, and the offer was accepted.

The very best of luck to you in finding a position that will utilize your skills and talents to the fullest. Again, we thank you for taking the time to visit with us.

Sincerely,

H.M. Smith

Notice of Deficient Work Performance

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

To: [employee name]

This letter confirms our discussion on _____, 20____, at
_____ concerning unacceptable work performance
in the following areas:

It was suggested that you take the following action to improve
your performance:

I hope that this constructive information will help you
to improve your performance and thereby return you to good
standing within our Company.

A copy of this notice has been attached. Please sign that
copy where indicated and return to me promptly.

Sincerely,

H.M. Smith

Receipt Acknowledged: _____
Employee

Date: _____

Buying and Selling Goods and Services

The paperwork trail relating to the buying and selling of goods and services can be made much simpler if you have some standard letters and memos to accomplish the various tasks involved, whether you are the seller or the purchaser. All of the following letters should be prepared on your business letterhead. Following the basic format and then customizing to fit the particular circumstances will save you time and effort, particularly in this “buying and selling” area that tends to have a significant number of transactions. Good documentation is essential to the financial realm of your business, allowing you to track credits due, purchases made and the inevitable discrepancies that occur between buyer and seller.

The **Request for Bid** asks your potential supplier for a firm price on goods or services you want to purchase. A formal bid obligates your supplier to the prices quoted through a specified expiration time. While this is not a process you would go through for every order placed, it can be a very useful price and item comparison tool for larger orders. Follow up the process with the courtesy of a **Bid Rejection Notice** to those potential suppliers who took the time to send you a bid—and, of course, a **Bid Award** letter to the successful bidder, with the appropriate purchase order attached.

The **Order Confirmation** letter is a good way to avoid discrepancies pertaining to orders placed over the phone. It confirms the items, quantities, price and terms of the order, as well as providing you and the supplier with the proper paper trail—a purchase order. The **Order Acceptance** letter is the supplier’s equivalent of the confirmation letter, again reducing the possibility of misunderstanding of a verbal order.

Placing the order for goods or services is often the easiest step—then you wait for them, receive them, inspect them, accept or reject them in part or in whole! Remember, documenting the steps will help you keep track of your inventory, and therefore your dollars. The **Delivery Receipt** acknowledges that the goods you ordered were received and are acceptable to keep. Make sure you have enough time to properly inspect your order before issuing this receipt.

Back-orders can slow down the shipment of all other items on the order—use the **Cancellation Notice—Back-Orders** letter to cancel items you can’t or don’t want to wait for so the rest of the order can be shipped. Similarly, waiting for an order for an excessive period of time can damage your cash flow—if you don’t have merchandise on the shelf to sell, you can’t have any cash “flowing.” Monitor your purchase orders, and if a supplier has not shipped within the specified time-frame on your purchase order, find out the reason. If the supplier still cannot ship within a reasonable time, use the **Cancellation Notice—Failure to Deliver** letter to cancel the order, and find a supplier that can meet your needs.

As a buyer, you are not under obligation to keep damaged or non-conforming goods. Use the **Rejection of Shipment Notice**, the **Non-Conforming Goods Notice**, and the **Acceptance of Non-Conforming Goods Notice** to inform the supplier of your intended actions. The Uniform Commercial Code provides the purchaser with the option of rejecting or retaining all or part of damaged or non-conforming goods. If a price adjustment cannot be agreed upon, the purchaser still has the option of

rejection. Use these letters to document your intentions—and remember, keeping goods that are not what you want or need takes away from the dollars you could be spending on usable inventory.

Often, special order items cause a buyer to be more patient than waiting for “normal” inventory. But even special orders should be delivered on a timely basis, particularly if they have been paid for in advance by either the buyer or the end-use (customer). If phone calls just don’t seem to get the seller’s attention, try the **Demand for Goods** letter. On the other side, the seller might use the **Notification of Non-Shipment** letter, which will at least explain why an order has not been shipped.

The supplier who must stop the shipment of an order needs to notify the shipping company of the required action. Use the **Stop Shipment Order** to inform the transporter not to deliver and to return your goods to you.

Finally, given all of the possible adjustments to orders, including some of those described above, it’s no wonder that statements from suppliers often reflect different amounts owed than the seller’s records show. Use the **Disputed Balance Letter** to begin the communication of identifying the correct balance.

Request for Bid

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [potential seller]

Please provide us with a bid on the following items:

Item (Description)	Stock #	Quantity	Unit Price	Total Price
			\$	\$
			\$	\$
			\$	\$
			\$	\$

Please quote your bid delivery to us FOB the following location: .

Please specify the date through which the bid price is effective and firm.

This bid must be returned by , 20.

Thank you,

H.M. Smith
President

Bid Rejection Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [potential seller (bidder)]

Thank you for submitting your bid dated _____, 20 _____. We appreciate the time and effort it took to provide us with the information.

Unfortunately, another bidder [it is optional to name the successful bidder] is being awarded the purchase order. Our decision was based on several factors, but [price/quality/other] was the primary determinant.

We would like to continue to include you in future bid opportunities. Again, thank you for your effort.

Sincerely,

H.M. Smith

Bid Award

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [successful bidder]

It is our pleasure to award you the purchase order on the items you bid to us on _____, 20____. A copy of your bid and of our purchase order # _____ for items specified is attached. Please note quantities, specifications, prices, ship dates and FOB point as outlined on the purchase order, and notify us of any discrepancies or questions by _____, 20 ____.

We look forward to doing business with you.

Sincerely,

H.M. Smith

Order Confirmation

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

This letter confirms the order for [products/services] placed with you by telephone on _____, 20____. Purchase order # _____ authorizing the items, quantities, prices and terms we discussed is attached.

If any of the terms of the purchase order are not acceptable to you, please advise me within five (5) days; otherwise, we will anticipate delivery as specified on the order.

Sincerely,

H.M. Smith

Order Acceptance

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [purchaser]

We are in receipt of your purchase order # _____. This confirms that your order is accepted with the following exceptions:

[Items would be listed that are out of stock, back-ordered, no longer available, with possible substitutions or notations of cancellation.]

[Service modifications could also be listed.]

Unless we receive written notice from you within _____ days, we will fill the order subject to the exceptions listed above.

Your business is truly appreciated.

Thank you,

H.M. Smith

Delivery Receipt

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

We acknowledge the receipt of the items listed on the attached invoice or form. We have inspected said goods, and accept them as being complete and without defect.

Sincerely,

H.M. Smith

Cancellation Notice—Back-Orders

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

You notified us that the following items on our purchase order #_____, dated _____, 20____, are not in stock and have been back-ordered:

- 1.
- 2.
- 3.

Please cancel [all/the marked] items back-ordered and ship the remainder of the order immediately. Please be sure that the invoice sent with the shipped goods reflects the cancellation of back-ordered items as well.

[NOTE: If only part of the back-ordered items are being canceled, add the following:

Please ship the remainder of the non-canceled back-ordered items as they become available, but prior to _____, 20____. If they are not going to be available until after that specified date, please notify us again.]

Thank you,

H.M. Smith

Cancellation Notice—Failure to Deliver

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

Please refer to our purchase order # _____ dated _____,
20____, which specified a delivery date of _____, 20____.

As we have not received these items in a timely manner, we
hereby cancel said order in its entirety, pursuant to the
specifications in our purchase order.

Sincerely,

H.M. Smith

Rejection of Shipment Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

On _____, 20____, we received items ordered from you on our purchase order # _____. The items are rejected for the following reason(s):

- Merchandise was delivered in damaged condition (see attached explanation).
- Items delivered are defective (see attached explanation).
- The order was not delivered within acceptable delivery timeframe (see copy of our purchase order # _____ attached).
- Merchandise delivered was not what was specified on purchase order (see attached explanation).
- The prices on your invoice are not in compliance with prices on the purchase order accepted by your firm.
- Backorders are not acceptable—order was to be shipped complete or not at all.
- Other—see attached explanation.

Upon receipt of your shipping instructions, we will return the merchandise at your expense. This rejection does not limit or waive any other legal rights we may have.

Sincerely,

H.M. Smith

Non-Conforming Goods Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

We are in receipt of merchandise ordered under our purchase order # _____ and shipped on your invoice # _____ on _____, 20____. Some of the merchandise that was shipped does not conform with the specifications on our purchase order, as outlined below:

These non-conforming items are not acceptable. Therefore, we will return them to you at your expense. Please issue a corresponding credit/refund to us promptly.

If you have a preference for the form of shipment to return these goods to us, please notify us within the next 5 days.

Thank you,

H.M. Smith

Acceptance of Non-Conforming Goods Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

We are in receipt of merchandise ordered under our purchase order # _____ and shipped on your invoice # _____ on _____, 20____. Some of the merchandise that was shipped does not conform to the specifications on our purchase order, or is defective or damaged, as outlined below:

Although the items listed are non-conforming, defective or damaged, we will accept them provided that you allow us a credit in the amount of \$_____, as per our conversation. Please issue the appropriate credit, or reissue a new invoice reflecting the appropriate price adjustment.

Sincerely,

H.M. Smith

Demand for Goods

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [seller]

We issued our purchase order # _____ to you on _____,
20____, specifying a shipping date of _____ (see copy of
purchase order attached). You accepted our order [OR-By our
check # _____ dated _____, 20____, we paid for this order]
in full. To date we have not received the items specified.
Demand is hereby made for delivery of said goods.

Sincerely,

H.M. Smith

Notification of Non-Shipment

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [purchaser]

We are holding shipment of an order received from you on
purchase order # _____
dated _____, 20____, for the following reason(s):

- Non-payment.
- No shipping directions were provided—please advise.
- Your account is on credit hold—please contact our Accounts Receivable Dept.
- The following items are on back-order:
 - 1.
 - 2.
 - 3.
- Please notify us if a partial shipment is acceptable—your order indicates “ship complete only”.
- Other:

Sincerely,

H.M. Smith

Stop Shipment Order

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [shipping company]

Please refer to the shipping order enclosed. You are in the process of delivering goods for us to the following addressee:

You are hereby directed to *not deliver* items shown on the attached shipping order—return the order to us. We will pay for the shipping charges for the return to us. No transfer of title has occurred. The customer has not been given any bill of lading.

Thank you for your help,

H.M. Smith

Disputed Balance Letter

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [supplier]

We are in receipt of your account statement dated _____, 20____, showing a balance due of \$ _____. The balance due is incorrect because of the following reason(s):

- Items billed on invoice # _____ have not been received.
- Your statement does not reflect the payment made _____, 20____, in the amount of \$ _____ via our check # _____.
- Your statement does not reflect credit for the following items returned:
- Invoice # _____ dated _____, 20____, was priced incorrectly as outlined:
- Other:

Please adjust our account balance appropriately. If there are questions about the items outlined above, don't hesitate to call us.

Thank you,

H.M. Smith

Credit and Collection Issues

The current business environment demands that proper attention be paid to collecting monies that are legitimately due, and carefully monitoring to whom and for how much you extend “on account” privileges. The following practical letters may be helpful in this sometimes “sticky” process by providing you with standardized wording for unfortunate, and often uncomfortable, situations regarding customer credit. Documentation of correspondence with those who owe you money is *essential* if you have the need to follow up with legal procedures due to uncollectability. All correspondence should be sent on your business letterhead, with copies kept permanently in your account files.

Not all “bad checks” are written by criminals—and banks even occasionally make a mistake! An appropriate method of notifying and correcting the receipt of an uncollectible check must be utilized, even if it is embarrassing because you know the customer. Often, a phone call will be the most appropriate notification—however, use of the **Bad or Returned Check Letter** format might be more professional, and will provide you with the written documentation you may need in the future.

If you intend to extend credit privileges to your customers, you need the proper tools to monitor the credit and the open accounts. The **Credit References Letter** politely opens the door for your potential customer, while the **Credit Application** (for a business) provides you with the real information you need to evaluate the validity of opening the account. (Please note: there are many standardized credit application forms for businesses and individuals available at stationary or office supplies stores.)

If you are uncomfortable extending credit after reviewing a credit application, you still want to invite potential customers to utilize your goods or services, so politely inform them of their C.O.D. status using the **Notice of C.O.D.** letter. If you are subsequently asked to provide an explanation of your decision, use the **Explanation of Credit Rejection** letter.

Once open accounts are established, careful monitoring of their payment status is critical to cash flow control. Determine your “tolerance” for how overdue you will allow an account to become before using the **Notice of Overdue Account** letter. Use of this letter can actually help set the tone early on that the terms of the open account are expected to be upheld. Generally accepted credit business practices call for “three strikes before you’re out”—so use the **Account Past Due—Second Notice** and **Overdue Account—Final Notice** letters to establish your procedures. Please remember, if you *say* you are going to send an account to collection, you must be prepared to *do so*.

Finally, by properly pursuing overdue accounts, you can often work out an agreement that will get you paid, although maybe not all at once. Use the **Installment Agreement to Pay Overdue Accounts** letter to document that there is an agreed amount owed and a plan to repay it.

Bad or Returned Check Letter

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [check writer],

Your check # _____ dated _____, 20____, written to us in the amount of \$ _____ has been returned to us by the bank marked [account closed, non-sufficient funds, etc.]. (See copy of check enclosed).

We realize mistakes happen, and wanted to notify you immediately so that you can appropriately correct the situation with us and with the bank.

Please send a certified bank check or money order in the amount of \$ _____, which is the amount of the returned check plus our \$ _____ returned check charge. You may also stop by to correct the situation, if that is more convenient. We will return the original check to you upon receipt of replacement funds.

Failure to respond to this notice with replacement funds within 10 days will force us to proceed with collection procedures.

Our thanks for your prompt attention to this matter.

Sincerely,

H.M. Smith

encl.: check copy

Credit References Letter

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [customer]

Thank you for your recent order #_____, received _____,
20____. As this is your first order with us, we are enclosing
an application for credit. Please complete this form and
return it to us by mail or to the FAX number listed above. We
will promptly review the application to avoid delaying your
shipment. This information will be kept strictly confidential
for our internal use only.

We thank you for your order, and look forward to a positive
working relationship.

Sincerely,

H.M. Smith

encl.: credit application

Credit Application — for a Business

ABC Toys Import Inc. 300 Main Street San Francisco, CA 94000 914-327-8907			
<h1>Credit Application</h1>			
Date			
General Information			
Name of Business			
Address			
City		State	Zip
Type of Ownership	<input type="checkbox"/> Proprietorship <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other (Please specify):		
Federal ID#		or Social Security #	
President/Partner(s)/Owner(s)			
Name			
Address			
City		State	Zip
Business Phone		Home Phone	
Name			
Address			
City		State	Zip
Business Phone		Home Phone	
Date Business Started		D & B Rating	
Bank Reference			
Bank Name		Bank Officer	
Address			
City		State	Zip
Phone			
Account(s) #			
Please list three (3) trade references			
Company Name		Contact	
Address			
City		State	Zip
Phone			
Company Name		Contact	
Address			
City		State	Zip
Phone			
Company Name		Contact	
Address			
City		State	Zip
Phone			
The above information is true and correct to the best of my knowledge			
Owner/Fiscal Officer		Date	

Notice of C.O.D.

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [customer]

Thank you very much for your purchase order #_____, dated _____, 20____ (copy attached). We are unable to extend open account credit to you at this time. We will be happy, however, to process your order for C.O.D. shipment. Please notify us within five days of receipt of this notice if you choose to cancel this order. Otherwise, you may expect a C.O.D. shipment from us in a timely manner and according to your specified ship_____ date on your purchase order.

Thank you for choosing to do business with us.

Sincerely,

H.M. Smith

encl.: copy P.O. # _____

Explanation of Credit Rejection

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

To: [customer]

We have received your request for an explanation of why your application for credit dated _____, 20____, was refused. Our decision was made based on the following information:

If you feel the information we received is inaccurate, please don't hesitate to contact us. We appreciate your patronage, and look forward to a continued positive business relationship.

Sincerely,

H.M. Smith

Notice of Overdue Account

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [customer],

A review of your account shows that a statement was sent to you on _____, 20____, showing a balance due of \$_____. To date we have not received any payment on that account, which is now _____ days past due.

If your records show that we are in error and payment was made, please call or drop us a note with the payment information so we can correct our records.

If payment has not been made, we would appreciate a prompt payment response correcting the situation; or call us so we may discuss partial payment options.

Your patronage is appreciated, as is your attention to this matter.

Sincerely,

H.M. Smith

Account Past Due—Second Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [customer]:

On _____, 20____, we sent you a notice reminding you of your past due account with us in the amount of \$_____. To date, we have not received a payment on your account, nor have we had any correspondence from you.

Once again, we must request immediate action from you. Please remit the amount due on your account in full by _____, 20____. If circumstances prevent you from making immediate payment, or from being able to pay in full, please contact us by phone or by mail so we can attempt to work out the problem with you.

Failure to respond to this notice will leave us no alternative but to pursue collection options, at which point you will be legally obligated for the amount due on your account *plus* any legal or collection fees that may be incurred.

Please let us hear from you upon receipt of this notice.

Thank you,

H.M. Smith

Overdue Account — Final Notice

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [customer]:

We have sent you two prior notices dated _____, 20____, and _____, 20____, regarding your past due account with us in the amount of \$_____. To date, we have not received payment on this account, nor have you corresponded with us.

We will be turning this account over for collection on _____, 20____. This is your final opportunity to avoid that action. Please contact us immediately so that we can discuss the problem. Failure to respond to this final notice may result in additional costs to you, including the account balance *plus* any legal or collection costs incurred.

Your attention to this matter is essential, and in your best interest.

Sincerely,

H.M. Smith

Installment Agreement to Pay Overdue Account

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [customer],

Thank you for responding to our account notice dated _____, 20____ regarding your past due account. We appreciate your attention to this matter.

This letter will confirm our agreement reached on _____, 20____. You acknowledge the overdue amount of \$_____ on your account with us. You agree to pay [weekly, bi-monthly, monthly] payments in the amount of \$_____ until the account is paid in full. You further agree that the first payment will be made on or before _____, 20____. Until your account is paid in full, you understand that additional charges to your account will not be allowed, and that the account will be reviewed for continued open credit with us once this past due obligation is paid in full.

Please understand that our flexibility is being extended only because we expect complete commitment to this payment schedule. We ask that you sign the enclosed copy of this letter and return it to us with or prior to your first scheduled payment.

Once again, thank you for taking this positive step to correct an unfortunate situation.

Sincerely,

H.M. Smith

General Useful Letters

As a voting citizen and a member of the business community, you have a need and a responsibility to inform local and federal legislators of your concerns and desires. The success of your business could be influenced by the laws passed in your state capital or in Washington, so let your views be known.

As a business person, you are highly influential in the election process, so make it a habit to keep your legislators aware of actions you support *and* those about which you have concern.

Your local officials are also employed to work for you, but rarely know who “you” are. Expressing your concerns on a local level can add to their effectiveness, and bring them more in touch with the business attitudes on the street.

Some tips on writing to a legislator or local official include:

- State your position or concern clearly in the first paragraph
- Be brief and specific
- Focus on public interest, rather than on just your personal interests
- Don’t attack the *person* if you are disgruntled—express displeasure at the *policy*

Letter to a Legislator—Sample

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear Senator XXX,

I want you to know how pleased I am with your recent backing of the Family Heritage Preservation Act and its related bills.

As a small family business owner, I have great concerns about the future of my business as it relates to my family. More importantly, as a small business owner in Wyoming, I appreciate that your position helps to protect over 50% of our small business population by focusing on the problems involved in passing businesses on to future generations. Your work is not only commendable, but vital to our state.

Please let me know if there is anything I can do to help in assuring the passage of this legislation. I truly extend my appreciation to you for your focused work in the Senate.

Sincerely,

H.M. Smith
President, H.M.S., Inc.

Letter to a Local Official—Sample

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [local official's name]:

I would like to express concern about the application for variance on zoning of HIJ Company relating the their proposed building at 111 W. 111 St.

I own a home on the block in question, and have enjoyed a friendly, quiet neighborhood for ten years. All of the surrounding property is residential, and in speaking with other homeowners, we would like to keep our residential area intact.

We are particularly opposed to this variance because the proposed usage of the building is for a high traffic retail operation open from 8 a.m. to midnight. As this is a residential neighborhood, parking and traffic problems would result, jeopardizing the safety of our children and creating security problems.

I believe these are real and significant concerns. I urge you to reject the application for variance for HIJ, and encourage them to locate in a more appropriate commercial area. Preserving the few residential neighborhoods we have left should be important.

Sincerely,

H.M. Smith
President, H.M.S., Inc.

General Letter of Apology

Every business receives complaints, some legitimate and some not. Right or wrong, the disgruntled customer needs to hear from you—therefore, a general non-committal letter of apology might soothe the malcontent, and give you time to look into the situation as a valid concern.

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear:

Thank you for your recent letter, pointing out that it took three hours to respond to your inquiry about availability of the Nike Shark shoe. We can only improve and learn by responding to constructive critique such as yours.

I apologize if the time delay caused you any problems. In the meantime, I am looking into alternative ways to efficiently answer phone availability questions without giving out hasty, incorrect information to our customers.

Sincerely,

H.M. Smith
President, H.M.S., Inc.

Acknowledgment of a Complaint

Mistakes will be made, even by good companies. Ignoring, covering-up or denying errors will go a long way to ruin good customer relations. Learn to acknowledge complaints with a straightforward letter that assures your customer you are seeking to correct the problem or, at least, are aware of the error and concerned about its effect. and are committed to doing whatever follow-up is appropriate.

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear:

I received your letter dated _____, 20____. Your letter describes an error that was made by my company, and I am currently investigating the cause.

Please know that I will do my best to resolve the situation to our mutual satisfaction, and to prevent such a situation from happening again. I appreciate the fact that you took the time to bring this to my attention—after all, that is truly the only way mistakes can be corrected.

I apologize for any inconvenience this has caused, and will contact you as soon as the situation has been resolved.

Most sincerely,

H.M. Smith
President, H.M.S., Inc.

4: SAMPLE BUSINESS FORMS & AGREEMENTS

This section of *Sample Business Forms and Agreements* has been put together with the small to medium-sized entrepreneur in mind who needs to prepare for a variety of common business arrangements that require proper documentation.

Properly used forms and agreements serve many purposes, including:

- **Minimizing the chance for disputes**—if you put it in writing now, you may avoid misunderstandings later, which may help to avoid legal entanglements.
- **Helping to ensure obligations are upheld**—written agreements spell out the rights and responsibilities of the obligated parties.
- **Improving overall business performance**—having formats prepared for you to use as needed will save you time, energy and frustration, rather than waiting until the last minute and having no idea where to begin with the form preparation.
- **Enhancing the entrepreneur’s understanding and familiarity with commonly used business forms**—even if you don’t need these forms and agreements now, being familiar with the content may help you in the future, particularly in understanding the kinds of situations that should be properly documented.
- **Saving money**—professionals charge for their time. If you can do the initial form preparation yourself, the time spent in the attorney’s office for review will be much less than requiring the attorney to start from scratch.

There are five main categories of forms and agreements in this section, including:

1. **Employment Matters**
2. **Intangible Asset Protection**
3. **Legal and Organizational Matters**
4. **Leasing**
5. **General Forms and Agreements**

Each category begins with a description of the forms or agreements included and their potential use, followed by the forms themselves.

General Tips on Forms & Agreements

While the forms and agreements in this section have been reviewed for general legal accuracy, it should *not* be assumed that you no longer need legal advice and review, particularly on the contractual agreements and forms. Laws change, and state laws may require specific wording. Use these forms and agreements to get your general thoughts correctly arranged, then have your attorney verify or review your work for compliance. If you are unsure of the meaning of any of the wording of the forms and agreements, consult your attorney. These are *your* forms and agreements—be sure *you* understand their content!

Review the following general tips before preparing and using the forms and agreements in this section.

Basic Formats

The forms and agreements are in basic formats and may be easily modified for your specific situations. Blank lines in the documents are designed for you to fill in your particular information; and, if the intended content of the blank is not obvious, a descriptor of the information that should be filled in is shown in brackets, i.e., [name].

Changes

If changes need to be made to an agreement or form after it has been prepared, such as at the time of signing or on short notice, changes may be handwritten into the form or agreement, and *both* parties must initial acceptance of the changes, either in the margin of that line or immediately above or below the changed area.

Signing

If a signature requires a notary or witness, do not sign the document until you are in the presence of the witnessing or notarizing party.

Always make sure you sign in your official capacity within your business. If the form or agreement calls for your signature as representing your organization, you must sign in the capacity. For example, if you are an officer of your corporation, you will sign in the capacity of a corporate official, meaning you sign your name followed by your corporate title and as representative for the corporation .

Example:	H.M. Smith, President for HMS, Inc.	—OR—	HMS, Inc., by H.M. Smith, President
-----------------	--	------	--

If you sign only your name, you could be held liable personally for the contract or agreement. If you are signing as an individual, or signing for your proprietorship, signing only your name is appropriate.

Keeping Copies

Keep copies of all forms and agreements for a minimum of 7 years, even if you don't think you will have a need for them.

1. Employment Matters

Employment relationships can often be better defined and mutually protected by using documents which clarify roles, responsibilities and agreements between parties.

The specific terms and conditions of an employment relationship between an employer and a prospective employee can be documented using the first form of this section, the **Employment Agreement**.

The **Non-Disclosure Agreement** and **Employee Secrecy Agreement** are two types of confidentiality agreements that you should require employees to sign if they will be working with, or have exposure and/or access to, any material that should not be disclosed or that you consider secret. Choose the agreement that best describes your concerns, and modify it as needed. The **Non-Disclosure Agreement** tends to more specifically define the responsibilities of the specific parties, whereas the **Secrecy Agreement** is more of a blanket agreement covering all types of proprietary information an employee may be exposed to in his/her normal job performance.

The **Employee Non-Compete Agreement** prohibits an employee from taking clients or working for direct competitors when they leave your employ. This combined version covers the topics of client competition, competitor employment and competing in an identified geographic region all in one form; however, any of those items could be deleted if you choose to have the agreement exclude them.

The **Employee Invention Agreement** assigns all rights to inventions, discoveries, etc., that result from work at the company to the employer. This agreement should be used whenever the technical environment of the company facilitates the possibility of inventions and innovations.

Finally, sub-contracting for work by an independent entity should be documented using the **Independent Contractor Agreement**. There has been extensive questioning and confusion surrounding the "employee" vs. "independent contractor" issue, which this agreement helps to clarify.

Employment Agreement P.1

Following are the terms and conditions of employment of _____ [name] by _____ [company]:

1. The beginning date of employment is _____.
2. The employee shall undertake the following duties and responsibilities: The employee shall perform such other duties as may be assigned by the Company.
3. Regular hours of employment will be: _____ AM to _____ PM. Additional hours may be required from time to time as assigned.
4. The employee shall comply with all stated standards of performance, policies, rules, regulations, and manuals, receipt of which by the employee is hereby acknowledged. The employee shall also comply with such future Company rules, regulations, and policies as may be developed and published in the future.
5. The employee's employment under this agreement shall begin on _____, 20____ and shall terminate on _____, 20____, unless terminated earlier for cause.
6. Compensation for employee shall be \$ _____ based on _____ [rate of pay] per hour, week, bi-weekly, monthly, bi-monthly, annually [choose one], and will include the following "fringe" benefits:
7. This employment contract may be terminated for any of the following reasons: a.) death of the employee; b.) failure of the employee to perform his/her duties satisfactorily after notice or warning thereof; c.) for just cause based upon non-performance of duties by the employee; d.) economic reasons of the Company which may arise during the term of this Agreement and which may be beyond the control of the Company.
8. The employee agrees that he/she will not engage in,

Employment Agreement P.2

or become involved in, directly or indirectly, any competitive or similar business to that of the Company within _____ [geographic area] for a period of _____ years after the termination of employment.

9. Any dispute under this Agreement shall be required to be resolved by binding arbitration of the parties hereto. Each party shall select one arbitrator and both arbitrators shall select a third. The arbitration shall be governed by the rules of the American Arbitration Association then in force and effect.
10. This Agreement may not be assigned without prior notice by either party, and any such assignment is subject to mutual consent and approval.
11. This Agreement constitutes the complete understanding between the parties, unless amended by a subsequent written instrument signed by both parties.

Employee Signature

Date

Employer Signature

Date

Non-Disclosure Agreement

I, _____ [full name], do covenant and agree that I will not directly or indirectly, disclose, communicate, divulge, or furnish to or use for the benefit of myself or any other person, firm, or corporation, the information, business plans, ideas, processes, designs, products, technical specifications, discoveries, data, trade secrets, and other proprietary information (collectively, the "Information"), disclosed by _____ which may have been, or may in the future be disclosed to _____.

In return for receiving the information, _____ has agreed to retain such information in confidence and not to publish, make available or otherwise disclose any part or portion of such information to any third party except with the prior express written consent of an authorized representative of _____, unless such information can be shown by documentary evidence to be in the public domain.

_____ has agreed to use its best efforts and all reasonable precautions to assure that such information disclosed to _____ verbally, by written material, by electronic data storage media, or by any other means is properly protected from unauthorized disclosure to any third party. _____ has also agreed not to make copies of such materials that may be given to _____ and to return all copies of such material immediately upon the request of _____. _____ further agrees that all such information is owned by _____ and is confidential, valuable and essential to the ongoing conduct of _____'s business. _____ has further agreed not to use, exploit, and/or commercialize such information for his/her benefit or for the benefit of other third parties. This Agreement shall not be construed as granting any license or other rights to _____.

We agree to be legally bound by the terms of this Agreement and have executed it this _____ day of _____, 20____.

Employee Signature

Date

Employer Signature

Date

Employee Secrecy Agreement

As an employee of _____ [company] and as part of my duties and responsibilities, I acknowledge that I may have access to information which the Company deems to be confidential or secret, including unpatented inventions, designs, know-how, trade secrets, technical information and data, specifications, blueprints, transparencies, test data and additions, modifications, and improvements thereon which are revealed to me. I agree that all such data and information shall be regarded by me as strictly confidential and that I shall not reveal said data or information to any other person, firm, corporation, company, or entity now or at any time in the future unless the Company instructs me to do so in writing. This secrecy protection will continue even if I am no longer an employee of the Company. I understand that if I reveal any of the data or information to unauthorized persons I personally may be subject to penalties and lawsuits for injunctive relief and money damages as well as possible criminal charges by the Company.

I acknowledge that I have read and understand the contents of this Agreement and freely sign it with the intent to be legally bound hereby.

Employee Signature _____

Date _____

Employer Signature _____

Date _____

Employee Non-Compete Agreement

I, _____ [full name] agree that I will not enter the employ of or render any service to any person, firm or corporation dealing in products or services which compete with the products or services of _____ [name of company], nor will I engage in any competing business on my own account or become interested therein as director, principal, representative, or any other capacity without the express written approval of _____ [name of company or owner] for a period of _____ years within the territory of _____ [name of region], the state of _____ [name of state]. I further understand that violation of this agreement may subject me to legal action.

Employee Signature

Date

Employer Signature

Date

Signature of Notary

State

Date

Notary Seal:

REVIEW WITH LEGAL COUNSEL

Employee Invention Agreement

In consideration of employment by _____ [company] I, _____ [name] intending to be legally bound by this agreement, do hereby agree and covenant as follows:

1. During the course of employment, _____ [name] shall promptly disclose to the company in writing all inventions, discoveries, improvements, developments, innovations, or refinements for processes or equipment that:
 - a. Result from any work performed on behalf of Company, or pursuant to a suggested research project by the Company, or which result from discussions with another Company employee;
 - b. Relate in any manner to the existing or contemplated business of the Company, or;
 - c. Came about as a result of using the Company's equipment and plant, or on Company time or in conjunction with any other Company employee.
2. The undersigned hereby assigns to the Company, its successors and assigns, all rights, title and interest to said inventions.
3. The undersigned shall, at the Company's request, execute specific assignments to any such invention and execute, acknowledge, and deliver any additional documents required to obtain patents in any jurisdiction and shall, at the Company's request and expense, assist in the defense and prosecution of said patents as may be required by Company. This provision shall survive termination of employment.

Employee Signature

Date

Signature of Notary

State

Date

Notary Seal:

Independent Contractor Agreement P.1

Agreement, dated _____, 20____, between

(hereinafter the Company) and

(hereinafter the Contractor).

Now, therefore, the parties agree as follows:

Relationship Between Parties: The Contractor is employed by the Company only for the purposes and to the extent set forth in this Agreement and shall not be considered as having employee status or as being entitled to participate in any plans, arrangements, or distributions by the Company of any insurance, pension, stock, bonus, profit-sharing, or similar benefits for its regular employees. Contractor expressly waives any and all claims for unemployment benefits or workers' compensation benefits and agrees to maintain separate policies of liability, health, and accident insurance as may be necessary or required in connection with the performance of his/her duties. Nothing herein shall be construed to constitute a relationship as employee, agency, partnership, joint venture, or otherwise. Contractor shall have no authority to make any binding agreement or incur any obligations on behalf of the Company without the specific written authorization of the Company.

Duties: Contractor will provide the following services or products to Company:

Term and Extension: The term of this contract shall be: _____. It may be extended by the written mutual consent of the parties. The contract may be terminated by either party with thirty (30) days written notice to the other party.

Independent Contractor Agreement P.2

Confidentiality: The Contractor agrees to treat the terms of this Agreement and all information received from the Company or developed under this contract as confidential, and said information shall not be divulged to any other person or entity without the express written permission of the Company.

Compensation: Compensation for the Contractor shall be paid on the basis of:

_____ [consulting fee, hourly rate, monthly, etc.] plus direct expenses approved in advance by the Company. Payment will be made on the same schedule as regular employees upon receipt of invoice documenting time and expenses.

Professional Responsibility: Nothing in this Agreement shall be construed to interfere with or otherwise affect the rendering of services by the Contractor in accordance with his/her independent and professional judgment. The Contractor shall perform his/her services in a good and workmanlike manner and in accordance with generally accepted _____ practices.

Entire Agreement: This Agreement shall be construed in accordance with _____ [state] law, and shall constitute the entire Agreement between the parties. Amendments to this Agreement may be made by the written agreement of both parties.

Signed _____

Date _____

Signed _____

Date _____

2. Intangible Asset Protection

This short section deals with the protection of intangible assets such as copyrights, quotes, pictures or statements which should not be used without obtaining permission or having rights and interests assigned.

The **Assignment of Copyrights** form transfers ownership rights and interests in copyrights. Most state laws require transfers to be in writing. This form provides a good example of the assignment forms, whether you are the assignee or assignor.

You may find occasion to use material from someone else's copyrighted material, or someone else may want to use material you have copyrighted. The **Permission to Use Copyrighted Material** form secures the necessary permission. Note that the form calls for identifying specifically the part of the material for which permission is granted, and also specifies whether or not a credit line is required.

The use of testimonials as a promotional tool has become one of the most popular marketing tactics. Before you can use that testimonial, including a statement, picture, quote or perceived endorsement, you must secure permission. The **Permission to Use Quote or Personal Statement** form accomplishes that purpose. It should be noted here that the sample form does not grant blanket permission, but rather specifies the specific publication (which could be modified to audio or video media as well) for which permission is being granted.

Assignment of Copyrights

For good and valuable consideration, receipt of which is hereby acknowledged, I/we convey and assign to _____ [Assignee] all my/our ownership rights and interest in the following copyright(s):

The copyright certification is attached as Exhibit "A".

Assignee shall have exclusive right to register the copyright or to dispose of the copyright in any way he/she chooses; seller retains no rights whatsoever.

Seller warrants that he/she has the legal right to grant Assignee the copyright set out in this Agreement and that such assignment does not infringe any third parties' rights.

Seller warrants that there are no pending lawsuits concerning any aspect of the copyright and that the copyright has not been published in such a way as to lose any of its copyright protection.

This Agreement is freely assignable by both parties. This Agreement is binding upon and shall inure to the benefit of the legal successors and assigns of both parties.

Signature

Date

Signature

Date

Permission to Use Copyrighted Material

For good and valuable consideration, receipt of which is acknowledged, I irrevocably grant _____, its successors and assigns, permission to reprint, publish or otherwise utilize for world distribution the following statement, document, or picture _____ in a publication titled _____ and any subsequent editions of that publication.

A credit line acknowledging the use of the material is _____ is not _____ (check one) required. If required, the credit line shall read as follows:

Signature

Date

Signature

Date

Permission to Use Quote or Personal Statement

For good and valuable consideration, receipt of which is hereby acknowledged, I irrevocably grant permission to _____, its successors and assigns, to use, publish or reprint in whole or in part the following statement, picture, endorsement or quotation: [describe or attach]

This authorization shall extend only to a publication titled _____ and any subsequent editions of that publication, and in connection with the advertising or promotion of that publication or new editions of that publication.

Signature

Date

Signature

Date

REVIEW WITH LEGAL COUNSEL

3. Legal and Organizational Matters

The forms and agreements in this section relate to a variety of organizational and legal issues, ranging from entrusting someone you trust to carry out legal functions for you to properly recording meeting information. Look through the full range of documents in this section and choose the ones most appropriate to your business.

First, and often overlooked in the small business environment, is the **Power of Attorney**. While most people think of powers of attorney as a tool to be used in relationship to people who become legally incompetent, it is also a tool in the small business world that can facilitate the running of the operation in your absence. If you are on vacation or expect to be away from your business for an extended period of time, consider delegating specific authority to a trusted individual to carry out the vital functions of your business while you are away, especially if people are accustomed to dealing with you directly in your business and may not trust the authority of a substitute without a proper legal document granting that authority. You may take away the power of attorney at any time by using the **Revocation of Power of Attorney** document, making sure that it is properly notarized as indicated.

Next, samples of two useful organizational documents may help you understand partnership and joint venture relationships by the language contained in the agreements. The **Partnership Agreement** contains the key elements that should be agreed upon by partners entering into a business relationship. The **Joint Venture Agreement** spells out the specific understanding between joint venturers.

The next group of documents relates to the corporate environment. These forms demonstrate the appropriate way to record various corporate events including:

Ratification of Organizational Meeting: A document signed by the stockholders ratifying the actions of the organizers at the time of forming a corporation.

Notice of Annual Meeting: The form required annually that notifies stockholders of a regular corporation of the annual meeting.

Notice of Meeting of Directors, Notice of Special Meeting of Directors, and Notice of Special Meeting of Shareholders: These are all formalities required in the regular corporation environment that document the fact that regular and special meetings were held so that there can be no question of date, time and place of such meetings.

Minutes of Meeting of Directors and Minutes of Special Meeting: Recording the business transacted at Board of Directors' meetings is very important to properly documenting that a corporation is being run in a business-like manner. Use these formats as a guide to recording each meeting's contents. Generally, the minutes are signed by the President and the Secretary of a corporation.

Certificate of Corporate Vote, Certificate of Corporate Resolution, Record of Vote Establishing Salary, and Record of Vote for Execution of Property Lease: These forms are all used to document particularly important events at corporate meetings, including corporate resolutions, votes on important issues, votes establishing officers/directors salaries, votes on lease arrangements. Corporations are required to formally document such events. Use these forms as guidelines to establish appropriate content.

Power of Attorney P.1

The undersigned, of _____ Corporation, have made, constituted and appointed _____ [attorney's name], of _____ [name of law firm], my true and lawful attorney in fact, for me and in my name and stead, and to my use with full authority and power to do everything whatsoever requisite or necessary to be done, as fully as I could or might do if personally present, with full power of substitution and revocation, hereby confirming and ratifying all that said attorney in fact shall lawfully do or cause to be done in the following matters:

- 1.
- 2.
- 3.

Said attorney shall take all steps and remedies necessary and proper for the conduct and management of my business affairs. This instrument shall be construed and interpreted as a general power of attorney. The enumeration of specific items, rights or powers herein shall not limit or restrict, and is not to be construed or interpreted as limiting or restricting, the general powers herein granted to said attorney in fact.

The rights, powers and authority of said attorney in fact granted in this instrument shall commence and be in full force and effect on _____, 20____, and shall remain in effect thereafter until I give notice in writing that such power is terminated.

It is my desire, and I so freely state, that this power of attorney shall not be affected by my subsequent disability or incapacity. Furthermore, upon a finding of incompetence by a court of appropriate jurisdiction, this power of attorney shall be irrevocable until such time as said court determines that I am no longer incompetent.

Power of Attorney P.2

I, _____ [name], whose name is signed to the foregoing instrument, having been duly qualified according to the law, do hereby acknowledge that I signed and executed this power of attorney; that I am of sound mind; that I am eighteen (18) years of age or older; that I signed it willingly and am under no constraint or undue influence; and that I signed it as my free and voluntary act for the purpose therein expressed.

Signature

Date

Signature of Notary

State

Date

Notary Seal:

REVIEW WITH LEGAL COUNSEL

Revocation of Power of Attorney

The undersigned, of _____ Corporation, in a document dated _____, 20____, did make, constitute and appoint _____ [attorney's name] of _____ [law firm's name] as my attorney in fact.

I now wish to revoke and make void said power of attorney forthwith and all powers of authority conferred thereby are terminated and shall cease as of the date below.

Signature

Date

Signature of Notary

State

Date

Notary Seal:

REVIEW WITH LEGAL COUNSEL

Partnership Agreement P.1

This Agreement is made this _____ day of _____, 20____, by and among _____, thereafter referred to as Partner One, and _____, hereinafter referred to as Partner Two.

Whereas, Partner One and Partner Two desire to form a partnership in the state of _____; and the parties hereby agree that this partnership agreement shall be construed, interpreted and enforced in accordance with the laws of said state.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Name:** The name of the partnership shall be:
2. **Address:** The original place of business shall be at:
3. **Nature of Business:** The parties hereby form a partnership that will engage in the business of:
4. **Duration:** The partnership shall exist for a period of _____, commencing on _____, 20____, and shall continue until terminated by mutual consent or dissolution by operation of law. Either party to this partnership agreement may withdraw from the partnership upon six (6) months notice to the remaining party to this partnership agreement.
5. **Capital:** The partners' ownership interest and capital account shall be as follows:
6. **Loans by Partners:** If either partner shall, with the written consent of the other partner, advance any monies to the partnership in excess of the capital contributed as set forth above, the amount of the monies so advanced shall be considered as a loan to the partnership and shall bear interest of ____% until repaid.
7. **Profit and Loss:** The partners shall share the profits and losses of the partnership in relationship to their ownership interest.
8. **Management:** The partners shall have equal rights in the management of the partnership business.
9. **Duties:** Each partner shall devote his/her full time and best efforts on behalf of the partnership business.

Partnership Agreement P.2

10. **Salaries:** The salaries for each partner shall be by agreement with the remaining partner(s).
11. **Authority:** Neither party shall, without the consent of the other:
- a. Borrow money in the firm name for firm purposes or utilize collateral owned by the partnership as security for such loans.
 - b. Assign, transfer, pledge, compromise or release any debts or obligations due the partnership, except upon payment in full.
 - c. Enter into any contract, obligation or undertaking of the partnership except within the ordinary course of business.
 - d. Make, execute and deliver any insolvency proceeding, confession of judgment, deed, guarantee, lease, bond, or contract to sell all or substantially all the property of the partnership.
 - e. Pledge, hypothecate or in any manner transfer his/her interest in the partnership.
12. **Arbitration:** All controversies arising under or in connection with, or relating to any alleged breach of this partnership agreement shall be settled by arbitration in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon any award rendered may be entered in any court having jurisdiction.
13. **Binding on Heirs:** This partnership agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.
14. **Entire Agreement:** This partnership agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, negotiations and understandings of any nature with respect to the subject matter hereto. No amendment, waiver or discharge of any of the provisions of this agreement shall be effective against any party unless that party shall have consented thereto in writing.

Partnership Agreement P.3

In witness whereof, Partner One and Partner Two have caused this partnership agreement to be duly executed the day and year set out above.

Partner Signature

Date

Partner Signature

Date

Witness

Date

REVIEW WITH LEGAL COUNSEL

Joint Venture Agreement P.1

This Agreement is executed by and between the undersigned for the undersigned for the purpose of forming a joint venture. This Agreement is made this _____ day of _____, 20____, among _____.

The Joint Venturers have agreed to make contributions to a common fund for the purpose of acquiring and holding _____, called the business interest.

The business interest will be held through a nominee so as to avoid the necessity of numerous separate agreements, to maintain the legal title to the business interest in a simple and practicable form and to facilitate the collection and distribution of the profits accruing under the business interest. _____ has agreed to act as nominee of the Joint Venturers with the understanding that he/she is also acquiring a participating interest in this joint venture on his/her own account.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

The purpose of this joint venture is to acquire and hold the business interest in common and to provide the finances required for its acquisition. To the extent set forth in this Agreement, each of the Joint Venturers shall own an undivided fractional part in the business. _____ shall be appointed as agent for the Joint Venturers. Agent shall hold each of the undivided fractional parts in the business interest for the benefit of and as agent for the respective Joint Venturers.

Agent acknowledges that he/she has received from each of the Joint Venturers, for the purpose of this joint venture, the sum set forth after the name of each Joint Venturer:

Name	Contribution
_____	_____
_____	_____

Joint Venture Agreement P.2

Agent is authorized to acquire and hold the business interest in his/her own name but on behalf of the Joint Venturers, and to pay \$ _____ for it as follows: _____ . Agent is authorized to execute and deliver a note which shall bear interest and prepayment privileges and shall be secured by _____ .

Agent shall hold and distribute the business interest and shall receive the net profits as they accrue for the term of this Agreement or so long as the Joint Venturers are the owners in common of the business interest, for the benefit of the Joint Venturers in the proportion of their contribution above.

All losses and disbursements incurred by the Agent in acquiring, holding and protecting the business interest and the net profits shall, during the period of the venture, be paid by the Joint Venturers in the ratio of their contribution, upon the demand of the Agent.

Agent shall be liable only for his/her own willful misfeasance and bad faith and no one not a party to this Agreement shall have any rights whatsoever under this Agreement against the Agent for any action taken or not taken by him/her.

This Agreement shall terminate and the obligations of the Agent shall be deemed completed on the happening of either of the following events:

- a. The receipt and distribution by the Agent of the final net profits accruing under the business interest.
- b. Termination by mutual assent of all Joint Venturers.

Signature
Date

Signature

Date

Signature

Date

Ratification of Organization Meeting

We, the undersigned stockholders, having read the minutes of the organization meeting of _____ Corporation held on _____, 20____, do hereby ratify, approve and confirm the actions taken and business transacted at said meeting as reported in the minutes of the meeting.

Stockholder Signature

Date

Stockholder Signature

Date

Stockholder Signature

Date

Notice of Annual Meeting

Notice is hereby given that the annual meeting of _____ Corporation will be held on _____, 20____, at _____ AM/PM, at the Corporation office located at _____. The purpose of the meeting will be the transaction of any and all business that may legally come before said meeting.

Secretary

Date

Notice of Meeting of Directors

We, the undersigned, being all the members of the Board of Directors of _____ Corporation, hereby give notice that a duly constituted meeting of the Board of Directors was held on _____, 20____, at _____ AM/PM, at the offices of the Corporation located at _____. Any and all business which legally came before said meeting was transacted.

Board Member

Date

Board Member

Date

Board Member

Date

Notice of Special Meeting of Directors

We, the undersigned, being all the members of the Board of Directors of _____ Corporation, hereby give notice that a special meeting of the Board of Directors was held on _____, 20____, at _____ AM/PM, at the offices of the Corporation located at _____. Any and all business which legally came before said meeting was transacted.

Board Member

Date

Board Member

Date

Board Member

Date

Notice of Special Meeting of Shareholders

We, the undersigned, being all of the shareholders of _____ Corporation, hereby give notice that a special meeting of the shareholders was held on _____, 20____, at _____ AM/PM, at the offices of the Corporation, located at _____. Any and all business which legally came before said meeting was transacted.

Shareholder Signature

Date

Shareholder Signature

Date

Shareholder Signature

Date

Minutes of Meeting of Directors

A duly constituted meeting of the Board of Directors of _____ Corporation was held at _____ AM/PM, on _____, 20____, at _____ [address]. Directors present were: _____ Those absent were: _____.

On a motion duly made and seconded, it was voted to:

- 1.
- 2.
- 3.

There being no further business to come before the meeting at this time, it was voted to adjourn.

Secretary

Date

Chairperson

Date

Minutes of Special Meeting

A duly constituted special meeting of the Board of Directors of _____ Corporation was held at _____ AM/PM, on _____, 20____, at _____ [address].

On a motion duly made and seconded, it was voted to:

- 1.
- 2.
- 3.

There being no further business to come before the meeting at this time, it was voted to adjourn.

Secretary

Date

Chairperson

Date

Certificate of Corporate Vote

This is to certify that at a duly constituted regular [or special] meeting of the Board of Directors of _____ Corporation held at _____ AM/PM, on _____, 20____, at _____ [address], with _____ [number] Directors present and voting, it was voted to:

- 1.
- 2.
- 3.

I certify that this is a true copy.

Secretary

Date

Chairperson

Date

Certificate of Corporate Resolution

I, _____, Clerk or Secretary of
 _____ [corporation] do hereby certify that
 at a duly constituted meeting of the Directors and/or
 Stockholders of the Corporation held at the office of the
 Corporation on _____,
 20 ____, the following actions were taken upon motions duly
 made and seconded:

Upon duly made motion and second, _____
 [individual], in his/her role as _____
 [corporate office] was empowered and directed to execute,
 deliver and accept any and all documents reasonably
 required to accomplish this vote on such terms and
 conditions as he/she in his/her discretion deems to be in
 the best interests of the Corporation.

I hereby certify that the foregoing votes are in full
 force without rescission, modification, or amendment.

[Clerk or Secretary]

Date

Signature of Notary

State

Date

Notary Seal:

Record of Vote Establishing Salary

At a duly constituted meeting of the Board of Directors of _____ Corporation on _____, 20____, the salary of _____ [name] as President of the Corporation was set at \$_____, per _____ [month, year] beginning on _____, 20____, and continuing until further action by this Board.

Secretary

Date

Chairperson

Date

Record of Vote for Execution of Property Lease

At a duly constituted meeting of the Board of Directors of _____ Corporation on _____, 20____, a proposed lease from _____, as Lessor, to this Corporation as Lessee was presented for the premises known as _____ [address]. The terms of the lease are:

Lease will extend for _____ [years], commencing on _____, 20____, at the annual rental of \$_____.

By duly made motion and second, the terms of the lease were approved as presented and the President and Secretary were authorized to execute said lease in the name of and on behalf of this corporation and in substantially the form approved at this meeting.

Secretary

Date

Chairperson

Date

4. Leasing

Leasing is a common business occurrence, and this group of forms and agreements provides you usable, practical samples of leasing documents. While these are basic forms, you are reminded that they can be customized to meet your needs. A common myth in the business world is that there is a “*standard lease agreement*.” In reality, no lease is “*standard*,” meaning that everything is negotiable. Keep this in mind, whether you are the lessor or the lessee.

The **Lease Agreement** form will provide you with the basic language and points that should be covered in a leasing arrangement. The **Lease Amendment** form can be used to modify the original lease agreement, the **Lease Extension** form to extend the lease with or without additional provisions, and the **Agreed Lease Termination** form to amiably terminate a leasing arrangement. You may allow sub-leasing to occur by using the **Assignment of Lease** form. You may be required to give formal notice to a tenant to vacate your premises, in which case you are prepared with the **Notice to Vacate for Cause** form. Should you choose to lease equipment, refer to the **Lease of Personal Property** form for items that should be covered in that agreement.

In the use of all forms and agreements, you are again encouraged to use your legal advisor to review any documents you prepare for compliance and for legality issues relating to your specific situation. You will save time and money by using these examples to prepare for the visit with the attorney—but you are not encouraged to be your own lawyer.

Lease Agreement P.1

Lease agreement made this _____ day of _____, 20____, between _____ [name], with an address at _____, hereinafter referred to as "Landlord" and _____ [name], with an address at _____, hereinafter referred to as "Tenant".

For good and valuable consideration it is agreed between the parties as follows:

1. **Premises:** The Landlord shall lease and rent to the Tenant the premises located at: _____.
2. **Lease Term:** The term of this lease shall be for a period of ____ years, commencing on _____, 20____, and terminating on _____, 20____. The lease term can be extended only by mutual agreement of the parties hereto.
3. **Rental Amount:** The Tenant shall pay to the Landlord an annual sum of \$_____ to lease the property. Rental payments shall be paid in monthly payments, each of which shall be in the amount of \$_____, and each of which shall be paid on the _____ day of the month.
4. **Utilities and Services:** Tenant shall at his own expense provide the following utilities and services: [describe]
5. **Option to Renew:** The Tenant shall have an option to renew this lease on the premises for a _____ year period upon the following terms and conditions:

[describe]

The Tenant's option to renew must be exercised in writing and be received by the Landlord no less than _____ days before the expiration of this lease or any extensions thereof.

6. **Tenant further agrees** that:

Lease Agreement P.2

- a. Upon expiration of the lease it will return possession of the leased premises in its present condition, reasonable wear and tear, and fire casualty excepted. Tenant shall commit no waste to the leased premises.
 - b. It shall not assign or sublet or allow any other person to occupy the leased premises without Landlord's prior written consent.
 - c. It shall comply with all building, zoning and health codes and other applicable laws for said premises.
 - d. It shall not make any material or structural alterations to the leased premises without Landlord's prior written consent.
 - e. It shall not conduct a business deemed extra hazardous, a nuisance or requiring an increase in fire insurance premiums. Tenant warrants the leased premises shall be used only for the following type of business:

[describe]
 - f. In the event of any breach of the payment of rent or any other allowed charge, or other breach of this lease, Landlord shall have full rights to terminate this Lease in accordance with state law and re-enter and claim possession of the leased premises, in addition to such other remedies available to Landlord arising from said breach.
7. **Arbitration:** Any controversy or claim arising out of or relating to this lease agreement or the breach thereof shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof.
8. **Benefit:** This agreement shall be binding upon and inure to the benefit of the parties hereto and their legal representatives, successors and assigns.

Lease Agreement P.3

9. **Notices:** Any notice required or desired to be given under this agreement shall be deemed given if in writing sent by certified mail to the addresses of the parties to this lease agreement as listed above.
10. **Invalid Provisions:** In the event any provision of this Agreement is held to be void, invalid or unenforceable in any respect, then the same shall not affect the remaining provisions hereof, which shall continue in full force and effect.
11. **Entire Agreement:** This Agreement contains the entire understanding of the parties. It may not be changed orally. This Agreement may be amended or modified only in writing that has been executed by both parties hereto.
12. **Interpretation:** This lease Agreement shall be interpreted under the laws of the state of _____.

Landlord Signature

Date

Tenant Signature

Date

Signature of Notary

State

Date

Notary Seal:

Lease Amendment

For good consideration it is agreed between
_____ [name], hereinafter "Landlord" and
_____ [name], hereinafter "Tenant" to amend
this lease on _____, 20____.

Whereas, the Landlord and the Tenant have previously entered
into a lease agreement dated _____, 20____, and

Whereas, both parties desire to amend the lease;

Now, therefore, intending to be legally bound, both parties
agree as follows:
[describe]

In all other respects the lease shall continue in full force
and effect without changes.

In witness whereof, the parties have executed this lease
amendment the day and year noted above.

Landlord Signature

Date

Tenant Signature

Date

Lease Extension

For good and valuable consideration, _____
[name], hereinafter called "Landlord" and
_____ [name], hereinafter called "Tenant"
have agreed to this lease extension on this _____ day of
_____, 20__.

Whereas, the Landlord and the Tenant previously entered
into a lease dated _____, 20__; and

Whereas, said lease will expire on _____, 20__; and

Whereas, both parties desire to extend the lease;

Now, therefore, intending to be legally bound, both
parties agree as follows:

1. The Agreement shall be lengthened for an additional
term of _____.
2. For the duration of this extension, the monthly rent shall
be \$ _____.
3. In all other respects said lease shall continue in full
force and effect.

In witness whereof, the parties have executed this
Agreement the day and year noted above.

Landlord Signature

Date

Tenant Signature

Date

Agreed Lease Termination

For good and valuable mutual consideration,
_____[name], hereinafter called "Landlord"
, and _____ [name], hereinafter called
"Tenant", have mutually agreed to terminate the prior lease
agreement into which the parties had entered dated _____,
20____.

Intending to be legally bound, the parties agree as follows:

1. Said lease shall cease as of _____, 20____.
2. Both parties agree to release each other from all liability
under the lease, except for such obligations that arose
prior to the cancellation date set out in Item 1 above.
3. In all other respects, said agreement shall continue in full
force and effect.

In witness whereof, the parties have executed this agreement
the day and year first noted above.

Landlord Signature

Date

Tenant Signature

Date

Assignment of Lease P.1

Assignment of lease by and between _____
[Tenant], and _____ [Sub-Tenant], and
_____ [Landlord].

For good and valuable consideration it is agreed by and between the parties that:

1. Tenant hereby assigns, transfers, and delivers to Sub-Tenant all of Tenant's rights in and to a certain lease between Tenant and Landlord for certain premises known as: _____ [address] under a lease dated _____, 20____.
2. Sub-Tenant agrees to accept said Lease, pay all rents and punctually perform all of Tenant's obligations under said Lease accruing on and after the date of delivery of possession to the Sub-Tenant as contained herein. Sub-Tenant further agrees to indemnify and save harmless the Tenant from any breach of Sub-Tenant's obligations hereunder.
3. The parties acknowledge that Tenant shall deliver possession of the leased premises to Sub-Tenant on _____, 20____.
4. Landlord hereby assents to the Lease assignment provided that:
 - a. Assent to the assignment shall not discharge Tenant of its obligations under the Lease in the event of breach by Sub-Tenant.
 - b. In the event of breach by Sub-Tenant, Landlord shall provide Tenant with written notice of same and Tenant shall have full rights to commence all actions to takeover possession of the leased premises [in the name of the Landlord, if necessary] and retain all rights for the duration of said Lease provided it shall pay all accrued rents and cure any other default.
 - c. There shall be no further assignment of lease without prior written consent of Landlord.
5. This agreement shall be interpreted in accordance with the laws of the state of _____.

Assignment of Lease P.2

6. In the event that any provision of this agreement is held to be void, invalid or unenforceable in any respect, then the same shall not affect the remaining provisions or sub-provisions hereof, which shall continue in full force and effect.
7. This agreement shall bind the parties hereto, their legal representatives, successors, and assigns. The Sub-Tenant assumes and undertakes all of the terms and conditions of the Lease as its own obligations.
8. This agreement contains the entire understanding of the parties. It may not be changed orally. This agreement may be amended or modified only with such writing being executed by the parties hereto.

In witness whereof, the parties have caused this agreement to be executed on the date first noted above.

Landlord Signature

Date

Tenant Signature

Date

Sub-Tenant Signature

Date

Notice to Vacate for Cause

To: [Tenant]
From: [Landlord]
Date: [Today's Date]
Subject: Notice to Vacate

You are the Tenant of premises located at _____
[address], and occupy said premises under a lease dated
_____, 20____. The above mentioned lease requires you to:
[Describe the violation of the lease, i.e., pay rent in the
amount of \$_____, not conduct unlawful activities, not
allow the premises to become a nuisance, etc.]

Accordingly, you are hereby required to: [Describe action
which must be taken and a date for performance, i.e., pay the
rent within three (3) days or vacate the premises and turn
them over in clean condition.]

Your failure to comply will result in the Landlord commencing
eviction proceedings under the statute to recover possession
of the premises

Landlord Signature _____

Date _____

Lease of Personal Property P.1

This agreement dated _____, 20____, between _____ [name] of _____ [company], hereinafter called "Lessor", and _____ [name], of _____ [company], hereinafter called "Lessee", is for the purpose of leasing personal property known and described hereafter as equipment, to have and to hold the same unto Lessee for the period of _____ months commencing on _____, 20____.

Lessor shall deliver said equipment to _____ [location], freight prepaid. At the end of the lease term, Lessee shall return said equipment freight prepaid to Lessee to the place from which it was originally shipped and in as good condition as existed at the commencement of the lease term, reasonable wear and tear excepted.

Lessee shall pay as rent for the lease the sum of \$_____ at the office of Lessor at _____ [location] in _____ monthly installments of \$_____ each, payable in advance on the first day of the month beginning with _____ [month], plus \$_____ to be paid as the last payment.

Said equipment and all its constituent parts shall retain its character as personal property with the title vested with Lessor unless a purchase of said equipment is made and until full payment and all interest which may be due thereon is made in cash to the Lessor.

If Lessee shall sell, assign or attempt to sell or assign, equipment or any interest therein, or if Lessee defaults in any of the covenants, conditions or provisions of this Lease, it is agreed that Lessor may immediately and without notice take possession of equipment wheresoever found and remove and keep or dispose of the same and any unpaid rentals shall at once become due and payable.

Lessee shall use equipment only in _____ [city, state] and shall not at any time remove said equipment except to return it to Lessor or with Lessor's prior written approval.

Lease of Personal Property P.2

Lessee shall and does hereby agree to protect and save Lessor harm against any and all losses or damage to equipment by fire, flood, explosion, tornado or theft and Lessee shall and does hereby assume all liability to any person whomsoever arising from the location, condition or use of equipment, and shall indemnify Lessor of and from all liability, claim and demand in operation or not, and growing out of any cause, and from every other liability, claim and demand whatsoever during the term of this Lease or arising while equipment is in the possession of Lessee. Lessee also agrees to promptly reimburse Lessor, in cash, for any and all personal property taxes levied against equipment and paid by Lessor.

Neither this Lease and agreement nor any right or interest thereunder shall be assigned by Lessee in any respect whatsoever.

This Lease and agreement shall be deemed to have been executed and entered into in the State of _____ and shall be construed, enforced and performed in accordance with the laws thereof.

This Lease contains all of the agreements of the parties. No oral or other statements shall be binding on either of the parties hereto.

All parts of this equipment are guaranteed against defective parts of workmanship for a period of ninety (90) days from date of delivery and any parts returned to factory freight prepaid will be replaced free of charge if found defective.

Signature of Lessor

Date

Signature of Lessee

Date

5. General Forms and Agreements

This last section of forms and agreements provides you with a variety of samples of documents used in the small business environment. The **Bill of Sale** gives you an example of a general sales agreement that can be modified to fit your needs depending on the nature of the item(s) being sold.

The next group is designed to help you protect yourself when entering into loan arrangements. As a lender or a borrower, you need to be familiar with the basic documents requiring payment in different forms. The **Promissory Note** is an example of a short form providing for installment payments. The **Single Installment Note** is also a promissory note, but can be used when the entire loan will be repaid in one payment that is scheduled to be made on a specified date; it also shows you how to include a provision for guaranteeing payment in the **Guaranty** paragraph. The **Demand Note** is open ended, providing for payment on demand. This is generally a more risky note for the borrower, since the lender can call the note at any time. The **Payment in Full** form shows how to simply document the paying-off of a loan agreement by referring to the amount being paid and the original note being paid off. Finally, in the unfortunate case of the borrower not paying on time, use the **Notice of Default on Promissory Note** to notify the borrower that they are in default. This document also serves as a “demand note,” and notifies the borrower that legal action will be the next recourse if payment is not made.

The rest of the documents were chosen for inclusion in this section because they are often needed by the entrepreneur, and often forgotten as part of the standard repertoire of forms available. The **Consignment Agreement** should be used for consignment sales and sets out the basic terms of the transaction. The **Sales Agency Agreement** is a good example of the kind of formalized agreement that should be developed when using outside selling groups, rather than allowing a loose verbal agreement to exist, as so often happens. The next two forms remind the entrepreneur that contracts *can* be modified and even terminated, as long as the proper negotiation takes place beforehand and parties can come to agreement. Use the **Contract Modification** form to clarify the agreement reached regarding an existing contract, and require a signed return copy as indicated from the other party. Use the **Contract Termination** form to document the agreed upon desire of the parties involved to terminate an existing contract or agreement.

Some of these forms must be recorded in your local filing office to be effective. Watch for this notation on the bottom of form samples, and check with your local resources for other local filing requirements.

Bill of Sale

Agreement made this _____ day of _____, 20____, by and between _____ [name], hereinafter "Seller" and _____ [name], hereinafter "Buyer".

Intending to be legally bound, the Buyer and the Seller agree as follows:

1. Seller will sell to the Buyer and the Buyer will purchase the items listed on **Schedule A** (attached). [Attach listing of item(s).]
2. The purchase price shall be:
 - Price:
 - Sales Tax:
 - Finance Charges:
 - Shipping Charges:
 - Total Price:
3. The purchase price shall be paid with a down payment of \$_____ and the remaining amount in equal installments of \$_____, payable on the _____ day of the month.
4. This is a conditional sale agreement; title will not pass to the Buyer until payment in full has been received by the Seller.
5. Seller warrants it has good title to said property, free and clear of all encumbrances, and has full authority to assign and transfer the same, and warrants that it will defend and indemnify the Buyer from any and all claims to said property.
6. Seller [choose one] a.) disclaims any warranty of merchantability of fitness for a particular purpose, said goods being sold in their present condition "as is" and "where is" OR b.) warrants the merchantability of said goods and their fitness for the purpose for which they are intended.
7. Seller retains the right to repossess the items sold, subject to any apportionment for payments received, should the Buyer fail or refuse to make all necessary payments.

Buyer Signature

Date

Seller Signature

Date

[This form must be recorded in your local filing office or it will not be effective against subsequent lenders.]

Promissory Note

For value received I/We, hereinafter referred to as "Makers", promise to pay to the order of _____ [name], hereinafter referred to as "Payee", the sum of \$ _____, together with the interest thereon at the rate of ____ % per annum on the unpaid balance.

Said principle and interest shall be payable as follows:

[describe terms]

Length of note:

Method of figuring interest; i.e., compounded monthly:

Total amount due:

Time of monthly payment:

Place and method of payment (by mail, in person):

The Makers hereby have the right to prepay the principle due on this note at any time without penalty. In the event any payment due hereunder is not paid when due, the entire balance shall be immediately due and payable upon demand of the Payee. Upon default, the Maker shall pay all reasonable attorney fees and costs necessary for the collection of this note. Default shall be defined as the Makers being more than one (1) month in arrears on the payments due under this note.

This note acknowledges that an outstanding account balance exists with the Payee. This note is additional security and not a separate debt.

Maker's Signature

Date

Maker's Signature

Date

Witness

Date

Single Installment Note

For value received, _____ [name], hereinafter referred to as "Borrower", residing at _____ [address], who has executed this note below, shall pay to _____ [name], hereinafter referred to as "Lender", the principal amount of \$ _____ plus interest calculated at ____ % per annum on the outstanding balance. The entire amount, principal and interest, shall be due and payable on or before _____, 20____, at _____ [address].

Failure to make a payment when due shall constitute a default of the loan. Should a default exist for more than _____ days, the Borrower agrees to pay the Lender reasonable costs of collection including attorney's fees.

Borrower's Signature _____

Date _____

Guaranty

For valuable consideration received, _____ [name], hereinafter referred to as "Guarantor", guarantees full payment of the above amount and shall remain liable until the note is fully satisfied and paid in full.

Guarantor's Signature _____

Date _____

Demand Note

For value received, _____ [name], hereinafter referred to as "Borrower", residing at _____ [address], who has executed this note below, shall pay to _____ [name], hereinafter referred to as "Lender" the principal amount of \$ _____ plus interest figured at _____ % per annum on the outstanding balance. The entire amount, principal and interest, shall be due and payable ON DEMAND by Lender.

Failure to make a payment when due shall constitute default of the loan. Should a default exist for more than _____ days, Borrower agrees to pay Lender reasonable costs of collection including attorney's fees.

Borrower's Signature _____

Date _____

Payment in Full

This document acknowledges receipt of \$ _____ dollars and is accepted as complete payment in fulfillment of the outstanding claim from _____ [name], the Debtor, for the following obligation:

[describe]

Creditor's Signature _____

Date _____

Notice of Default on Promissory Note

Pursuant to the terms of a certain promissory note dated _____, 20____, you have failed to make the required payment. Failure to pay in accordance with the terms of the note constitutes a default of the note.

Pursuant to the note, the entire amount of \$ _____, including interest, is now due and payable. Should you fail to correct the default or pay the entire outstanding balance within _____ days from the date of this Notice, this matter will be forwarded to our attorney for appropriate collection actions.

Lender's Signature

Date

REVIEW WITH LEGAL COUNSEL

Consignment Agreement

This consignment agreement is made this ____ day of ____, 20__, by and between _____ [name], hereinafter "Consignor", and _____ [name], hereinafter "Consignee".

Intending to be legally bound, the parties agree as follows:

1. The property delivered to the Consignee, as identified in the attached schedule, shall remain the property of the Consignor.
2. The Consignee will display at its business location the items delivered.
3. The Consignee will return on demand any property of the Consignor prior to its sale, and the Consignee promises to return said property in good and marketable condition.
4. The Consignee will use its best business efforts to sell said items on behalf of the Consignor, at a minimum price as established by the Consignor.
5. The Consignee will remit the proceeds of the sale to the Consignor within ____ days of sale, said funds to be segregated from the accounts of the Consignee.
6. The Consignee agrees to accept as full payment a commission of ____ % of the gross sales price exclusive of any sales tax.
7. The Consignee will permit and allow the Consignor to inspect and audit the books and records of the Consignee with respect to the property of the Consignor.
8. The Consignee agrees to permit the Consignor to enter the premises at reasonable times to examine and inspect the articles.
9. The Consignee agrees to issue such financing statements for public filing as may reasonably be required by Consignor.

Consignee's Signature

Date

Consignor's Signature

Date

Signature of Notary

State

Date

Notary Seal:

[This form must be recorded with your local filing office or it will not be effective against subsequent lenders.]

Sales Agency Agreement

For good and valuable consideration, _____
[name], hereinafter referred to as "Principal" and
_____ [name], hereinafter referred to as
"Agency", agree as follows:

1. Principal is the owner and operator of a business known as _____ [name] which is engaged in the business of _____.
2. Principal wishes to employ Agent for, and Agent is willing to act for the Principal in selling _____.
3. Principal shall employ Agent as his/her _____ [choose one: Sole and exclusive, or Non-exclusive] Agent to solicit orders for the sale of _____ [product] at the price(s) and on such other terms and conditions established by Principal in the geographic area of _____.
4. Agent agrees to accept this appointment and to devote his/her best efforts to solicit orders but shall have no authority, right or power to accept any order, or to assume or create any obligation on behalf of Principal.
5. The Agent shall not engage in the selling of _____ [product] for any competitor of Principal.
6. Principal shall pay Agent ____ % of the sales price of all sales of _____ [product] by Agent during the term of this Agency. Said commission shall constitute the full compensation of Agent and shall be paid _____ [weekly, monthly].
7. This agency agreement shall begin on _____, 20____, and terminate on _____, 20____, unless earlier terminated by Principal for just cause or by the mutual agreement of Principal and Agent.
8. This agency agreement is personal and Agent shall not sell, assign, convey or otherwise transfer his/her rights hereunder.

Principal's Signature

Date

Agent's Signature

Date

Contract Modification

HMS, Inc.

1111 East Street - Hometown, USA

(111) 555-1111

[Date]

[AddresseeXX
XXXXXXXXXXXX
Theirtown, USA]

Dear [name]:

The purpose of this letter is to outline the modification of our existing contract dated _____, 20____. The contract revision is as follows:

- 1.
- 2.
- 3.

If the above is consistent with your understanding of our agreement to modify our contract, please sign below under the words "Agreed to and Accepted" and return a signed copy of this letter to us at the address shown above.

Sincerely,

Agreed to and Accepted:

Date

Contract Termination

For good consideration exchanged between the parties,
_____ [name] and _____ [name],
who have previously entered into a contractual agreement
dated _____, 20____, and now wish to terminate said
agreement.

Intending to be legally bound, the parties agree as
follows:

1. The agreement shall cease as of _____, 20____.
2. Both parties agree to release each other of liability.
3. In all other respects, said agreement shall continue in
full force and effect.

In witness whereof, the parties have executed this
agreement the day and year noted below.

Signature

Date

Signature

Date

Witness

Date

REVIEW WITH LEGAL COUNSEL

5: MARKETING INFORMATION RESOURCES

Industry Information

Industry Surveys

Standard & Poor's
 55 Water Street
 New York NY 10041
 Phone: 212-438-1000
 E-mail: questions@standardandpoors.com
www.standardandpoors.com

Standard & Poor's Industry Surveys are the fastest way to come up to speed on the players and events impacting over fifty of the largest North American and global industries. Ideal for management consultants, strategic planners, money managers, public and academic librarians, students, and business faculty; Standard & Poor's Industry Surveys enable readers to think and act like industry insiders. Each report is authored by a Standard & Poor's industry research analyst and includes the following sections: Current Environment, Industry Trends, How the Industry Operates, Key Industry Ratios and Statistics, How to Analyze a Company, Glossary of Industry Terms, Additional Industry Information References and Comparative Company Financial Analysis.

Small Business Sourcebook (27th Edition)

Thomson Gale
 27500 Drake Rd
 Farmington Hills MI 48331-3535
 Phone: 800-877-GALE
 E-mail: gale.salesassistance@thomson.com
www.gale.com

In this annotated guide, you'll find listings of live and print sources of information designed to facilitate the start-up, development, and growth of specific small businesses, as well as similar listings for general small business topics. Entries are provided on a state-by-state basis; also included are relevant US federal government agencies and branch offices. ISBN: 0-7876-8850-9.

Survey of Current Business

US Government Printing Office
 732 North Capitol Street NW
 Washington DC 20401
 Phone: 202-512-1800
 E-mail: gpo@custhelp.com
www.gpo.gov

Download the Survey in Adobe .pdf format:
<http://www.bea.gov/scb/index.htm>

This monthly periodical comprises statistical data that index the major fields of business activity for the current month and the preceding twelve. Statistical data include prices, construction, domestic trade, finance, employment, payrolls, commodities, and stocks. (The printed version of the Survey can also usually be found at federal depository libraries.)

Thomas Register of American Manufacturers Thomas Publishing Company

Attn: TR User Services
 5 Penn Plaza, 12th Floor
 New York NY 10001
 Phone: 800-699-9822
 E-mail: userservices@thomasnet.com
www.thomasnet.com

Published annually, this 29-volume set of information on American manufacturers is indexed by products, services, brand names, and trademarks. Company profiles include addresses, phone numbers, branch offices, asset ratings, company officials, and a complete catalog guide.

Consumer Information and Demographics

Bureau of Labor Statistics

Division of Information Services
2 Massachusetts Ave NE, Room 2860
Washington DC 20212-0001
Phone: 202-691-5200
Data questions: blsdata_staff@bls.gov
Other comments: feedback@bls.gov
<http://stats.bls.gov>

The BLS produces many labor publications, including a report on wages, prices, and cost of living. Contact them for a list of their publications. The annual *Consumer Expenditure Survey* is the best source available for detailed household spending.

Center for Mature Consumer Studies

Department of Marketing
Robinson College of Business
Georgia State University
PO Box 3991
Atlanta GA 30302
Phone: 404-413-7660
E-mail: gmoschis@gsu.edu
www.robinson.gsu.edu/marketing/centers/cmcs/index.htm

The CMCS was established in 1987 in response to the growing need of businesses and government to understand consumer trends among the aging population. Its mission is to generate and disseminate information that can help organizations improve the efficiency of their marketing activities and enhance the well-being of older adults. For five consecutive years, the CMCS has been cited by *American Demographics* magazine as one of the 100 best sources of consumer information in the United States.

Natural Marketing Institute

272 Ruth Road
Harleysville PA 19438
Phone: 215-513-7300
Fax: 215-513-1713
www.nmisolutions.com

NMI is a strategic consulting, market research, and business development company specializing in the health and wellness marketplace. Its capabilities focus on the well-being of people and products, and the environmentally and socially responsible sustainability of the planet. It offers database subscriptions and topical research reports.

Sales & Marketing Management

770 Broadway, 7th Floor
New York NY 10003-9595
Phone: 800-929-3848
E-mail: management@halldata.com
www.salesandmarketing.com

This award-winning magazine covers important issues having to do with sales, marketing, and management. Bill Communications produces a wide variety of marketing-related publications. Check out their publications page online. They also publish an annual survey every September, which includes information about population, households, income groups, and media.

SRI International

Menlo Park, California
 333 Ravenswood Avenue
 Menlo Park CA 94025
 Phone: 650-859-4600
 E-mail: info@sri-bi.com
<http://sri-bi.com>

This research and consulting firm is best known for the VALS 2 psychographics system, which classifies consumers into one or more of eight typologies based on a brief survey of their attitudes. The purpose of VALS 2 is to reveal the viewpoints and motivations of consumers relating to particular products or services.

US Census Bureau

4700 Silver Hill Road
 Washington DC 20233-0001
 Phone: 301-763-INFO
 E-mail: econ@census.gov
<http://www.census.gov>

This agency publishes a wide variety of information on trends and populations. The *Census of Business* provides information on retail, wholesale and service industries. The *County and City Data Book* contains complete statistical data (organized by county and city) on income, employment, housing, and population. The *Statistical Abstract of the United States* provides information on a wide range of topics, as well as some regional, state, county and city statistics. Subjects include population, housing, government, transportation, manufacturers, businesses, agriculture, and mineral industries. Contact the Census Bureau for a complete list of reports.

Franchising**Franchising and Business Opportunities**

Federal Trade Commission
 600 Pennsylvania Avenue
 Washington DC 20580
 Phone: 202-326-2222
www.ftc.gov/bcp/edu/pubs/consumer/invest/inv07.shtm

This publication outlines the Federal Trade Commission's disclosure rules regarding franchising, and other business entities, in plain English.

International Franchise Association

1501 K Street NW, Suite 350
 Washington DC 20005-4709
 Phone: 202-628-8000 or 800-543-1038
 E-mail: ifa@franchise.org
www.franchise.org

The IFA, founded in 1960, is a membership organization of franchisors, franchisees, and suppliers. Their Website is dedicated to providing members and guests with a one-stop shopping experience for franchise information. The site offers a free online franchising course.

Trade Associations

Trade associations are generally organized within specific industries or service areas to address common problems, create negotiating strength as a group, and promote the industry. The majority of members of most trade associations are small businesspersons. Some of the useful services that associations provide include:

- Information about the industry, including trends
- “Cost of doing business” surveys within the industry
- Financial planning guidelines applicable to the industry
- Publications relating to industry information
- Relevant legislative information
- Access to training and technical assistance
- Advice on taxes
- Networking with other industry businesses

Lists of trade associations can be found in the reference section of most libraries.

Direct Marketing Association

*1120 Avenue of the Americas
New York NY 10036-6700
Phone: 212-768-7277
E-mail: customerservice@the-dma.org
www.the-dma.org*

DMA has over 3,000 members involved in all aspects of direct marketing. It publishes books on direct marketing techniques including telemarketing, direct mail, designing marketing campaigns, and overseas marketing. The association puts on seminars in major cities to educate members on techniques and new developments in the industry, and works with small businesses to provide them with members names in their area who provide needed services. DMA is a major compiler of information on the direct marketing industry as a whole, and disseminates that information to many other organizations.

Encyclopedia of Associations: National Organizations of the US

*Thomson Gale
27500 Drake Rd
Farmington Hills, MI 48331-3535
Phone: 800-877-GALE
E-mail: gale.salesassistance@thomson.com
www.gale.com*

The most comprehensive source for information on national nonprofit American membership organizations. Data include name, address, and phone number together with the primary official's name and title; fax number, when available; founding date, purpose, activities and dues; national and international conferences; and more. Thomson Gale also publishes the five-volume *Encyclopedia of Associations: Regional, State and Local Organizations*, an invaluable resource that compiles data on interstate, state, intrastate, city, and local trade and professional associations; social welfare and public affairs organizations; and religious, sports, and hobby groups with voluntary membership.

Federation of International Trade Associations

172 Fifth Ave., #118
 Brooklyn NY 11217
 Phone: 800-969-FITA
 E-mail: info@fita.org
www.fita.org

Promoting interest in international trade clubs and trade associations is the main objective of this organization of world trade clubs and US trade associations. This group sponsors export seminars developed by the US Department of Commerce, and offers several publications on exporting and international trade associations. The FITA International Trade/Import-Export Portal offers trade leads, news, events and links to 7,000 international trade-related Websites; visit their Website above to access this valuable resource.

National Trade and Professional Associations of the United States

Columbia Books, Inc.
 8120 Woodmont Ave, Suite 110
 Bethesda MD 20814
 Phone: 888-265-0600
 E-mail: info@columbiabooks.com
www.columbiabooks.com/books.cfm

Lists 7,500 national trade associations, professional societies and labor unions by subject, budget, geographic area, acronym and executive director. Other features include: contact information, serial publications, upcoming convention schedule, membership and staff size, budget figures, and background information.

State and Regional Associations of the United States

Columbia Books, Inc.
 See contact information in previous listing.

Lists 7,300 of the largest and most significant state and regional trade and professional organizations in the United States. Look up associations by subject, budget, state, acronym, or chief executive. Also lists contact information, serial publications, upcoming convention schedule, membership and staff size, budget figures, and background information.

Marketing Education**Guerrilla Marketing Online**

www.gmarketing.com/

Jay Conrad Levinson has parlayed the phenomenal success of his groundbreaking 1983 book *Guerrilla Marketing* into a veritable empire. His site features tips, articles, a radio program, and a store that offers DVDs and the entire *Guerrilla* series of books, which explain unconventional methods of getting maximum results from minimal investment in marketing and promotion.

Web Marketing Today

www.wilsonweb.com/research

This site focuses on marketing strategies that can be accomplished with the limited budgets typical of small to medium-size businesses. The research room shows a wide variety of Web Marketing topics (including Viral Marketing, which contains more than 100 current topics on the use of social networking media).

6: CAPITAL & FINANCIAL INFORMATION RESOURCES

Capital Information Resources

Active Capital

*Office of Technology Transfer and
Commercialization (OTTC)
California State University, San Bernardino
5500 University Parkway
San Bernardino, CA 92407
Phone: 909-537-7766
E-mail: info@activecapital.org
www.activecapital.org*

Business.com is a comprehensive directory and search engine that focuses exclusively on business. Find quotes, news, financials and more on 10,000 companies.

Business Capital Sources

*IWS, Inc.
PO Box 186
Merrick NY 11566
Phone: 516-766-5850 or 800-323-0548
E-mail: admin@iwsmoney.com
www.iwsmoney.com*

This directory provides capital financing sources. It lists more than 1,500 lenders of various types—banks, insurance companies, commercial finance firms, mortgage companies, venture capital, and others.

Business.com

*Business.com, Inc.
2120 Colorado Avenue
Santa Monica CA 90404
Phone: 888-441-4466
www.business.com*

Business.com is a comprehensive directory and search engine that focuses exclusively on business. Find quotes, news, financials and more on 10,000 companies.

National Association of Small Business Investment Companies Membership Directory

*NASBIC
1100 G Street NW
Washington DC 20005
Phone: 202-628-5055
E-mail: nasbic@nasbic.org
www.nasbic.org*

The Nasbic Directory lists 150 venture capital firms for minority small businesses. Arranged geographically, the listing includes the company name, address, phone, president, investment policy, industry preference, preferred limit of loans and investments. Visit the NASBIC site for current edition and pricing.

National Venture Capital Association Membership Directory

*National Venture Capital Association
1655 North Ft. Myer Drive, Suite 850
Arlington VA 22209
Phone: 703-524-2549
www.nvca.org*

The NVCA is a member-based trade association that represents the US venture capital industry. It consists of venture capital firms that manage pools of risk equity capital designated to be invested in high growth companies. Its annual Membership Directory lists all 450 member firms. Info includes address, telephone, fax, e-mail, Website, capital under management, total invested over last 12 months, investment preferences in regards to geography, industry, and investment stage.

Financial Information Resources

Guerrilla Financing—Alternative Techniques to Finance Any Small Business—Bruce Blechman and Jay Conrad Levinson

www.amazon.com

This book offers creative financing techniques for raising money in any type of business. If you've been turned down by a bank, run out of collateral, established poor credit, or are out of money, the techniques in this book can help solve your financial problems. ISBN: 0395522641

Key Business Ratios

The D&B Corporation

103 JFK Parkway

Short Hills NJ 07078

Phone: 800-234-3867

www.dnb.com/us

D&B provides financial ratios for over 125 retailing, wholesaling, manufacturing and construction lines of business, allowing comparison within industries and trends.

Risk Management Association

Risk Management Association

One Liberty Place

1801 Market Street, Suite 300

Philadelphia PA 19103

Phone: 800-677-7621

E-mail: customers@rmahq.org

www.rmahq.org

RMA was founded in 1914 to help commercial bankers make better lending decisions through the exchange of credit information. RMA's library and FastFind information services offer customized research on any lending or risk management issue. Monthly, the award-winning The RMA Journal provides in-depth analysis of industry issues. Visit their Website or check with your local bank or library for this excellent resource.

Government Financial Resources

The goal of public financing activities is to stimulate private-sector investment that will increase productivity and create new, permanent private-sector jobs. Typically, the stimulus is provided by making available long-term, low down payment, reasonably priced financing to healthy and expanding businesses with a high probability of success. Public financing entities generally look to participate with other financing sources on a deal, and they try not to compete with banks. In other words, a public financing agency is not likely to do all of the financing on a project.

Federal Resources

As of this writing, federal funds for public finance are utilized primarily for debt financing in the form of loan guarantees by the **Small Business Administration** (www.sba.gov) and the **Export-Import Bank of the United States** (<http://www.exim.gov>). There are extremely limited funds for direct loans to special populations such as veterans and Native Americans.

Other federal agencies such as the **Department of Housing and Urban Development (HUD)** (www.hud.gov), **Rural Development** (www.rurdev.usda.gov/), and the **Economic Development Administration (EDA)** (www.doc.gov/eda/) make funds available to state economic development agencies, local boards, and regional development organizations to be loaned to private business. These funds also constitute debt financing to the borrower. Rules and priorities differ from place to place.

State Resources

Many states have taken a direct approach to encouraging the growth of private sector employment by forming organizations that participate in equity arrangements with private businesses. In addition, all states currently have agencies responsible for the development of science and technology businesses, and for encouraging technology transfer and the commercialization of research (especially items available from universities and federal laboratories).

The **Small Business Innovation Research Program (SBIR)** is a competitive federal award system that stimulates commercialization of federal research. Eleven federal agencies participate in this program, which is administered by the SBA:

- US Department of Agriculture (www.csrees.usda.gov/funding/sbir/sbir.html)
- US Department of Commerce (patapsco.nist.gov/ts_sbir/)
- US Department of Defense (www.acq.osd.mil/sadbu/sbir/)
- US Department of Education (<http://www.ed.gov/programs/sbir/index.html>)
- US Department of Energy (sbir.er.doe.gov/sbir/)
- US Environmental Protection Agency (www.epa.gov/ncer/sbir)
- US Department of Health & Human Services (grants1.nih.gov/grants/funding/sbir.htm)
- National Aeronautics and Space Administration (sbir.gsfc.nasa.gov)
- National Science Foundation (www.nsf.gov/eng/iip/sbir/index.jsp)
- US Department of Transportation (www.volpe.dot.gov/sbir/)
- Small Business Administration (www.sba.gov/sbir/)

The program has three phases: Phase I is to evaluate the scientific technical merit and feasibility of an idea. Awards are for periods of up to six months in amounts up to \$100,000. Phase II is to expand on the results of and further pursue the development of Phase I for periods of up to two years and amounts up to \$750,000. Phase III is for commercialization and requires the use of private funding.

Last, the Foundation Center (www.fdncenter.org) is a good starting place for researching foundations with granting/funding capability.

Conclusion

The key to utilizing public financing sources is building a “package” of different sources of funding—your money, plus funds from other sources, whether debt or equity. Using public funding is hard work, but it can make the difference between success and failure.

7: SPECIAL POPULATIONS RESOURCES

Minority-Owned Businesses

Latin Business Association

120 South San Pedro Street, Suite 530
Los Angeles CA 90012
Phone: 213-628-8510
www.lbausa.com

Established in 1976 as a private nonprofit organization, the LBA is the largest US Latino business entity by virtue of total active membership and overall outreach to Latino business owners.

The Market Segment Group

2332 Gabano Street
Coral Gables FL 33134
Phone: 305-669-3900
E-mail: gberman@marketsegment.com
www.marketsegment.com

This site includes data and analysis from over 4,000 interviews among Hispanics, African-Americans, Asians, Anglos. Areas of inquiry include marketing, politics, social issues, and business, and so forth.

Minority Business Development Agency (MBDA)

1401 Constitution Avenue NW
Washington DC 20230
Phone: 888-324-1551
www.mbda.gov

This agency funds Business Development Centers nationwide to help with start-up, expansion and acquisition of minority-owned businesses. It provides assistance with bonding, bidding, estimating, financing, procurement, international trade, franchising, acquisitions, mergers, and joint ventures. It is a good starting point for finding other helpful agencies to fit your specific needs.

Minority Business Enterprise Legal Defense and Education Fund

1100 Mercantile Lane, Suite 115-A
Largo MD 20774
Phone: 301-583-4648
E-mail: info@mbeldef.org
www.mbeldef.org

This is a national, nonprofit, public interest law firm and membership advocacy group intended to achieve equity and fairness in the marketplace on behalf of minority business enterprises (MBEs).

Office of Small Disadvantaged Business Utilization (OSDBU)

www.osdbu.gov/offices.htm

These offices were established to promote successful partnerships that result in an inclusive and effective small business procurement process. They offer a wide range of assistance in advocacy, outreach, and financial services. For a complete listing of federal OSDBUs, visit the Website above.

National Association of Minority Contractors (NAMC)

2307 Skyland Place SE, Suite A
Washington DC 20020
E-mail: info@namcdc.org
www.namcdc.org

The National Association of Minority Contractors (NAMC) is a nonprofit trade association established in 1969 to address the needs and concerns of minority contractors. While membership is open to people of all races and ethnic backgrounds, its mandate, "Building Bridges-Crossing Barriers," focuses on the construction industries concerns common to African Americans, Asian Americans, Hispanics, and Native Americans.

8(a) Business Development

Small Business Administration
409 Third Street SW, Suite 800
Washington DC 20410
Phone: 202-619-0628
E-mail: 8abd@sba.gov
www.sba.gov/aboutsba/sbaprograms/8abd

This office serves to foster business ownership by socially and economically disadvantaged individuals, and to promote competitive viability of such firms. Services offered include management, technical and federal procurement assistance, bonding assistance, Section 8(a) Business Development Program Certification, Small Business Disadvantaged Business Certification, and financial assistance through the 8(a) Loan Program. (For more information about these programs, call the SBA information hotline at 800-827-5722.)

US Hispanic Chamber of Commerce

2175 K Street NW, Suite 100
Washington DC 20037
Phone: 800-USHCC86
E-mail: membership@ushcc.com
www.ushcc.com

Since its inception in 1979, the USHCC has worked towards bringing the issues and concerns of the nation's more than 1.2 million Hispanic-owned businesses to the forefront of the national economic agenda. Throughout the years, the USHCC has enjoyed outstanding working relationships with international heads of state. Also, through the network of nearly 200 Hispanic Chambers of Commerce and Hispanic business organizations, the USHCC has communicated the needs and potential of Hispanic enterprise to the US government and corporate America.

Woman-Owned Businesses

American Business Women's Association

9100 Ward Parkway
PO Box 8728
Kansas City MO 64114-0728
Phone: 800-228-0007
www.abwa.org

ABWA has dedicated more than 50 years to women's education, and has provided workplace skills and career-development training for more than 545,000 members. This association helps business women help themselves through leadership, education, training and networking. It offers leadership training, resume service, credit card and member loan programs and travel benefits. There is an annual selection of the top ten Business Women of ABWA and a local Business Woman of the Year Award. The main office has local ABWA chapter listings.

Center for Women's Business Research

1716 Old MEadow Road, Suite 500
McLean VA 22102
Phone: 703-556-7162
E-mail: info@womensbusinessresearch.org
www.womensbusinessresearch.org

This organization is the premier source of knowledge about women business owners and their enterprises worldwide. They provide original, groundbreaking research to document the economic and social contributions of woman-owned firms, and consulting and public relations services to maximize the benefits of this knowledge. Corporations, government policy makers, educators, organizations, the media, and individuals rely on their leading-edge knowledge to strengthen their support of women business owners.

Feminist.com*E-mail: mail@feminist.com**www.feminist.com*

Feminist.com is a grassroots, interactive community by, for, and about women that promotes women's business development, supports women-friendly organizations, expands civic participation and encourages women's self-sufficiency. Feminist.com is a responsive community that offers resources for all women and provides a safe space for diverse dialogues.

National Association for Female Executives*NAFE**60 East 42nd Street, Suite 2700**New York NY 10165**Phone: 800-927-NAFE**E-mail: members@nafe.com**www.nafe.com*

This group offers networking, travel discounts, job information and workshops to its members. It has some established loan funds available for members, and publishes *NAFE Magazine*.

National Association of Women Business Owners (NAWBO)*601 Pennsylvania Ave NW**South Building, Suite 900**Washington DC 20009**Phone: 800-55-NAWBO**E-Mail: national@nawbo.org**www.nawbo.org*

NAWBO is the only dues-based national organization representing the interests of women entrepreneurs in all types of businesses. The organization currently has over 8,000 members in nearly 80 chapters nationwide, and is affiliated with Les Femmes Chefs d'Entreprises Mondiales (World Association of Women Entrepreneurs) in 35 countries. The association suggests that local chapters provide counseling and technical assistance and hold monthly programs focused on training for the woman business owner.

Office of Women Business Ownership (OWBO)*Small Business Administration**409 Third Street SW**Washington DC 20416**Phone: 202-205-6673 or 800-8-ASK-SBA**E-mail: owbo@sba.gov**www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html*

This office serves as the primary advocate of women business owners' interests through access to: pre-business workshops, technical, financial and management information, federal government procurement information, access to capital and small loan programs. The office also provides a "Women's Business Ownership Kit" at no charge, and has implemented a Women's Network for Entrepreneurial Training.

US Women's Chamber of Commerce*1200 G Avenue NW, Suite 800**Washington DC 20005**Phone: 888-41-USWCC**www.thewomenschamber.com*

The intent of this organization is to unite the women's marketplace through preeminent national women's chamber of commerce network whose mission is to develop leadership, accelerate economic development, and provide a community voice for women.

Women's Business Enterprise National Council (WBENC)*1120 Connecticut Avenue NW, Suite 1000**Washington DC 20036**Phone: 202-872-5515 (ext. 10)**E-mail: admin@wbenc.org**www.wbenc.org*

The Women's Business Enterprise National Council (WBENC, pronounced wee-bank), created in 1997, is dedicated to enhancing opportunities for women's business enterprises in America's major business markets. In partnership with women's business organizations throughout the United States, WBENC provides access to a national standard of certification and provides information on certified women's businesses to purchasing managers through an Internet database.

Home-Based Businesses

National Association of Home Based Businesses (NAHBB)

*U.S.A. Home Based Business Information
Superhighway
10451 Mill Run Circle, Suite 400
Owings Mills, Maryland 21117
Phone: 202-367-5308
E-mail: nahbb@msn.com
<http://www.usahomebusiness.com>*

National Association of Home-Based Businesses (NAHBB) gives members and subscribers a quick and reliable source of trade, business opportunities, management, direct and network marketing information.

WAHM.com—The Newsletter and Online Magazine for Work at Home Moms

*909 N Sepulveda Blvd, 11th Floor
El Segundo CA 90245
Phone: 310-280-4211
E-mail: customerservice@wahm.com
www.wahm.com*

WAHM is dedicated to promoting WAHM businesses; providing information about legitimate home-based opportunities; and providing tips, advice, and entertainment for WAHMs.

National Association for the Self-Employed (NASE)

*PO Box 241
Annapolis Junction, MD 20701-0241
Phone: 800-649-6273
www.nase.org*

NASE is the nation's leading resource for the self-employed and microbusinesses, bringing a broad range of benefits to help entrepreneurs succeed and to drive the continued growth of this vital segment of the American economy.

8: BUSINESS ASSISTANCE RESOURCES

Management and Technical Assistance

SCORE—Service Corps of Retired Executives

SCORE Association

409 3rd Street SW, 6th Floor

Washington DC 20024

Phone: 800-634-0245

<http://www.score.org>

The SCORE Association is a resource partner with the US Small Business Administration. SCORE is dedicated to aiding in the formation, growth and success of small businesses nationwide. Find a location near you by going to the SCORE Website and clicking on “find SCORE.” There are 389 SCORE chapters located across the U.S. and in Puerto Rico.

Small Business Development Centers

State by State Information—go to www.sba.gov/aboutsba/sbaprograms/sbdc/index.htm

There are now 63 small business development centers—one in every state (Texas has four, and California has six), the District of Columbia, Guam, Puerto Rico, Samoa and the US Virgin Islands—with a network of nearly 1,100 service locations. These Centers are a cooperative program between the US Small Business Administration (SBA) and educational institutions across the nation. The Centers offer counseling and training in management, business planning, marketing, finances, production, and organization.

Small Business Institutes

The Institutes are a cooperative program between the SBA and educational institutions across the country. They provide small business owners an opportunity to receive intensive management counseling from qualified, college-level business students working under expert faculty guidance.

Business Incubators

Many communities and educational institutions have created business incubators where new businesses can receive counseling and management assistance on site, share the overhead expenses of office personnel and equipment, and receive guidance in growing their business.

Labor/Employment

Department of Labor (DOL)

200 Constitution Ave NW
Washington DC 20210
Phone: 866-4-USA-DOL
<http://www.dol.gov>

The DOL controls US labor activities, including administering unemployment insurance payments, enforcing laws concerning compensation, occupational health and safety, minimum wages, overtime pay, child labor, pension plans, and nondiscrimination in employment. The department can provide information to business owners on how to comply with minimum wage and other labor laws, how to write job descriptions, and how to comply with labor provisions of federal contracts. To find local DOL offices near you, go to the DOL Website and click on "State Labor Offices."

Here are some specific DOL programs or service areas:

Employment Standards Administration (ESA)

www.dol.gov

The Employment Standards Administration (ESA), the largest agency within the US Department of Labor, enforces and administers laws governing legally mandated wages and working conditions, including child labor, minimum wages, overtime and family and medical leave; equal employment opportunity in businesses with federal contracts and subcontracts; workers' compensation for certain employees injured on their jobs; internal union democracy and financial integrity, and union elections, which protect the rights of union members; and other laws and regulations governing employment standards and practices.

ESA and its four component programs

- Federal Contract Compliance Programs
- Labor Management Standards
- Workers' Compensation
- Wage and Hour Division

have closely monitored and enforced laws protecting the wage, hours, equal employment opportunity, working

conditions and injury compensation of workers. While each program has an established identity of its own, all work together to support, protect and defend the rights of American workers under these labor laws.

Employment and Training Administration (ETA)

Phone: 877-US-2JOBS
<http://www.doleta.gov>

ETA seeks to build up the labor market through the training of the workforce, and the placement of workers in jobs through employment services. ETA offers apprenticeship training, unemployment insurance, special programs and activities for the disadvantaged, Native Americans, immigrant workers, employment and training projects. For a listing of regional, state, and local contacts, go to the ETA Website and click on "Regions and States."

Employee Benefits Security Administration (EBSA)

Phone: 866-444-EBSA
<http://www.dol.gov/ebsa>

EBSA protects the integrity of pensions, health plans, and other employee benefits for more than 150 million people. *(Check the Website for more specific departmental phone numbers.)*

Veterans' Employment and Training Service (VETS)

Phone: 202-219-9116
www.dol.gov/vets

State Government Labor/Employment Agencies

Most federal and state matters relating to employment, including workers' compensation and unemployment insurance, are actually handled by state offices. State agency offices coordinate with federal agencies to ensure compliance with applicable labor laws. *(See Tab 2 for your specific state offices.)*

Procurement

Small Business Administration

The Small Business Administration (SBA) offers a wide variety of procurement programs and opportunities. Contact your nearest office to find out more details about these programs.

Find your local SBA online by going to:
<http://www.sba.gov/localresources/index.html>

The 8(a) program of the Small Business Act works with procurement officials in other federal agencies and serves as the prime contractor for the purchase of goods and services for the federal government. The agency then subcontracts this work to small firms owned by minority and disadvantaged persons.

Small Disadvantaged Business Program (SDB)

*Office of Small Disadvantaged Business
 Certification and Eligibility
 409 Third Street SW, 8th Floor
 Washington DC 20416
 Phone: 202-619-1850
 E-mail: sdb@sba.gov
www.sba.gov/aboutsba/sbaprograms/sdb/index.html*

SBA certifies SDBs to make them eligible for special bidding benefits. Evaluation credits available to prime contractors boost sub-contracting opportunities for SDB. This program has become, in effect, the gateway to opportunity for small contractors and sub-contractors who meet the eligibility criteria.

HUBZone Empowerment Contracting Program

*US Small Business Administration
 409 3rd Street SW, 8th Floor
 Washington DC 20416
 Phone: 202-205-8885
 E-mail: hubzone@sba.gov
www.sba.gov/hubzone*

This SBA Program allows small firms located in many urban or rural areas to qualify for sole-source and other types of federal contract benefits.

HUBZone stands for “historically underutilized business zone.” The SBA’s task is to teach 8(a) and other small companies how to compete in the federal contracting arena and how to take advantage of greater subcontracting opportunities available from large firms as the result of public-private partnerships.

The SBA works closely with federal agencies to increase the dollars and percent of total federal procurement going to small business by identifying items which small firms could supply.

The SBA also monitors prime contractors to ensure that small businesses receive a fair share of subcontracting opportunities.

Central Contractor Registration (CCR)

Phone: 888-227-2423

www.ccr.gov

All government contractors must register in the CCR.

Certificates of Competency may be issued by the SBA on behalf of a small business to help them qualify for government contracts they might not otherwise receive.

Small firms may also receive assistance with property sales/leases for timber, royalty oil, minerals and real and personal property.

Surety bond guarantees may be available to assist small businesses in insuring losses incurred under bid, payment or performance bonds. The contracts may be used for construction, supplies or services provided for government or non-government work.

CAPLines

*www.sba.gov/services/financialassistance/
sbaloantopics/SpecialPurposeLoans/index.html*

CAPLines is the umbrella program under which the SBA helps small businesses meet their short-term and cyclical working-capital needs. One of these programs is called, "Contract CAPLines" which used to guarantee the financing required to cover the estimated direct short-term working capital needs in order to perform on assignable contract(s).

State Procurement Offices

Defense Logistics Agency (DLA)

For a current listing of procurement technical assistance centers:

http://www.dla.mil/DB

Many states have their own procurement offices, such as PTACs, which encourage contract development for small businesses. You can also contact the state economic development office, department of administration or department of commerce to identify where this function is housed in your state.

APTAC—Procurement Technical Assistance Centers

APTAC

360 Sunset Island Trail

Gallatin TN 37066

Phone: 615-268-6644

www.aptac-us.org

The principle objective of APTAC is to establish and maintain a national forum to conduct training and provide for the exchange of information and ideas among all operators of government marketing assistance programs and other related programs for the purpose of interstate and intrastate communication, program development and professional enhancement. The Website above will refer you to the closest Procurement Technical Assistance Center (PTAC).

Institute for Supply Management™

ISM

PO Box 22160

Tempe AZ 85285-2160

Phone: 480-752-6276 or 800-888-6276

www.ism.ws

Founded in 1915, the Institute for Supply Management™ (ISM) is a communication link with more than 48,000 purchasing and supply management professionals. ISM is a progressive association with a mission to provide national and international leadership in purchasing and materials management, particularly in the areas of education, research and standards of excellence. A not-for-profit association, ISM offers a wide range of educational products and programs.

Patents/Copyrights/Trademarks

Copyright Office

Library of Congress
Copyright Office
101 Independence Avenue SE
Washington DC 20559-6000
Phone: 202-707-3000
www.copyright.gov

Although registration is not necessary to claim copyright in an original literary, musical, dramatic or artistic work, registration does provide certain legal benefits in case of infringement. To order copyright forms, call 202-707-9100 or go to <http://www.copyright.gov/forms/>.

US Patent and Trademark Office

General Information Services Division
US Patent and Trademark Office
Crystal Plaza 3, Room 2C02
Washington DC 20231
Phone: 800-786-9199 or 703-305-7785
E-mail: usptoinfo@uspto.gov
<http://www.uspto.gov/>

A trademark is a unique symbol, name, design, slogan or sound used in trade to distinguish the goods and services of one party from another. While registration is not necessary for trademark protection, it does give the registrant certain legal priority and provides the benefit of being able to use the trademark symbol with the mark. The publication *Basic Facts About Trademarks* is available by calling (703) 557-4636 and is also available online at: <http://www.uspto.gov/web/offices/tac/doc/basic/>.

Patents give owners the exclusive right to manufacture, use or sell their invention throughout the United States, or the right to exclude others from using or selling it throughout the US or importing into the U.S. products made by that process. Information and patent applications can be ordered by calling the same phone number listed above. The PAC is able to provide one stop answers to most questions. Publications such as *Basic Facts About Patents*, *A Guide to Filing A Patent Application*, and *Provisional Application For Patent* are available for mailing and the staff can briefly discuss the requirements set forth therein.

Tax

State Departments of Revenue

All states have Revenue Departments which can give you information and assistance regarding your tax liability. See *Tab 2 - Business Start-Up Information by State*.

US Department of the Treasury—Internal Revenue Service

Find your local office at:
<http://www.irs.gov/localcontacts/index.html>

The IRS is responsible for administering and enforcing the internal revenue laws and related statutes. The IRS education department also offers several programs and services such as the Small Business Tax Education Program; and, it offers several programs through selected Small Business Development Centers including small business workshop programs, specific topic seminars and small business tax-kit counseling. There are a number of free forms and publications available on their Website.

International Trade

Export-Import Bank of the United States (Ex-Im Bank)

811 Vermont Ave NW
Washington DC 20571
Phone: 800-565-EXIM
E-mail: info@exim.gov
www.exim.gov

The Export-Import Bank is the official export credit agency of the US government. It is the principal government agency responsible for aiding the export of US goods and services through a variety of loan, guarantee, and insurance programs. The Bank offers financial services, briefing programs and seminars to encourage small businesses to sell overseas.

Federation of International Trade Associations (FITA)

www.fita.org/webindex/

The most comprehensive searchable database of International Trade Web Resources on the Internet! More than 8000 links to International Trade / Import-Export Web sites are annotated and indexed.

US Department of Commerce

International Trade Administration
US Department of Commerce
401 Constitution Avenue NW
Washington DC 20230
Phone: 800-USA-TRADE
E-mail: tic@ita.doc.gov
www.ita.doc.gov

US Small Business Administration

Office of International Trade
www.sba.gov/aboutsba/sbaprograms/internationaltrade/index.html

This “one-stop” source of information on all federal export assistance programs is operated by the Trade Promotion Coordinating Committee (TPCC), a committee composed of nineteen Federal agencies responsible for international trade and export promotion. The Center provides information on a variety of topics, including: how to get started in exporting, foreign markets, export financing, locating overseas buyers, overseas trade promotion opportunities and information on export assistance programs offered by other organizations involved in international trade, such as state and local economic development organizations, world trade centers and chambers of commerce.

The book *A Basic Guide to Exporting* is designed to help US firms learn the costs and risks associated with exporting and develop a strategy for exporting. While it is a publication of the US Department of Commerce, it directs readers to sources of assistance throughout the federal and state governments as well as the private sector. The most recent edition is available from www.onzco.com/regre/eires.htm.

The **International Trade Administration** of the US Department of Commerce has district and regional offices in cities throughout the United States that are staffed with trade and other area specialists. These professionals counsel companies on the steps involved in exporting, aid in evaluating attractive markets and help firms assess their export potential.

World Trade Centers are composed of area business people who represent firms engaged in international trade. These organizations conduct educational programs on international business and organize promotional events to stimulate interest in world trade. Some eighty world trade centers are located in major trading cities throughout the world.

District Export Councils (DECs) are organizations of leaders from the local business community, appointed by successive Secretaries of Commerce, whose knowledge of international business provides a source of professional advice for local firms. For more than 25 years, DECs have served the United States by assisting companies in their local communities export, thus promoting our country's economic growth and creating new and higher-paying jobs for their communities. Closely affiliated with the US Commercial Service's Export Assistance Centers, the 56 DECs combine the energies of more than 1,500 exporters and private and public export service providers throughout the United States. If you would like more information about the District Export Councils, contact your local Export Assistance Center.

9: GENERAL BUSINESS INFORMATION RESOURCES

Periodicals, Library Resources, Selected Business Organizations, Helpful Reading

Periodicals

Adweek.....	www.adweek.com	800-722-6658
American Demographics Magazine	www.adage.com.....	888-288-5900
Black Enterprise	www.blackenterprise.com.....	800-727-7777
Business Ethics.....	www.business-ethics.com	612-879-0695
Business Week.....	www.businessweek.com.....	888-878-5151
Entrepreneur	www.entrepreneurmag.com.....	800-274-6229
Entrepreneur's Business Start-Ups	www.bizstartups.com.....	800-274-6229
Forbes	www.forbes.com	800-888-9896
GreenMoney Journal.....	www.greenmoney.com.....	800-318-5725
Harvard Business Review	www.hbsp.harvard.edu	800-988-0886
Home Business Magazine	www.homebusinessmag.com	714-968-0331
INC Magazine	www.inc.com	800-234-0999
Kiplinger's Personal Finance.....	www.kiplinger.com/magazine ...	888-419-0424
Minority Business Entrepreneur	www.mbemag.com	310-540-9398
Money Magazine.....	money.cnn.com	800-633-9970
Red Herring	www.redherring.com	650-428-2900
Small Business Opportunities	www.sbomag.com.....	212-807-7100
Wall Street Journal	www.wsj.com.....	800-568-7625

Library Resources for Entrepreneurial Companies

US Global Outlook	Background information and trends by industry.
Directory of Associations	Descriptions and addresses of trade groups.
SRDS Guides	Guides to newspapers, trade publications, radio and television stations and mailing list companies. Gives rates, readership information.
Million Dollar Directory	Lists of businesses by industry and geography. Shows address, telephone number, number of employees, sales figures.
Thomas Register Directory	Directory of manufacturers listed by product or service. Good way to find competitors.
Standard Industrial Classification Code (SIC) Directory	Describes businesses and tells the numeric code assigned by federal government for that industry.
Yellow Pages	Look up your competitors. Notice what categories they advertise in. Note the size of their ads and products.
Statistical Abstract of United States	Includes statistics about business by state, industry, and metro area.
Almanac of Financial Ratios Robert Morris & Assoc. Ratios	Breaks down financial statements by SIC code to indicate key ratios for your business.
Directory of Corporate Affiliations	Lists parent companies and subsidiaries for US businesses.
State Manufacturers Directory	Detailed listings of manufacturers by state.
Rand McNally Commercial Atlas & Marketing Guide	Includes maps and buying power by US county.
Handbook of Labor Statistics	Provides employment statistics by state and industry.
Black's Law Dictionary	Guide to simple legal questions.
Annual reports, Form 10-K, Credit Reports	Background information on competitors.
Pfeiffer/Josey Bass books	Pfeiffer and Josey Bass publish books about managing business by industry.

Library Resources for Entrepreneurial Companies—Online Services

To access these databases, visit a major library in your county. A librarian will assist you in locating the sources for the material. Dialog and NewsNet are good sources.

Company Intelligence	From the print version of <i>Ward's Business Directory</i> . This has private company information for hard-to-find companies.
Cendata	Data from the census and surveys, press releases, product information—all from the Bureau of Census or US Department of Commerce.
Disclosure	In-depth financial information for companies that trade stock on NYSE, AMS, NASDAQ and other markets.
Public Opinion Online	Information from the Roper Center for Public Opinion Research.
Federal Register	Full text of the daily publication from the US government; information about regulations and legal notices issued by federal government.
ABI/Inform	Summaries of articles in 1,000 business journals.
Findex	Describes all available market research reports published by numerous companies and sold commercially.
Trade & Industry Index	Broad international coverage of business topics including companies, industries, products and markets.
American Business Directory	Database of 14 million US businesses including company name, industry, geography, phone, address, fax, credit rating, key executives, sales and employment data.
Forecasts	Statistical abstracts of industry, market, economic forecasts. Good place to look for projections for specific products, aggregate industries, leading indicators, government expenditures and market data.
Magazine Database	Indexes 450 popular national magazines.
National Newspaper Index	Front-to-back indexing of <i>Christian Science Monitor</i> , <i>Los Angeles Times</i> , <i>The New York Times</i> , <i>The Wall Street Journals</i> and <i>The Washington Post</i> .
Prompt	Multi-industry database with information about companies, products, markets and applied technologies for manufacturing and service industries.
US Forecasts	Abstracts of published forecast data from trade journals, business and financial publications, key newspapers, government reports and special studies.
Frost & Sullivan Marketing Intelligence	Research reports that provide in-depth market studies and industry analyses for technical markets.

Business & Industry	Database covering 600 trade and business publications for a wide variety of industries.
Business Dateline	Full text articles of 350 local and regional business publications.
Datamonitor Market Research	Full text reports on banking, communications, technology, cosmetics, electrical goods, food and drink, health care, industrial, insurance, multi-media, pharmaceutical and telecommunications.
Freedonia Market Research	Reports and market research about chemicals, plastics, advanced materials, packaging, paper, textiles, the environment, health care, construction, household goods, industrial components, security systems and equipment, electronics, communications and transportation.
Moody's Corporate News & Profiles	Descriptive and financial information including business news about publicly traded companies.
Papers	Database of articles in 65 major newspapers.
PAIS International	Index to public policy literature affecting business.
Forecasts	Newsletter about business and demographics.
American Marketplace	Newsletter with new statistical data issued by the Census Bureau and other government agencies.
Industries in Transition	Newsletter that identifies markets in which radical changes are taking place.
People Trends	Newsletter about people management, employment, health and medical benefits, pensions and insurance benefits, training and development and societal and social patterns.

Ask Your Librarian...

For help finding databases of trademarks, copyrights, and patents; and specific databases for your industry.

Selected Business Organizations

Entrepreneurs' Organization (EO)

500 Montgomery Street, Suite 500
Alexandria VA 22314
Phone: 703-519-6700
E-mail: info@eonetwork.org
www.eonetwork.org

EO is a membership organization designed to help business owners from around the world on their path to greater business and personal fulfillment. EO is a global community that enriches members' lives through dynamic peer-to-peer learning and once-in-a-lifetime experiences.

Green America

1612 K St NW, Suite 600
Washington DC 20006
Phone: 800-58-GREEN
www.coopamerica.org

Green America's mission is to promote green and fair trade business principles while building the market for businesses adhering to these principles. The association helps its members obtain competitive employee benefits (health, accident and disability insurance), discounts on office equipment, telephone service, travel, car and truck leases, and provides a toll-free small business advice hotline.

Green Chamber of Commerce

821 Irving St, #225278
San Francisco CA 94122
Phone: 415-839-9280
www.greenchamberofcommerce.net

The Green Chamber of Commerce works to strengthen the voice and political influence of businesses united to create green public policy and a sustainable economy, and provides networking and promotional opportunities for green businesses.

National Association of Manufacturers (NAM)

1331 Pennsylvania Ave., NW
Washington DC 20004-1790
Phone: 202-637-3000 or 800-814-8468
E-mail: manufacturing@nam.org
www.nam.org

The National Association of Manufacturers is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington DC, NAM has 10 additional offices across the country. Its mission is to advocate for the interests of manufacturers, and to increase understanding among policy-makers, the media, and the general public of manufacturing's importance to America's economic strength.

National Business Association (NBA)

PO Box 700728
Dallas TX 75370
Phone: 800-456-0440 or 972-458-0900
Fax: 972-960-9149
E-mail: info@nationalbusiness.org
www.nationalbusiness.org

The NBA consists of self-employed owners of small businesses. The association promotes growth and development in the small business environment, and aids its members in obtaining government small business and education loans. It makes available insurance policies, software (in conjunction with the SBA) and information on career, educational and scholarship programs. It also makes available printing grants to government agencies involved in small business assistance.

National Federation of Independent Business (NFIB)

Phone: 1-800-NFIB-NOW
www.nfib.org

More than 600,000 small and independent businesses are represented by this largest of the small business organizations. NFIB's primary focus is on lobbying efforts at the local, state and federal level; but it also disseminates educational information on free enterprise, entrepreneurship and small business issues. One of the best organizations to provide surveys on economic trends and members' opinions, it sends several bi-monthly publications to its members including *Capitol Coverage*, *IB Mandate*, *NFIB Mandate*, *NFIB Legislative Priorities*, *How Congress Voted* and *Congressional Action Report*.

National Small Business Association (NSBA)

1156 15th Street NW, Suite 1100
 Washington DC 20005
 Phone: 202-293-8830
 E-mail: nsbu@nsbu.org
www.nsba.biz

Founded in 1937, the NSBA is a membership-based association of business owners that presents small business's point of view to all levels of government and Congress. The NSBA also develops programs of national policy that concern small business, and has several member organizations throughout the country that work on a regional basis.

Service Corps of Retired Executives Association (SCORE) and Active Corps of Executives (ACE)

SCORE Association
 409 3rd Street, S.W., 6th Floor
 Washington, DC 20024
 Phone: 800-634-0245
www.score.org

Founded in 1964, SCORE is a national, nonprofit association with 11,500 volunteer members and 389 chapters throughout the United States and its territories. SCORE is a resource partner with the US Small Business Administration in which active and retired businessmen and businesswomen provide free management assistance to others who are considering starting a small business, having problems with an existing business or expanding a business. Contact this national association for information about regional, district and local SCORE groups.

US Chamber of Commerce

1615 H Street NW
 Washington DC 20062-2000
 Phone: 202-659-6000
 E-mail: custsvc@uschamber.com
www.uschamber.org

The US Chamber of Commerce is the world's largest not-for-profit business federation representing: 3,000,000 businesses, 3,000 state and local chambers, 830 business associations, and 92 American Chambers of Commerce abroad. This organization seeks to act as a watchdog of the federal government on national business interests and to promote general business success by working with local and state chambers. In addition to lobbying efforts, the Chamber offers a wide variety of business-related publications and "how-to" brochures.

Helpful Reading

E-Commerce 2010 (6th Edition) — Kenneth C. Laudon, et al

Prentice Hall
 ISBN: 0136100570

The Facebook Era: Tapping Online Social Networks to Build Better Products, Reach New Audiences, and Sell More Stuff (1st Edition) — Clara Shih

Prentice Hall
 ISBN: 0137152221

Social Media Marketing: An Hour a Day — Dave Evans

Sybex, Inc.
 ISBN: 0470344024

Designing Brand Identity: An Essential Guide for the Whole Branding Team — Alina Wheeler

Wiley, Inc.
 ISBN: 0470401427

The Cult of the Customer: Create an Amazing Customer Experience That Turns Satisfied Customers Into Customer Evangelists — Shep Hyken

Wiley
 ISBN: 0470404825

Marketing Without Advertising: Easy Ways to Build a Business Your Customers Will Love and Recommend — Michael Phillips, Salli Rasberry

Nolo Press
 ISBN: 1413306322

Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage — Daniel Esty, Andrew Winston

Wiley
 ISBN: 0470393742

The Truth About Green Business — Gil Friend

Financial Times Press
 ISBN: 0789739402

Making Sustainability Work: Best Practices in Managing and Measuring Corporate Social, Environmental and Economic Impacts — Marc Epstein

Berrett-Koehler Publishers
ISBN: 1576754863

Cradle to Cradle: Remaking the Way We Make Things — William McDonough, Michael Braungart

North Point Press
ISBN: 0865475873

The Global Entrepreneur — James F. Foley

Jamric Press International
ISBN: 0975315307

Export/Import Procedures and Documentation — Thomas E. Johnson

American Management Association
ISBN: 081440734X

Finance of International Trade — Eric Bishop

Butterworth-Heinemann
ISBN: 0750659084

Will Work from Home: Earn the Cash — Without the Commute — Tory Johnson and Robyn Freedman Spizman

Berkley Trade
ISBN: 0425222853

Family Business — Dr. Ernesto Poza

South-Western College Pub.
ISBN: 032459769X

Essentials of Inventory Management — Max Muller

American Management Association
ISBN: 081440751X

Essentials of Supply Chain Management — Michael H. Hugos

Wiley
ISBN: 0471776343

Law for the Small Business: An Essential Guide to All the Legal and Financial Requirements — Patricia Clayton

Kogan Page Ltd
ISBN: 0749449551

Driving Innovation: Intellectual Property Strategies for a Dynamic World — Michael A. Gollin

Nolo Press
ISBN: 0873379454

The Handbook of High Performance Virtual Teams: A Toolkit for Collaborating Across Boundaries — by Jill Nemiro, et al

Jossey-Bass
ISBN: 0470176423

The Procurement and Supply Manager's Desk Reference — Fred Sollish, John Semanik

Wiley
ISBN: 0471790435

The Art of Project Management — Scott Berkun

O'Reilly Media
ISBN: 0596007868

The Entrepreneur's Guide to Managing Growth and Handling Crises — Theo J. van Dijk

Praeger
ISBN: 0275996034

