

NXLEVEL®
**BUSINESS PLAN
WORKBOOK**

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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....

FIRST EDITION

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

COURSE OVERVIEW**SESSION 1**

ENTREPRENEURSHIP: STARTUP & GROWTH

SESSION 2

PLANNING & RESEARCH: ENTREPRENEURIAL ESSENTIALS

SESSION 3

BUSINESS ORGANIZATION:
MANAGEMENT & LEGAL STRUCTURE

SESSION 4

MARKETING: ANALYSIS & UNDERSTANDING

SESSION 5

MARKETING: OBJECTIVES, STRATEGIES & TACTICS

SESSION 6

MARKETING:
E-COMMERCE, DIRECT SALES & CUSTOMER MANAGEMENT

SESSION 7

MANAGING YOUR MONEY:
ACCOUNTING, BUDGETING & CASH FLOW

SESSION 8

MANAGING YOUR MONEY:
FINANCIAL STATEMENTS & BUSINESS FINANCING

SESSION 9

SKILLS FOR GROWTH: BUSINESS MANAGEMENT TOOLS

SESSION 10

A NEW BEGINNING: SOURCES OF MONEY

LEARNING OBJECTIVES

- Understand the course curriculum and expectations.
- Understand the traits of successful entrepreneurs.
- Understand the concept of market segmentation, demographics, psychographics and niche markets.
- Understand how to create a simple customer profile.
- Understand how to prepare a personal financial statement.

ENTREPRENEURSHIP: STARTUP AND GROWTH SESSION 1

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

BREAK

- Refreshments
- Networking activity

INSTRUCTOR TOPICS—CONTINUED

5. Thinking Entrepreneurially
6. Introduction to the NxLevel® Business Plan

WORK PERIOD

ASSIGNMENT FOR SESSION 2

| | |
|----------|---|
| TEXT | Read Chapters 1 through 4 (<i>Thinking Entrepreneurially, Assessing Your Business Idea, The NxLevel® Business Plan, The Marketing Plan</i>). |
| WORKBOOK | Complete the worksheets in Workbook Session 1 . |
| WRITE | After completing the Session 1 worksheets, follow the instructions on the <i>Writing Your Business Plan</i> page at the end of the worksheets to write Section III. Business Organization and Operations: Part A. Business Structure, Management and Personnel (Personal Background Information) and Section V. Financial Plan: Part D. Financial Statements (Personal Financial Statement) . |

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.
- Understand how to collect primary and secondary market data.
- Begin market research by identifying industry data and resources.

PLANNING AND RESEARCH: ENTREPRENEURIAL ESSENTIALS SESSION 2

Date: _____

Due: Section III: Part A _____

Section V: Part D _____

CLASS OPENER

INSTRUCTOR TOPICS

1. What is Business Planning?
2. Introduction to the NxLevel[®] Marketing Plan
3. Conducting Market Research

GUEST SPEAKER

BREAK

- Refreshments
- Networking activity

WORK PERIOD

ASSIGNMENT FOR SESSION 3

WORKBOOK Complete the **Session 2 worksheets**.

WRITE After completing the Session 2 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to write **Section II. Business Concept: A. Business Description; B. Business Goals and Objectives; and C. Industry Information.**

TEXT Read **Chapter 5** (*Contingency and Continuity Planning*), **Part III: Laws and Regulations** (Chapters 6 and 7), **Chapter 22** (*Management and Leadership*), and **Chapter 23** (*Supply Chain Management*).

LEARNING OBJECTIVES

- Understand how to select the right legal structure.
- Understand where to get help with legal issues.
- Understand business insurance, continuity planning and other risk management needs.
- Identify internal and external management team members.
- Understand employee motivation and team-building.
- Understand basic supply chain concepts.

BUSINESS ORGANIZATION: MANAGEMENT & LEGAL STRUCTURE SESSION 3

Date: _____

Due: Section II: Parts A, B and C

CLASS OPENER

INSTRUCTOR TOPICS

1. Choosing the Right Legal Structure
2. Government Regulations
3. Other Legal Issues and Risk Management

GUEST SPEAKER

BREAK

- Refreshments
- Networking activity

INSTRUCTOR TOPICS—CONTINUED

4. Management and Leadership
5. Location and Logistics

WORK PERIOD

ASSIGNMENT FOR SESSION 4

WORKBOOK Complete the worksheets in **Workbook Session 3**.

WRITE After completing the Session 3 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to complete **Section III. Business Organization and Operations: A. Business Structure, Management and Personnel** and **B. Operations Plan**.

TEXT Read **Chapter 8** (*Market Research and Analysis*).

LEARNING OBJECTIVES

- Understand common market research methods.
- Understand how to describe product features and benefits.
- Understand the importance of gathering primary data when conducting customer research.
- Distinguish between direct and indirect competition.
- Learn how to use customer and competition profiles to calculate and analyze market potential.

MARKETING: ANALYSIS & UNDERSTANDING SESSION 4

Date: _____

Due: Section III: Parts A and B

CLASS OPENER

INSTRUCTOR TOPICS (60 MIN.)

1. Expanding Your Market Research
2. Describing Your Product
3. Market Analysis

GUEST SPEAKER

BREAK

- Refreshments
- Networking activity

WORK PERIOD

ASSIGNMENT FOR SESSION 5

WORKBOOK Complete the worksheets in **Workbook Session 4**.

WRITE After completing the Session 4 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to write **Section IV. Marketing Plan: A. Products and Services** and **B. Market Analysis**.

TEXT Read **Chapters 9 through 12** (*Product, Price, Promotion and Placement*).

LEARNING OBJECTIVES

- Understand the importance of the marketing mix.
- Understand how product life cycle affects marketing decisions.
- Understand the basics of product positioning.
- Understand pricing objectives and strategies.
- Understand the basics of break-even analysis.
- Understand common promotional tools, and select the most effective mix for your business.

MARKETING: OBJECTIVES, STRATEGIES & TACTICS SESSION 5

Date: _____

Due: Section IV: Parts A and B

CLASS OPENER

INSTRUCTOR TOPICS

1. Overview of Marketing Strategies
2. Product Strategies
3. Pricing Strategies
4. Promotional Strategies
5. Placement Strategies

GUEST SPEAKER

BREAK

- Refreshments
- Networking activity

WORK PERIOD

ASSIGNMENT FOR SESSION 6

WORKBOOK Complete the worksheets in **Workbook Session 5**.

WRITE After completing the Session 5 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to write **Section IV. Marketing Plan: C. Marketing Objectives, Strategies and Tactics**.

TEXT Read **Chapters 13 through 16** (*The Art of Selling, Customer Management, E-Commerce, Online Marketing and Social Media*).

LEARNING OBJECTIVES

- Understand the importance of having an online security plan.
- Understand the basic issues involved in website design.
- Think about the pros and cons of building or buying a site.
- Think about how e-commerce and social media affect your business plan, and update the relevant sections and costs.
- Understand basic methods of direct selling, customer service and customer management.

MARKETING: E-COMMERCE, DIRECT SALES & CUSTOMER MANAGEMENT SESSION 6

Date: _____

Due: Section IV: Part C

CLASS OPENER

INSTRUCTOR TOPICS

1. E-Commerce
2. Online Marketing and Social Media
3. The Art of Selling
4. Customer Management

BREAK

- Refreshments
- Networking activity

GUEST SPEAKER

WORK PERIOD

ASSIGNMENT FOR SESSION 7

WORKBOOK Complete the worksheets in **Workbook Session 6**.

WRITE After completing the Session 6 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to write **Section IV. Marketing Plan: D. Direct Sales and Customer Service**.

TEXT Read **Chapters 17 through 19** (*Keeping Books and Records, Budgeting, Cash Flow Management*).

LEARNING OBJECTIVES

- Understand the purpose and importance of accounting, recordkeeping and internal controls.
- Explore how budgets provide performance feedback.
- Understand how to prepare common budgets, including Sales Forecast and Cost of Projected Product Units Sold.
- Understand how to prepare cash flow projections.
- Understand ways of managing the cash flow cycle.

MANAGING YOUR MONEY: ACCOUNTING, BUDGETING & CASH FLOW SESSION 7

Date: _____

Due: Section IV: Part D

CLASS OPENER

INSTRUCTOR TOPICS

1. Accounting and Recordkeeping
2. Budgeting

BREAK

- Refreshments
- Networking activity

INSTRUCTOR TOPICS—CONTINUED

3. Preparing Cash Flow Projections
4. Managing the Cash Flow Cycle

WORK PERIOD

ASSIGNMENT FOR SESSION 8

WORKBOOK Complete the worksheets in **Workbook Session 7**.

WRITE After completing the Session 7 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to write **Section III. Business Organization and Operations: Part C. Managing Books and Records** and **Section V. Financial Plan: Part A. Capital Requirements (Startup Costs), Part B. Sales Forecasts, and Part C. Cash Flow Projections**.

TEXT Read **Chapters 20 and 21** (*Overview of Financial Statements and Financing Your Business*).

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.
- Understand managerial uses of financial statements.
- Become aware of sources for debt and equity capital.
- Understand how to produce and submit a financing proposal.

MANAGING YOUR MONEY: FINANCIAL STATEMENTS & BUSINESS FINANCING SESSION 8

Date: _____

Due: Section VI.–Part B.

Cash Flow Projections

CLASS OPENER

INSTRUCTOR TOPICS

1. Overview of Financial Statements
2. Financing Your Business
3. Preparing to Seek Financing

GUEST SPEAKER

BREAK

- Refreshments
- Networking activity

WORK PERIOD

ASSIGNMENT FOR SESSION 9

WORKBOOK Complete the worksheets in **Workbook Session 8.**

WRITE After completing the Session 8 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to complete **Section V. Financial Plan: Part A. Capital Requirements (Loans, Grants and Self-Financing)** and **Part D. Financial Statements.**

TEXT Read **Chapters 24 through 27** (*Dealmaking and Contract Management, Managing Resources, Financial Management, Project Management*).

LEARNING OBJECTIVES

- Understand the importance of negotiating and contract management in the business world.
- Consider ways to save money, save energy, improve efficiency and avoid regulations by managing resources.
- Gain a deeper understanding of budgeting, ratio analysis and benchmarking.
- Understand the basics of project management.

SKILLS FOR GROWTH: BUSINESS MANAGEMENT TOOLS SESSION 9

Date: _____

Due: Section V—Parts A and D

CLASS OPENER

INSTRUCTOR TOPICS

1. Dealmaking and Contract Management
2. Managing Resources
3. Financial Management
4. Project Management

—NO GUEST SPEAKER THIS SESSION—

BREAK

- Refreshments
- Networking activity

WORK PERIOD

ASSIGNMENT FOR SESSION 10

WORKBOOK Complete the worksheets in **Workbook Session 9**.

WRITE After completing the Session 9 worksheets, follow the instructions on the *Writing Your Business Plan* page at the end of the worksheets to complete the **Cover and Title Page**, **Table of Contents**, **Section I. Executive Summary**, and **Appendix**.

TEXT Read **Chapters 28 through 31** (*Managing Growth, Options for Growth, Valuing and Buying a Business, Congratulations*).

LEARNING OBJECTIVES

- Recognize and prepare for the risks and opportunities of business expansion.
- Recognize and prepare for barriers and pitfalls that often arise during periods of rapid growth.
- Discuss plan implementation decisions and next steps.
- Evaluate students' NxLevel® learning experience.

A NEW BEGINNING: PLANNING FOR EXPANSION SESSION 10

Date: _____

Due: Cover Page, Table of Contents

Executive Summary, Appendix

CLASS OPENER

INSTRUCTOR TOPICS

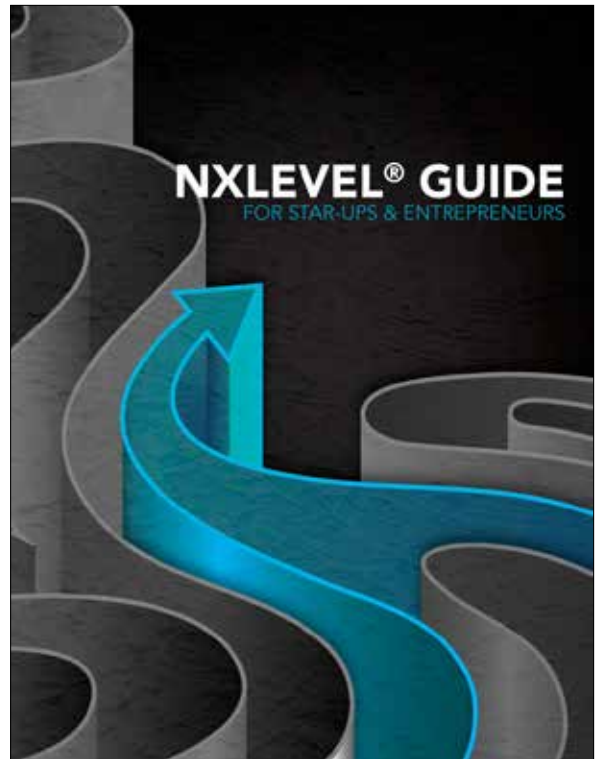
1. Managing Growth
2. Overcoming Barriers and Pitfalls
3. Moving to the Next Level

COURSE EVALUATION

Break into small groups and discuss the following:

4. What did you like most and least about the class?
5. What was the most and least difficult subject matter?
6. Which guest speakers were most effective? Least effective?
7. Which session would you shorten? Lengthen?
8. Which session(s) would you like to see added? Deleted?
9. What suggestions do you have to help the instructor make the course better?
10. What was the most important thing you got out of this class?

BREAK AND GRADUATION



NXLEVEL®
**BUSINESS PLAN
WORKBOOK**

NxLEVEL® BUSINESS PLAN WORKBOOK

SESSION 1

ENTREPRENEURSHIP: STARTUP & GROWTH 1

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| Making Use of Your Plan | 5 |
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SESSION 1 INTRODUCTION

The worksheets in this book are designed to create a comprehensive business plan that will serve as your roadmap for launching or growing a successful venture. By completing these worksheets, you will take a hard look at your business opportunity and decide whether you have the time, energy, desire and resources to take it to the next level.

HOW TO USE THE NXLEVEL® BUSINESS PLAN WORKBOOK

There are worksheets for each of the 10 sessions. They will guide you through a series of self-evaluation exercises, as well as the step-by-step process of writing a *NxLevel® Business Plan* that will help outsiders, partners, lenders and investors understand your business's current stage of development and plans for growth. 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. Don't expect to finish every worksheet on your first try. Instead, keep a list of information you'll need to research to complete the worksheets. You may find that your answers change as you learn more. That's good! A business plan will naturally change as your ideas develop and improve.

Even if you don't think of yourself as a good writer, make every effort to complete the written business plan sections. Remember: This is only the first draft of your business plan. It doesn't have to be perfect, and it can always be cleaned up and edited later.

Also, bear in mind that all businesses are different. It's impossible to cover every business situation with general questions and worksheets. These worksheets focus on business knowledge and practices that are common to most businesses. In the end, it's up to you to figure out what makes your business different and special within the context of your industry and marketplace.

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

There's no denying that writing a business 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

| Section | Worksheet Pages |
|--|-----------------|
| COVER AND TITLE PAGE | X-X |
| TABLE OF CONTENTS | X-X |
| SECTION I. EXECUTIVE SUMMARY | X-X |
| SECTION II. BUSINESS CONCEPT | |
| A. Business Description | X-X to X-X |
| B. Business Goals and Objectives | X-X and X-X |
| C. Industry Information | |
| Industry Background | X-X |
| Current and Future Trends | X-X and X-X |
| Business Fit in the Industry | X-X |
| SECTION III. BUSINESS ORGANIZATION AND OPERATIONS | |
| A. Business Structure, Management and Personnel | |
| Business Structure | X-X |
| Personal Background Information | X-X and X-X |
| Management Team | X-X to X-X |
| Outside Services and Advisors | X-X and X-X |
| Personnel | X-X to X-X |
| B. Operations Plan | |
| Site and Equipment | X-X to X-X |
| Purchasing and Inventory | X-X |
| Risk Management | X-X to X-X |
| Laws, Regulations and Taxes | X-X to X-X |
| Contracts and Leases | X-X and X-X |
| C. Managing Books and Records | X-X to X-X |
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| A. Products and Services | |
| Product Description | X-X to X-X |
| Features and Benefits | X-X |
| B. Market Analysis | |
| Customer Analysis | X-X to X-X |

| Section | Worksheet Pages |
|--|-----------------|
| Competitive Analysis | X-X to X-X |
| Market Potential | X-X and X-X |
| C. Marketing Objectives, Strategies and Tactics | |
| Product Strategy | X-X to X-X |
| Pricing Strategy | X-X and X-X |
| Placement Strategy | X-X |
| Promotional Strategy | X-X to X-X |
| D. Direct Sales and Customer Service | |
| Sales Strategy | X-X to X-X |
| Customer Service Strategy | X-X to X-X |
| SECTION V. FINANCIAL PLAN | |
| A. Capital Requirements | |
| Startup Costs | X-X |
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| Personal Financial Statement | X-X to X-X |
| Income Statement | |
| Balance Sheet | |
| APPENDIX | X-X to X-X |

WRITING HINTS

This workbook is designed to build your *NxLeveL® Business Plan* section by section. The three-ring binder format allows you to add notebook paper as needed. It's best to complete one section before tackling the next and to keep detailed notes on sections that require additional research and rewriting.

The length of your business plan depends on how much detail you include in each section. An average business plan consists of no more than 25 typed, single-spaced pages, plus attachments.

A short, straightforward plan is usually better than a long and complicated one. Don't include information in your plan unless it's essential to the reader's understanding of your business idea. Text and graphs that don't communicate essential facts about your business should either be left out or included in the *Appendix* as an optional resource.

Some people discover about halfway through the workbook that they want to change some of their ideas or assumptions. Although 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 develop 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.

Should your business plan look professional? The answer depends on how you'll use it. If you want to use it to seek financing, then it needs to look as professional as possible. You may need some expert help to get it ready for lenders and investors. 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.

USING YOUR PLAN

The first and foremost use of your business plan is as a management tool for you, the owner and manager of your business. For this reason, it should be a flexible document that allows you to adjust and reanalyze the individual parts of your business ideas before spending money on implementation. This flexibility increases your chance of success.

A business plan may also be used as a financing tool for getting loans or finding investors. A plan is generally required when seeking financing. It helps lenders make decisions more quickly and easily. It may also be used to inform family members and employees of your goals.

Launching a business is like planning a journey: You need a clear, detailed, up-to-date map. We hope the *NxLeveL® Business Plan* will be your map to success!

SESSION 1

ENTREPRENEURSHIP: STARTUP AND GROWTH**ENTREPRENEURIAL TRAITS WORKSHEET**

You don't have to come from a specific background to launch or grow a successful business. You can be a man or a woman of any race, a college graduate or a high-school dropout, a teen or a retiree. But successful business owners *do* share a few important traits.

Completing the worksheet on the following page will show you which of these traits you already have, and which ones you need to learn and practice. Read each statement carefully, and enter a score in the right-hand column based on how well the statement agrees with your feelings. Use a scale of 1 to 4:

1 = strongly disagree

2 = disagree

3 = agree

4 = strongly agree

When you finish, add up your points. A score of 25 to 62 points may mean that starting or growing a business is not the best choice for you at this time. On the other hand, a midrange score may simply mean that you haven't had a chance to develop the skills you need. With a little training, or by partnering with more experienced people, you can easily overcome this problem.

If you scored between 63 and 100 points, you are well on your way to having the skills you need to run a successful business. That said, lasting business success requires an ability to discover and overcome weaknesses. Therefore, you should try to improve any skills for which you scored below 3.

ENTREPRENEURIAL TRAITS WORKSHEET

| Statement | Score |
|---|-------|
| I enjoy competition in work and play. | |
| I often set goals for myself and meet them. | |
| I'm good at motivating myself. Nobody has to get me going. | |
| I like being responsible for myself and making my own decisions. | |
| I enjoy seeking out new challenges. | |
| I'm comfortable taking risks. | |
| In group situations, I often take a leadership role. | |
| I welcome opportunities to adapt, improve and grow. | |
| I'm not the type to put things off when they need doing. | |
| I have an open mind. I consistently challenge my own thinking. | |
| I inspire enthusiasm and commitment in other people. | |
| I'm a naturally curious person who enjoys learning new things. | |
| I believe I have something valuable to offer the world. | |
| I wake up early, feeling alert. | |
| I know how to cope with uncertainty and stress. | |
| I don't get discouraged easily. Challenges motivate me to try harder. | |
| I can accept and learn from constructive criticism. | |
| I often identify new skills I need and work at acquiring them. | |
| When things start going wrong, I usually find a way to make them right. | |
| I'm willing to work hard to achieve goals that mean a lot to me. | |
| Where other people see threats, I see opportunities. | |
| I have a strong sense of personal ethics. | |
| I can make up my mind in a hurry if I have to. These decisions usually turn out well. | |
| People tell me I'm a good communicator. | |
| I believe in being fair, so I aim for win-win situations whenever I can. | |
| TOTAL | |

BUSINESS SKILLS WORKSHEET

Entrepreneurs have limited time and resources, so they must focus on the things they do best. It's important to know which skills you have now, and which skills you'll have to learn or find in partners, employees, advisors or mentors.

Read the statements on the next page, scoring yourself on a scale of 1 to 4.

1 = strongly disagree

2 = disagree

3 = agree

4 = strongly agree

If you score between 25 and 62 points, you may wish to find a continuing education program that offers accounting, financial management or marketing classes. Talking with experienced businesspeople is another great way to get real-life knowledge about business skills. Seek out people who work in your targeted field and ask them which skills they feel were crucial to their success. No matter what your total score was, we recommend taking steps to improve any skills for which you scored below 3.

If you score between 63 and 100 points, you already possess strong business knowledge. However, you still need to keep your skills up to date and prepare yourself to learn new ones throughout your business career.

BUSINESS SKILLS WORKSHEET

| Statement | Score |
|---|-------|
| I keep track of my personal finances and balance my checkbook every week. | |
| I create monthly and yearly budgets for myself and follow them. | |
| I know what I spent on medical costs and living expenses last month. | |
| I never overdraw my bank account or bounce checks. | |
| Even if I don't prepare my tax return myself, I understand the basic concepts. | |
| I know how to borrow money from a bank. | |
| I have a good credit rating. | |
| I use a computer to manage my business and personal finances. | |
| I've worked as a manager or supervisor. | |
| I've worked in a business that's very similar to the one I want to launch or expand. | |
| I make a point of keeping up with business and economic news. | |
| My financial and accounting records are detailed and organized. | |
| When I negotiate with a friend or salesperson, we're both usually happy with the outcome. | |
| I've managed employees or coworkers by setting goals and assessing performance. | |
| I'm detail-oriented and organized. | |
| I'm good at prioritizing tasks. | |
| I'm good at structuring my workday. | |
| I work equally well as a leader or a team member. | |
| I'm comfortable meeting new people and speaking in front of groups. | |
| I usually have no problem juggling several tasks at once. | |
| I'm a good listener. | |
| I'm familiar with most common business terms. | |
| I can write clearly, speak clearly and spell words correctly. | |
| I'm good at math. | |
| I make a point of meeting deadlines and keeping promises. | |
| TOTAL | |

PERSONAL AND FAMILY CONSIDERATIONS WORKSHEET

Assessing lifestyle preferences means measuring what you value as a human being. Take a careful look at your motivations and priorities to ensure that your work and personal life are compatible.

Read the statements on the next page, and score yourself as you did in the previous assessments.

1 = strongly disagree

2 = disagree

3 = agree

4 = strongly agree

Are you flexible enough to take on the challenges and uncertainties of a new business opportunity?

If you score below 62 points, financial, family, community or other personal responsibilities may be a source of conflict. By looking at the statements for which you scored a 1 or 2, you may be able to draw some conclusions about how time, money, family, health and other issues will affect your ideal lifestyle.

Remember: Running a business doesn't just affect *your* life. It also affects your family. If they don't share your perception of risks and rewards, you could face serious personal conflicts. That's why you should always look for conflicts between your answers and your family's answers. If you're prepared to lose your savings, but your family isn't, you have a problem!

If you score between 63 and 100 points, you're probably in a good position to take advantage of your business opportunity. But as always, you should look carefully at scores below 3 and take steps to reduce or avoid family and lifestyle conflicts.

PERSONAL AND FAMILY CONSIDERATIONS WORKSHEET

| Statement | Score |
|--|-------|
| Running my own business is a very important personal goal. | |
| My family strongly supports my personal goal of running a business. | |
| I can support myself without taking any money out of my business for one year. | |
| I can manage household finances and other responsibilities while running my business. | |
| I'm willing to go into debt to finance my business. | |
| My family is willing to go into debt to finance my business. | |
| I'm willing and able to get by on less money while launching my business idea. | |
| My family is willing and able to get by on less money while I launch my business idea. | |
| I'm prepared to deal with new financial and emotional stresses. | |
| My family is prepared to deal with new financial and emotional stresses. | |
| I'm OK with working 50+ hours a week, including weekends and holidays. | |
| My family is OK with me working 50+ hours a week, including weekends and holidays. | |
| I'm prepared to lose personal savings if my business idea fails. | |
| My family is prepared to lose personal savings if my business idea fails. | |
| I can handle uncertainty and stress without getting sick or losing sleep. | |
| My family can handle uncertainty and stress without getting sick or losing sleep. | |
| No matter how hectic things get, I always make time for friends and family. | |
| My family is willing to pitch in to help my business succeed. | |
| I have a fallback plan in case my business fails. | |
| My health is generally good. I don't get sick very often. | |
| I have enough time and stamina to run a successful business. | |
| My friends and family would describe me as a high-energy person. | |
| I have a strong support network I can turn to for help and good advice. | |
| I know where to get any extra business training I need. | |
| I'm willing to give up hobbies and activities I currently enjoy, if I have to. | |
| TOTAL | |

PERSONAL AND BUSINESS GOALS WORKSHEET

Step 1 *Think of five things you want to accomplish personally in the next five years. List them on the lines below, then rank them in order of importance, with 1 being the most important and 5 being the least important.*

Things I want to accomplish in the next five years

Priority

| | |
|--|--|
| | |
| | |
| | |
| | |
| | |

Step 2 *Now that you've looked at your personal goals, list five reasons why you want to take advantage of this business opportunity. Again, rank each reason in order of importance.*

Why I want to take advantage of this business opportunity

Priority

| | |
|--|--|
| | |
| | |
| | |
| | |
| | |

Step 3 *Look at the personal and business goals you identified. Do they fit together, or do they conflict? If there's a conflict, what steps can you take to resolve it?*

| |
|--|
| |
| |
| |
| |
| |

PERSONAL ASSESSMENT WORKSHEET

1. What experience do you have in your business or industry?

2. What technical skills or knowledge do you have that will help you run your business (e.g., computer, marketing or design skills)?

3. How has your educational and professional background prepared you to succeed in this business venture?

4. What relevant training, qualifications, awards and accomplishments can you cite?

5. Do you have any advisors who can help you with your business (e.g., a mentor, fellow business owner, accountant or marketing professional)? If not, what is your plan for developing a team of advisors?

6. In which of the following areas will you need help? Do any family members or close friends have these skills? Would they be willing to help you?

- | | |
|---|---|
| <input type="checkbox"/> Accounting | <input type="checkbox"/> Legal compliance |
| <input type="checkbox"/> Bookkeeping | <input type="checkbox"/> Computers and technology |
| <input type="checkbox"/> Financial management | <input type="checkbox"/> Website design and maintenance |
| <input type="checkbox"/> Customer management | <input type="checkbox"/> E-commerce |
| <input type="checkbox"/> Employee management | <input type="checkbox"/> Negotiation |
| <input type="checkbox"/> Market research | <input type="checkbox"/> Safety and risk management |
| <input type="checkbox"/> Marketing | <input type="checkbox"/> Writing and editing |
| <input type="checkbox"/> Direct sales | <input type="checkbox"/> Graphic design |

PERSONAL FINANCIAL STATEMENT WORKSHEET

A **personal financial statement** is a snapshot of your current financial status. Complete the following worksheet to the best of your ability. You will need to update this worksheet as your financial situation changes, so make copies of it or use a pencil.

| | | | |
|--|--|---|--|
| Name: | | Date: | |
| CURRENT ASSETS | | CURRENT LIABILITIES | |
| Cash on hand (in checking accounts) | | Current personal and household bills | |
| Cash (in savings accounts) | | Credit and charge cards (specify): | |
| Certificates of deposit | | | |
| Notes and accounts receivable | | | |
| Marketable securities (stocks, bonds) | | Installment loans (short-term) | |
| Life insurance (cash value) | | Short-term notes and accounts payable | |
| Other current assets (specify): | | Taxes due | |
| | | Loan payments due this year | |
| | | Other current liabilities (specify): | |
| | | | |
| Total Current Assets | | Total Current Liabilities | |
| NONCURRENT ASSETS | | NONCURRENT LIABILITIES | |
| Real estate (market value) | | Real estate debts and mortgages | |
| Vehicles (market value) | | Other noncurrent liabilities (specify): | |
| Individual retirement plans, etc. | | | |
| Major household items | | | |
| Other personal property | | | |
| Other assets (specify): | | | |
| | | | |
| | | | |
| | | | |
| Total Noncurrent Assets | | Total Noncurrent Liabilities | |
| (A) Total Assets (current + noncurrent) | | (B) Total Liabilities (current + noncurrent) | |
| Assets (A) - Liabilities (B) = Net Worth | | | |

BUSINESS OPPORTUNITY WORKSHEET

This worksheet will help you ask yourself some tough questions about your business idea.

Most people have one business idea they want to explore. If you have more than one idea, this worksheet can help you decide which idea is best for you. If the first idea you choose doesn't make sense after you do some research, make additional copies of this worksheet and try other ideas.

For each business opportunity, read the following statements and rate your idea on a scale of 1 to 4.

1 = strongly disagree

2 = disagree

3 = agree

4 = strongly agree

| Business idea: _____ | Score |
|--|-------|
| My product is unique. | |
| There is an unmet need or ongoing demand for my product. | |
| This market is relatively easy to enter. | |
| I don't have many current competitors in this business. | |
| I'm passionate about this idea. | |
| I have most of the skills I need for this opportunity. | |
| I have experience in this business or one just like it. | |
| I have enough time and money to start this business. | |
| I can run this business by myself if I have to. | |
| I have a mentor or advisor with experience in this business. | |
| Total | |

If you score above 25 points, this may indicate a good business opportunity. If you score 20 points or less, you may be better off choosing a different idea. If you don't have enough information to answer a specific question, this indicates an area for further research.

BUSINESS OPPORTUNITY WORKSHEET—CONTINUED

1. What’s your business idea? Is it a manufacturing, retail or service business?

2. What are the three main reasons you chose this idea?

3. What practical skills, knowledge and resources can you bring to your idea to help it succeed?

4. Do you have a name for your business yet? If so, write it here (or list some possibilities).

Your **business niche** is what makes your business different from others like it. Basically, it's the thing you offer your target customers that your competitors don't.

It's very important to get feedback from potential customers at this stage. What do they want? What are they not getting from your competitors? Will you be able to meet their needs at a price they can afford? This step is often overlooked by first-time entrepreneurs who assume that they already know their customers. Don't make this mistake! Take the time to talk to potential buyers.

[illegible]

CUSTOMER PROFILE WORKSHEET

Your **primary customers** are the people who are most likely to buy from your business. Your **secondary customers** are less likely to buy, but they are still within your target market.

For example, a childcare center’s primary customer might be working parents with children ages 1 to 4 years old, who live within two miles of the center. Its secondary customer might be parents who work at a large factory three miles away. Because they’re farther away, they’re less likely to use this center. But they’re more likely to use it than people who live or work eight miles away.

Write your current assumptions about your primary and secondary customers in the space provided. In upcoming sessions, your research will show how accurate your estimates are.

If you’re having trouble being specific, try this: Pretend you only have \$100 to spend on attracting new customers to your business, and you want to make sure that spending it will result in a sale. Who would you want to attract with this limited amount of promotional money?

| | Current Assumptions | |
|--|---------------------|---------------------|
| Customer Characteristics | Primary Customers | Secondary Customers |
| Gender (male or female) | | |
| Average age, or age range | | |
| Income level | | |
| Education level | | |
| Residence location | | |
| Employment/job location | | |
| Worker type (professional, hourly, etc.) | | |
| Marital status (married or single) | | |
| With or without children | | |
| Renter or home owner | | |
| Lifestyle/interests (sports, arts, pets, etc.) | | |
| Level of familiarity with your service | | |
| Beliefs/opinions that affect your business | | |
| Other: | | |
| | | |
| | | |
| If selling to other businesses: | | |
| Type of business (what industry?) | | |
| Annual sales | | |
| Number of employees | | |
| Location | | |
| Other: | | |
| | | |
| | | |

After you identify your customers, you need to find out if there are enough of them to support your business. U.S. Census Bureau data can give you a good idea of how many potential customers live in your area.

You also need to decide what percentage of these customers are likely to buy. (Remember: Not all of your target customers will buy your product!)

You'll be researching these and other questions about your target market in upcoming sessions. For now, your goal is simply to come up with a rough estimate that you can refine and improve later on.

Use the information on the previous worksheet to write a profile of your ideal customer. Here's an example:

My ideal customer is a woman in her late teens to early 30s. She lives in a city or a smaller college town and has at least some college education. She makes \$30,000 to \$50,000 per year and spends about \$300 per year on beauty and grooming products. Of that, about \$75 is soap and shampoo. She prefers organic, nontoxic products in recycled packaging. She usually buys online to save money, but she'll pay a higher price for unique products from a local street fair or farmers' market.

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.

ACTION PLAN WORKSHEET

Now, list the actions you will take to address the weaknesses you identified in the previous worksheets. Do you need to get a little more business experience? Will you take classes to brush up on an old skill or master a new one? Whatever you need to do, list it here, research the costs and set a realistic deadline for completion. We recommend that you make extra copies of this page, so that you can easily set and schedule any goals that arise as you work through this book.

| | | |
|-------------|-----------|-----------------|
| Goal: | | |
| Start Date: | Deadline: | Estimated Cost: |
| Notes: | | |

| | | |
|-------------|-----------|-----------------|
| Goal: | | |
| Start Date: | Deadline: | Estimated Cost: |
| Notes: | | |

| | | |
|--------------------|------------------|------------------------|
| Goal: | | |
| Start Date: | Deadline: | Estimated Cost: |
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| Notes: | | |

| | | |
|--------------------|------------------|------------------------|
| Goal: | | |
| Start Date: | Deadline: | Estimated Cost: |
| Notes: | | |

WORKSHEETS ASSIGNMENT FOR SESSION 2

Although there are a lot of worksheets in this session, most of them should be fairly easy to complete. The *Action Plan Worksheet* should be filled in gradually as you identify weaknesses to address and problems to solve. Making multiple copies of the *Action Plan Worksheet*, and using it to keep track of the steps you must take to prepare your business plan, will help you to stay organized.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section III. Business Organization and Operations

A. Business Structure, Management and Personnel

Personal Background Information

Based on your answers to *Questions 1 through 6* of the *Personal Assessment Worksheet*, write a paragraph or two describing your skills, qualifications and experience in your business and industry. Discuss your weaknesses as well as your strengths, and explain how you plan to overcome them.

Section V. Financial Plan

D. Financial Statements

Personal Financial Statement

Review the Personal Financial Statement Worksheet. Write a paragraph describing what you can bring to your business financially, and state the amount of income you require from your business to cover your personal expenses.

SESSION 2

**PLANNING & RESEARCH:
ENTREPRENEURIAL ESSENTIALS****BUSINESS GOALS AND OBJECTIVES WORKSHEET**

When assessing a new business opportunity, you should consider your **short-term goals** (within one year) and **long-term goals** (within two to three years). Goals are usually measured in dollars and other tangible outcomes. Each goal must be clearly defined so that you can track your progress toward it. In other words, each goal must be *measurable*.

Objectives are specific strategies for reaching goals. A goal may have several objectives, but every objective must be measurable and assigned to a specific person within your business.

You can set goals and objectives for any aspect of your business, including:

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

When setting goals and objectives, ask yourself the following questions:

- What will I do?
- Why should I do it?
- How will I do it?
- When will I do it?
- Who can help me do it?
- What problems will I face?
- How will I overcome these problems?
- What will the outcome be?

To understand the difference between goals and objectives, consider the following example:

I own a small bakery in a mid-sized metropolitan area. My goal is to be bigger than my largest local competitor within three years. My objectives are:

- To get out of my current location and into a suitable leased space
- To sell outside of my immediate metropolitan area
- To take 25 percent of market share from my largest local competitor

Step 1 *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 *Identify at least three long-term goals and objectives for your business and list them in order of importance.*

BUSINESS GOALS AND OBJECTIVES WORKSHEET—CONT.

| SHORT-TERM GOALS & OBJECTIVES (Year 1) | | |
|--|----------|--------------------|
| Goal 1: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |
| Goal 2: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |
| Goal 3: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |
| LONG-TERM GOALS & OBJECTIVES (Years 2 and 3) | | |
| Goal 1: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |
| Goal 2: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |
| Goal 3: | | |
| Objective | Deadline | Who's Responsible? |
| | | |
| | | |
| | | |

MISSION STATEMENT WORKSHEET

Your **mission statement** briefly sums up your values, your vision and the purpose of your business. Creating a mission statement helps to focus your efforts, guide your strategies and communicate your business's aspirations. It's helpful to begin by working on these elements one at a time, using the worksheet on the following page.

Step 1 *Your business values*

Business values reflect your ethics and describe how you will treat employees and customers.

Step 2 *Your vision*

What do you want your business to be and do for your customers? How will it contribute to or enrich their lives? What would you like it to be known for in your community?

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 primary external purpose of any company is to serve customers and solve their problems.

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*

Your mission statement should include all of the above elements: values (the philosophy of your business); vision (what you want your business to be and do); and purpose (what your business does to serve its 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 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, employees and suppliers. Of course, posting it on a wall is easy. The challenge is to live up to it!

MISSION STATEMENT WORKSHEET—CONT.

1. What values guide your business? How will it treat customers, employees and partners?

2. What do you want your business to be and do? What would you like it to be known for, now and in the future?

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

4. Based on your previous answers, write a draft mission statement:

BUSINESS DESCRIPTION WORKSHEET

1. What business are you in? What are your key products?

2. Why will customers want to buy your product?

3. Provide a general description of how your business will operate.

4. What stage of development is your business in?

5. Describe your plans for growth.

BUSINESS DESCRIPTION WORKSHEET—CONT.

- 6. Write an initial business description.** Based on your answers to Questions 1 through 5, write a simple but complete description of your business idea as you currently understand it. Describe your key products and explain why you think customers will want to buy them. As you work through the plan, you can come back and edit this section as necessary.

[illegible]

SOURCES OF INDUSTRY DATA WORKSHEET

Use the following questions to identify secondary data resources that will get you started on your search for current industry information.

1. What is your industry? (Be as specific as possible.)

2. What is the North American Industry Classification System (NAICS) code for your industry? (You can find this number at www.census.gov/eos/www/naics); it will help you to find industry data from online government and industry sources.)

3. Identify trade associations that offer industry information for your type of business.

4. Identify industry magazines, publications and websites. Most industries have publications that offer valuable information about managing a business in that industry. Your librarian can help you find these publications.

5. Identify state and federal government publications and websites that offer data on your industry.

6. Identify other good sources of industry data and trend information.

KEY CONTACTS WORKSHEET

Smart entrepreneurs keep a list of local, regional and industry contacts who can provide information, solve problems or locate primary research data. Use the following steps to build your contact list.

- 1. Who is the director of your local chamber of commerce?** Contact the director and find out what help is available for small businesses.

- 2. Who is your trade association contact?** Find out if someone in your trade association can help you on a local or regional level.

- 3. Who is your local business librarian?** Visit your library and find out what assistance, databases, business records and tools are available.

- 4. Who is your local SBDC, SCORE or BIC director?** Local Small Business Development Centers and SCORE chapters can provide counseling and other help to small-business owners. If you live in a larger metropolitan area, the Small Business Administration (SBA) may have a Business Information Center that can help you.

SESSION 2

- 5. Identify local business and civic organizations.** Being active in local organizations and networking with your community is a key to success for many entrepreneurs.

- 6. Identify social networking sites or online forums where you can make contacts.** Look for sites where people in your industry gather to network, get advice or trade strategies. Whether you participate in these forums or simply read them, they can provide invaluable information.

[illegible]

- 7. Identify supplier representatives.** Many business owners think of suppliers simply as the people that sell them products. However, suppliers often have expert knowledge of your industry. Get to know more about your supplier representatives and their backgrounds.

[illegible]

INDUSTRY RESEARCH WORKSHEETS

Using trade association information, industry publications, websites and the other resources you identified in the previous exercises, research the following information about your industry. At a minimum, your industry research should reveal your industry's size and current stage (new, growing, stable, declining) and identify trends that are likely to affect it in coming years.

Step 1 Industry background

- The industry's current size in terms of total sales, number of customers and number of businesses
- The industry's historic growth rate
- Do large or small businesses dominate the industry?

Step 2 Current and future trends

- Current trends (industry life cycle stage, current and predicted growth)
- Economic outlook for the industry, and for small businesses within the industry
- What niche markets are currently hot?
- Future trends predicted by industry experts (document your sources)
- How are small businesses in this industry affected by large companies, international competition and franchises?
- Opportunities and threats relating to current and future technology
- Opportunities and threats relating to current and future government regulations

Step 3 Business fit in the industry

- How does your business compare to other businesses in your industry?
- Why does the opportunity exist for you to enter or improve your position in this industry? (Possible answers include: a strong trend toward smaller, local businesses; e-commerce; a financing opportunity; weak competitors; a new delivery system.)
- How is your business positioned to profit from the trends and opportunities you identified in Step 2? How will it avoid any threats you identified?

INDUSTRY BACKGROUND

- 1. What is the current size of your industry?** (Consider annual sales, number of businesses and number of customers.) **What is its historic growth rate?**

- 2. What type of businesses dominate your industry (micro, small, medium, large)?** State the percentage of each, if possible.

- 3. Does your industry show seasonal trends?** If so, explain.

- 4. How and where do businesses in your industry promote, sell and deliver products?**

INDUSTRY RESEARCH WORKSHEET—CONT.

CURRENT AND FUTURE TRENDS

5. Is your industry new, growing, stable or declining?

6. How does your industry compare to the economy as a whole? Is it doing better, worse or about the same? Explain.

7. How do small businesses operate within this industry? Are they currently prospering? Why, or why not? Is the outlook for small businesses in this industry good or bad over the next three years? Why? What are the major opportunities and threats?

SESSION 2

8. How are small businesses in your industry currently affected by large competitors (e.g., chain stores, franchises or online retailers like Amazon)? What trends are expected?

[illegible]

- 9. What niche markets are currently hot in this industry? Explain the trends.**

[illegible]

- 10. What political, economic, social and technological trends are being predicted by industry experts? (Document your sources.)** How will these trends affect small businesses in your industry over the next year? How about the next two to three years?

[illegible]

INDUSTRY RESEARCH WORKSHEET—CONT.

BUSINESS FIT IN THE INDUSTRY

11. How does your business compare to other businesses in your industry? How is it similar?
 How is it different?

12. How do your products and business fit into the industry? Relate this to your discussion of
 current and future trends.

13. Why is there an opportunity to enter this industry? How will you take advantage of it? What
 threats and risks do you face? How will you address them?

14. How is your business positioned to profit from the trends you identified?

WORKSHEETS ASSIGNMENT FOR SESSION 3

Complete the following worksheets:

- *Business Goals and Objectives Worksheet*
- *Mission Statement Worksheet*
- *Business Description Worksheet*
- *Sources of Industry Data Worksheet*
- *Key Contacts Worksheet*
- *Industry Research Worksheet*

For best results, review all your answers to the worksheet questions before starting the assignment.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section II. Business Concept

A. Business Description

Review the Business Description Worksheet and write a simple but complete description of your business idea. Include your Mission Statement, as set forth in the Mission Statement Worksheet. Describe your key products and explain how they will meet customer needs. Write this section so a stranger can read it and understand exactly what your business hopes to be and do.

B. Business Goals and Objectives

Review the Business Goals and Objectives Worksheet. Summarize your short-term goals (within one year) and long-term goals (two to three years in the future). Include the objectives or steps you'll take to reach each goal. You can write this section using your goals as a main sentence, and put bullet points under the sentence to show the steps you'll take to reach each goal.

WRITING YOUR BUSINESS PLAN - CONT.**Section II. Business Concept****C. Industry Information****Industry Background**

Review your answers to Questions 1 through 4 on the Industry Research Worksheet. Summarize the information to describe the current size of your industry in terms of dollar sales and number of businesses or customers. Discuss whether large or small firms dominate the industry, and note any seasonal trends. Explain how and where products and services are currently promoted, sold and delivered in this industry.

Current and Future Trends

Review your answers to Questions 5 through 10 on the Industry Research Worksheet. Explain whether the industry is growing, stable or declining. Summarize the economic outlook for the industry and for small businesses within the industry. Identify and explain important niche market trends that relate to your business. Describe the impact of current and future political, economic, social and technological trends on small businesses within your industry.

Business Fit in the Industry

Review your answers to Questions 11 through 14 on the Industry Research Worksheet. Then, describe how you see your business fitting into this industry. Will your business be like most others in the industry, or will it be different? Explain any unique aspects of your business that you feel improve its chance to succeed in this industry. If possible, relate your fit in the industry to important trends you identified in the previous section.

SESSION 3

BUSINESS ORGANIZATION: MANAGEMENT & LEGAL STRUCTURE

BUSINESS OWNERSHIP WORKSHEET

Which form of business ownership is best for you depends on the type and size of your business, the kind of products you will offer, and your local, state and federal laws. Check with your state about the rules governing each legal structure, and then talk with your accountant, lawyer or mentor to make sure you choose the best form of ownership.

1. **What type of business ownership will you choose?** Describe the advantages and disadvantages of this legal structure on the worksheet below.

Legal structure of your business: _____

| Advantages | Disadvantages |
|------------|---------------|
| | |
| | |
| | |
| | |
| | |
| | |

2. **Why is this currently the best form of ownership for your business? Will you need to switch to another form of ownership later? If so, explain.**

3. **Who are the owners of your business? What is their financial share of ownership?**

BUSINESS FEES, PERMITS AND TAXES WORKSHEET

Use the chart below to review the business registration, permitting, licensing and tax information that applies to your business. Be sure to research any fees you'll have to pay.

| Business registry/licensing | Information needed or action required | Contact agency | License/permit fee |
|---|---------------------------------------|---------------------------|--------------------|
| Register business name | | | |
| Get employer identification number (EIN) | | | |
| Register trademark | | | |
| State, county and local business licenses | | | |
| Zoning permits | | | |
| Signage permits | | | |
| Other licenses or permits your business requires: | | | |
| | | | |
| | | | |
| | | | |
| TOTAL | | | |
| Type of tax | Agency to contact | Registration requirements | |
| Federal income tax | | | |
| State income tax | | | |
| Local income tax | | | |
| Sales/use tax | | | |
| Property tax | | | |
| Self-employment tax | | | |
| Other taxes and fees that affect your business: | | | |
| | | | |
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| | | | |
| | | | |

| Legal issue | Applicable laws | Contact agency | Compliance cost |
|-------------------------------|------------------------|-----------------------|------------------------|
| Payroll and withholding taxes | | | |
| Wage and hour regulations | | | |
| Worker safety laws | | | |
| Civil rights laws | | | |
| Consumer privacy laws | | | |
| Direct marketing laws | | | |
| Advertising and labeling laws | | | |
| Public health | | | |
| Shipping laws | | | |
| Environmental laws | | | |
| Other: | | | |
| | | | |
| | | | |
| | | | |
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| | | | |
| | | | |
| | | | |
| TOTAL | | | |

CONTRACTS AND LEASES WORKSHEET

Use this worksheet to explain which contracts and leases your business requires. Include contracts you already have, as well as any contracts needed to launch or grow your business.

| Contract or lease type | Purpose |
|----------------------------------|---------|
| Employment agreement | |
| Nondisclosure agreement | |
| Independent contractor agreement | |
| Power of attorney | |
| Partnership agreement | |
| Buy/sell agreement | |
| Promissory note | |
| Lease agreement | |
| Purchasing agreement | |
| Land usage contract | |
| Warranties | |
| Licensing agreement | |
| Franchise agreement | |
| Other: | |

INTELLECTUAL PROPERTY WORKSHEET

Use this worksheet to explain how you will protect your intellectual property.

| Intellectual property | Steps needed to gain protection | Estimated Cost |
|-----------------------|---------------------------------|----------------|
| Trademark | | |
| Business name | | |
| Copyright | | |
| Patent | | |
| Trade secret | | |
| TOTAL | | |

INTELLECTUAL PROPERTY WORKSHEET—CONTINUED

Use the following table to list any intellectual property you need to buy or license from other people. Note the purpose and terms of use for each type of intellectual property, as well as any estimated fees.

When researching this section, think about any creative work you will use in your business that is not your own creation. Pay special attention to online use of copyrighted materials. Not only is this a common area of infringement, but online copyright infringement is also very likely to get noticed.

| Intellectual property | Purpose and terms of use | Fees |
|---------------------------|--------------------------|------|
| Photography | | |
| Music | | |
| Graphic design | | |
| Illustration | | |
| Logo design | | |
| Fonts | | |
| Writing | | |
| Video | | |
| Recipes and formulas | | |
| Patterns (e.g., knitting) | | |
| Software: | | |
| Other: | | |
| Other: | | |
| TOTAL | | |

MANAGEMENT TEAM WORKSHEETS

These worksheets identify your internal and external management team and highlight their credentials and qualifications. Even if you are running your business by yourself, it's wise to fill out these worksheets. As your business grows, you will almost certainly need help managing it.

Step 1 Complete the Internal Management Team Worksheet.

List owners and managers and their titles. State who will manage day-to-day business operations and explain why you chose them (skills, education, qualifications, experience, etc.).

Step 2 Complete the Management Skills Worksheet.

Which skills do you currently have in-house, and which do you need to learn or seek from outsiders? To answer these questions, review each skill area in the *Management Skills Worksheet*. In the **Adequate Knowledge** column, write the name of the internal management team member who has the relevant skill.

If no team member currently has that skill, decide whether you will train someone inside your organization or will hire an outside expert. Then, put an "X" in the **Outside Help Needed** or the **Education Needed** column. For skills that require education, research the cost of education or training and enter it in the **Cost** column.

Step 3 Complete the Outside Services Worksheet.

Identify outside services you need, and state who will provide them (if you know). Research monthly costs for each outside service you feel is essential. Always consider the legal issue of independent contractors vs. employees—as defined by the IRS—when deciding which functions to outsource.

Step 4 Complete the Advisory Board Worksheet.

Identify prospective advisory board members by the type of knowledge or experience they have and—if possible—by name.

MANAGEMENT TEAM WORKSHEETS—CONTINUED

INTERNAL MANAGEMENT TEAM WORKSHEET

1. Who are the owners and managers of your business, and what are their titles?

| Name | Title | Owner | Manager |
|------|-------|-------|---------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

2. Who will manage the day-to-day operations of your business?

3. Why did you choose the managers listed above? Use highlights from their résumés to explain their relevant skills, education, qualifications, and professional or practical experience.

MANAGEMENT SKILLS WORKSHEET

Review each skill area in the *Management Skills Worksheet* below. In the **Adequate Knowledge** column, write the name of the internal management team member who has skill in that area. If a skill isn’t relevant to your business, write “NA” for “not applicable.”

If no management team member currently has the skill, put an “X” in the **Outside Help Needed** or the **Education Needed** column. For each skill that requires education, research the cost of education and enter it in the last column. (You will research the cost of outside services on the next page.)

| Management skills | Adequate knowledge (write in the name) | Outside help needed | Education needed | Estimated cost |
|--------------------------|---|------------------------|---------------------|-------------------|
| Planning and organizing | | | | |
| Employee management | | | | |
| Budgeting | | | | |
| Accounting and taxes | | | | |
| Financial management | | | | |
| Bookkeeping | | | | |
| Payroll | | | | |
| Credit and collections | | | | |
| Design and engineering | | | | |
| Manufacturing | | | | |
| Quality control | | | | |
| Inventory management | | | | |
| Information technology | | | | |
| Graphic design | | | | |
| Photography and video | | | | |
| Copywriting and editing | | | | |
| Website design | | | | |
| E-commerce | | | | |
| Marketing and promotions | | | | |
| Sales | | | | |
| Customer service | | | | |
| Safety and security | | | | |
| Legal | | | | |
| Secretarial | | | | |
| Other: | | | | |
| | | | | |
| | | | | |
| TOTAL | | | | |

MANAGEMENT TEAM WORKSHEETS—CONTINUED

OUTSIDE SERVICES WORKSHEET

The *Management Skills Worksheet* identified necessary skills you currently lack. With those skills in mind, complete the *Outside Services Worksheet*. You'll need to research the cost of each outside service. Get two or three bids for each service category. Remember to consider low-cost/no-cost options like free legal services and barter.

Estimate the monthly cost of each outside service, and then add up the total annual cost. This way, you can compare the cost of using outside services to the cost of training someone to do the same work.

| Service category | Who? | Monthly cost | Annual cost |
|--------------------------|------|-------------------|-------------|
| Planning and organizing | | | |
| Employee management | | | |
| Budgeting | | | |
| Accounting and taxes | | | |
| Financial management | | | |
| Bookkeeping | | | |
| Payroll | | | |
| Credit and collections | | | |
| Design and engineering | | | |
| Manufacturing | | | |
| Quality control | | | |
| Inventory management | | | |
| Graphic design | | | |
| Photography and video | | | |
| Copywriting and editing | | | |
| Website design | | | |
| E-commerce | | | |
| Marketing and promotions | | | |
| Sales | | | |
| Customer service | | | |
| Safety and security | | | |
| Legal | | | |
| Secretarial | | | |
| Other: | | | |
| | | | |
| | | | |
| | | | |
| Total Monthly Cost | | | |
| | | Total Annual Cost | |

ADVISORY BOARD WORKSHEET

Advisors can bring expertise and unbiased views to your business for a low cost. Advisory boards typically meet annually or quarterly. Board members usually serve on an unpaid basis. They're often rewarded simply by having their meeting meal paid for, or with discounts on products or services. The board may consist of family members, local business professionals, customers, mentors, or noncompeting owners of similar businesses.

- 1. Identify potential advisory board members by the type of knowledge or experience they have and—if possible—by name.**

| Knowledge or expertise desired | Potential board member name |
|--------------------------------|-----------------------------|
| | |
| | |
| | |
| | |
| | |
| | |

- 2. How often and where will your advisory board meet? How will you compensate members?**

[illegible]

EMPLOYEE MANAGEMENT WORKSHEETS

Now that you’ve identified your management team, outside services and advisors, you need to consider your employee needs and the associated costs.

EMPLOYEE NEEDS WORKSHEET

Detail your employee needs on the worksheet below. Identify full-time and part-time positions, and note when they will be needed (seasons, specific hours of the day, etc.). Then, answer the questions that follow the worksheet.

| Job title | Skills and qualifications | Responsibilities | Full- or part-time | When needed |
|-----------|---------------------------|------------------|--------------------|-------------|
| | | | | |
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EMPLOYEE MANAGEMENT WORKSHEETS—CONTINUED

1. **Have you written current job descriptions for your management and personnel positions?**
 If you haven't, schedule this activity on your *Action Plan Worksheet* from Session 1. If you have, include copies of job descriptions in the *Appendix* section of your business plan.

2. **How will you find, screen and hire the employees you need?**

3. **What training will new employees need?** Specify training needs for each position. Who will conduct training (in-house; community college)? What are the costs?

4. **What paperwork will be required when you hire new personnel? What other legal requirements apply?**

[illegible]

EMPLOYEE SALARY/WAGE AND BENEFITS WORKSHEET (MONTHLY)

| | | | |
|--------------------------------|----|----------------------|----|
| Title: | | Notes: | |
| Work Performed: | | | |
| Salary/Wage per Hour/Month: \$ | | | |
| | | | |
| Mandatory Benefits: | | Optional Benefits: | |
| Social Security (FICA) | \$ | Medical Insurance | \$ |
| Federal Unemployment | \$ | Dental Insurance | \$ |
| State Unemployment | \$ | Vision Insurance | \$ |
| Workers' Compensation | \$ | Life Insurance | \$ |
| Other: | \$ | Disability Insurance | \$ |
| | | Pension Plan | \$ |
| | | Profit-Sharing Plan | \$ |
| | | Other: | \$ |
| Total Mandatory/Month | \$ | Total Optional/Month | \$ |
| | | Grand Total/Month | \$ |

EMPLOYEE SALARY/WAGE AND BENEFITS WORKSHEET (MONTHLY)

| | | | |
|--------------------------------|----|----------------------|----|
| Title: | | Notes: | |
| Work Performed: | | | |
| Salary/Wage per Hour/Month: \$ | | | |
| | | | |
| Mandatory Benefits: | | Optional Benefits: | |
| Social Security (FICA) | \$ | Medical Insurance | \$ |
| Federal Unemployment | \$ | Dental Insurance | \$ |
| State Unemployment | \$ | Vision Insurance | \$ |
| Workers' Compensation | \$ | Life Insurance | \$ |
| Other: | \$ | Disability Insurance | \$ |
| | | Pension Plan | \$ |
| | | Profit-Sharing Plan | \$ |
| | | Other: | \$ |
| Total Mandatory/Month | \$ | Total Optional/Month | \$ |
| | | Grand Total/Month | \$ |

SUPPLY CHAIN AND LOGISTICS WORKSHEETS

Your **supply chain** consists of all the interdependent business processes that go into selling your product, from sourcing and manufacturing to distribution and sales.

BUSINESS SITE WORKSHEET

The location of your business should be compatible with your goals and strategies. The importance of physical location depends on what kinds of products you offer, what kind and amount of space you need, and what effect your site has on producing and delivering products to your target customers.

| | |
|---|---|
| BUSINESS LOCATION: | |
| Features and benefits of this location | Drawbacks of this location |
| | |
| | |
| | |
| | |
| | |
| Nearby businesses and other attractions | Transportation (customers, distributors, suppliers) |
| | |
| | |
| | |
| | |
| | |
| Necessary renovations or additions | Costs |
| | |
| | |
| | |
| | |
| What are the growth prospects in the area? | |
| | |
| At what point in your growth cycle will you need to consider relocating? Why? | |
| | |

OCCUPANCY EXPENSES WORKSHEET

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 to expand, 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 12 to determine the monthly total, unless you are sure that there is no monthly fluctuation associated with that cost item. (Note: Building insurance is included in the *Insurance Needs Worksheet* that appears later in this session, so don't enter it here.)

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

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

Step 5 Check for accuracy (the sum of the column totals and the sum of the 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.

NOTE: Your plans, costs and assumptions may change as your plan evolves. Make a note on your *Action Plan Worksheet* to review these early worksheets 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 pay- ments | | | | | | | | | | | | | |
| 2. | Property taxes | | | | | | | | | | | | | |
| 3. | Maintenance & repairs | | | | | | | | | | | | | |
| 4. | Electric | | | | | | | | | | | | | |
| 5. | Gas | | | | | | | | | | | | | |
| 6. | Water & sewer | | | | | | | | | | | | | |
| 7. | Internet | | | | | | | | | | | | | |
| 8. | Telephone | | | | | | | | | | | | | |
| 9. | Garbage | | | | | | | | | | | | | |
| 10. | | | | | | | | | | | | | | |
| 11. | | | | | | | | | | | | | | |
| 12. | | | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | | | |

EQUIPMENT NEEDS WORKSHEET

List all the equipment needed to produce and deliver your product. Explain the purpose of each piece of equipment, and state whether you will buy, rent or lease it. (If you already own the equipment, write “Own.”) Last, list the cost of the equipment.

| Equipment | Purpose | Buy, rent or lease? | Cost per month |
|-----------|---------|---------------------|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| TOTAL | | | |

PURCHASING AND INVENTORY WORKSHEET

1. What raw materials does it take to produce and deliver your product or service?

2. Who are your suppliers? Where are your suppliers? What tradeoffs are involved in choosing one supplier over another (e.g., local sourcing vs. low-cost materials from overseas)?

3. Will you make products to order, or keep an inventory? Will your inventory be onsite, or will you store it elsewhere?

4. What system will you use to keep track of your inventory? Explain your choice and cite estimated monthly costs.

RISK MANAGEMENT WORKSHEETS

INSURANCE NEEDS WORKSHEET

Use this worksheet when consulting with an insurance agent to determine the type, amount and cost of coverage you need. Make multiple copies, if necessary.

| Type of insurance | Required? | Type and coverage | Cost per month |
|----------------------------------|-----------|-------------------|----------------|
| <i>Protecting your business</i> | | | |
| General liability | | | |
| Product liability | | | |
| Professional liability | | | |
| Completed operations | | | |
| Business property | | | |
| Business interruption | | | |
| Business crime | | | |
| Commercial auto | | | |
| Electronic data processing | | | |
| Cybersecurity | | | |
| Website | | | |
| Surety or fidelity bonds | | | |
| Key person | | | |
| Home office | | | |
| Other: | | | |
| <i>Protecting yourself</i> | | | |
| Personal disability | | | |
| Life | | | |
| Medical | | | |
| Self-insurance | | | |
| Other: | | | |
| <i>Protecting your employees</i> | | | |
| Group health | | | |
| Life | | | |
| Pension plan | | | |
| Workers' compensation | | | |
| Other: | | | |
| TOTAL | | | |

OTHER RISKS WORKSHEET

- 1. What other risks might affect your business?** An *inside risk* might be a structural threat like fire damage. An *outside risk* might be someone coming to rob your business. **What management policies and procedures will protect you, your employees and your business?**

[illegible]

RISK MANAGEMENT WORKSHEETS—CONTINUED

CONTINUITY PLANNING WORKSHEET

Statistics show that most small businesses that suffer a disaster—such as a fire, a flood or a costly break-in—never recover. Even if you have insurance, the loss of important business records and documents can make it very hard to get back on your feet. Creating a business continuity plan will help you prepare for and survive disasters of all kinds.

This worksheet will give you a first 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.

- Step 1 For each essential business function, list the name of the person who's responsible for the function, the tools and resources that this person needs to do the work, and the steps required to get the business function up and running again in the event of a disaster.*
- Step 2 For each threat, describe the possible impact on your business, the steps you can take to reduce that impact, and offsite resources that can help you recover (e.g., a storage space or safe deposit box).*
- Step 3 List the name of each hazardous material your business uses. State the type of hazard (e.g., "Flammable Liquid"). Note the total amount stored (on average) and the location. This information could save the lives of first responders during an emergency.*
- Step 4 List essential documents and data. State their purpose. State their onsite location, and explain where to find backup copies in the event of a disaster (e.g., at a storage space or online). If data are stored electronically, include your password or explain where to find it.*

CONTINUITY PLANNING WORKSHEET

[illegible]

WORKSHEETS ASSIGNMENT FOR SESSION 4

Complete the following worksheets before writing the corresponding section of your business plan.

- *Business Ownership Worksheet*
- *Business Fees, Permits and Taxes Worksheet*
- *Business Laws and Regulations Worksheet*
- *Contracts and Leases Worksheet*
- *Intellectual Property Worksheet*
- *Management Team Worksheets*
- *Employee Management Worksheets*
- *Supply Chain and Logistics Worksheets*
- *Risk Management Worksheets*

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section III. Business Organization and Operations

A. Business Structure, Management and Personnel

Business Structure

*Review your answers to the **Business Ownership Worksheet**. State the legal structure you chose and explain its benefits. Then, identify all business owners and state their financial share of ownership.*

Management Team

*Review the **Internal Management Team Worksheet**. Describe your management team. Include details about key managers, and explain why they were chosen. In the **Appendix**, include a résumé for each owner and key manager. If a management position is unfilled, include the job description instead of a résumé. This section should tell your reader why you and your team are qualified to manage your business. If applicable, include an organizational chart to help readers see the roles and responsibilities of your management team.*

Outside Services and Advisors

*Review the **Outside Services Worksheet** and the **Advisory Board Worksheet**. Discuss the outside services you'll need, and why you decided to use them instead of hiring an employee to do the work. Then, discuss whether or not you'll use an advisory board. Describe who (by member type, not names) might be on the advisory board, and what information they will provide to help your business.*

WRITING YOUR BUSINESS PLAN - CONT.

Section II. Business Concept

C. Industry Information

Industry Background

Review your answers to Questions 1 through 4 on the Industry Research Worksheet. Summarize the information to describe the current size of your industry in terms of dollar sales and number of businesses or customers. Discuss whether large or small firms dominate the industry, and note any seasonal trends. Explain how and where products and services are currently promoted, sold and delivered in this industry.

Current and Future Trends

Review your answers to Questions 5 through 10 on the Industry Research Worksheet. Explain whether the industry is growing, stable or declining. Summarize the economic outlook for the industry and for small businesses within the industry. Identify and explain important niche market trends that relate to your business. Describe the impact of current and future political, economic, social and technological trends on small businesses within your industry.

Business Fit in the Industry

Review your answers to Questions 11 through 14 on the Industry Research Worksheet. Then, describe how you see your business fitting into this industry. Will your business be like most others in the industry, or will it be different? Explain any unique aspects of your business that you feel improve its chance to succeed in this industry. If possible, relate your fit in the industry to important trends you identified in the previous section.

SESSION 4

MARKETING: ANALYSIS AND UNDERSTANDING**PRODUCT DESCRIPTION WORKSHEET**

In earlier sessions, you sketched a rough outline of your product. Now, you should know enough to describe your product more clearly and in greater detail, with a stronger emphasis on how it satisfies customer wants and needs. (Remember: The term “products” refers to services, too.)

Answer the following questions about your product. If you have multiple products, make multiple copies of these worksheets. When you’ve filled out the worksheets for each product, compare your descriptions and consider grouping similar products into **product lines**.

1. Briefly, what is your product?

2. What is your product’s stage of development (concept, prototype or currently in production)? Is it a new product, or an expansion of an existing product line?

3. What problem does your product solve for customers? How does it help or benefit them?

PRODUCT DESCRIPTION WORKSHEET—CONTINUED

4. What makes your product unique or special?

5. How does your product compare to competing products (quality, materials, etc.)?

6. What stage of the product life cycle is your product currently in (introduction, growth, maturity, decline)? Is it likely to remain in this stage over the next three years?

7. Is demand for your product seasonal, or do people buy it year-round? If seasonal, explain.

8. Will you make the product yourself, buy it wholesale or have someone else make it? Will you make products for inventory or per order? -OR- How will you deliver your service? Will you do all the work yourself, or assign some of it to employees or subcontractors?

9. What enhancements, warranties or customer service features will you offer along with your product? How do they distinguish you from your competitors?

10. *[For services only]* Can you deliver on your promises to your customers? Are your qualifications and skills equal to, or better than, those of your competition? Explain.

11. List any intellectual property rights (patents, trademarks, copyrights) that add value to your product.

12. Will you offer other products or services? If so, when? What are they?

FEATURES AND BENEFITS WORKSHEET

Answer the questions below for each product or service you plan to offer.

1. List the features of your product, and then list the benefits of each feature. (You can identify features and benefits for individual products or for a product line.)

| | |
|-------------------------------------|--------------------------------------|
| PRODUCT: | |
| Features (quality, materials, etc.) | Benefits (what does the feature do?) |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

2. How do you know that your target customers value these benefits?

CUSTOMER ANALYSIS WORKSHEETS

The *Market Analysis* section of your plan analyzes your customers and competitors in detail. This allows you to make a realistic estimate of your market potential, based on your current trade area, market size, market trends and projected annual sales volume.

It's critical to analyze who your customers are, how much and how often they buy from you, and why they will do business with you rather than your competitors.

Individual Customers

Personal characteristics of your customers are called **demographics**. Common demographics include:

- Gender* Men and women have different buying habits.
- Age* Different age ranges have different buying habits.
- Income* Income level tells you whether a customer or household has the financial ability to buy your product, especially if it's a nonessential item (e.g., jewelry).
- Occupation* Occupation relates to age, income and education, and may indicate customers' ability to buy.
- Location* This includes how near the customer is to your business, as well as regional or national location, geography, climate and weather.
- Marital status* Customers' needs and desires vary based on whether they're single or married.
- Children* Households with children have very different buying habits than those with no children.
- Education* Education may be an indicator of reading comprehension, use of technology, income, etc.
- Ethnic origin* People from different cultures may have different values and needs that influence buying habits.

Values, lifestyles and attitudes that motivate people to buy are called **psychographics**. These include:

- Beliefs / values* Cultural, religious and political beliefs and values have a strong influence on buying decisions.
- Behavior* What are your target customers' spending patterns and buying behavior?
- Interests* How do your customers' hobbies, pastimes and social causes affect their buying behavior?
- Media choices* Media choices not only provide a clue to buying decisions, income and education, but they also tell you what kind of promotions are most likely to succeed.
- Recreation* People who like outdoor activities such as camping or hiking may have different needs than people who prefer indoor activities such as videogames or scrapbooking.
- Transportation* People who have a car, bicycle, motorcycle, RV or boat may have very different buying habits.
- Entertainment* Music, movie, book and art preferences tell marketers a lot about lifestyles and attitudes, and help them make the right advertising decisions.

CUSTOMER ANALYSIS WORKSHEETS—CONTINUED

Use this worksheet to profile at least two customer segments. Customer Group A should be the one you think is the strongest market for your product. This is your *primary* customer group.

INDIVIDUAL CUSTOMER ANALYSIS WORKSHEET

| Demographics | Group A Primary Customers | Group B Secondary Customers |
|--|------------------------------|--------------------------------|
| Gender (male, female, both) | | |
| Age (range) | | |
| Income level (range) | | |
| Occupation (blue collar, professional) | | |
| Location (local, national, international) | | |
| Marital status (single, married) | | |
| Children | | |
| Education level | | |
| Ethnic origin | | |
| Other: | | |
| Psychographics | | |
| Where do they shop (malls, boutiques, farmers' markets, online)? | | |
| When do they shop (a.m., p.m., holidays, weekends, summer, winter)? | | |
| Why do they buy (wants, needs)? | | |
| How do they shop (in person, over the phone, online)? | | |
| What beliefs, attitudes and values influence their buying decisions? | | |
| Which media do they prefer? | | |
| What are their interests and hobbies? | | |
| What entertainment do they prefer? | | |
| Other: | | |
| Expectations | | |
| What do buyers expect from products like yours? | | |

If you will market your product to other businesses, use the following worksheet to research your customers. Otherwise, skip ahead to Question 1.

BUSINESS CUSTOMER ANALYSIS 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? | | | | | | |
| Who handles purchasing? | | | | | | |
| Where do they get product information? | | | | | | |
| Procedures for buying? | | | | | | |
| What do they expect from your product? | | | | | | |
| Prequalification requirements | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |

- 1. Where did you get the above information about your customers? Explain your research methods and cite your sources.**

- 2. Based on this research, which of the features and benefits you identified in the previous exercises are most important to your target customers? Explain.**

COMPETITIVE ANALYSIS WORKSHEET

Use the worksheet on the next page to compare your business to at least three major competitors. Be honest; look for your competitors' strengths as well as their weaknesses. Consider the following issues:

| | |
|-----------------------|---|
| <i>Product</i> | How well do their products solve customer problems and meet customer needs? Do they personalize their products and services for individual customers? |
| <i>Quality</i> | How high is their quality? Where do they source raw materials? |
| <i>Selection</i> | How many choices do they offer? How wide and deep is their product line? |
| <i>Price</i> | Do their prices match customers' expectations and assessment of value? |
| <i>Selling</i> | Are sales methods effective, polite, ethical, efficient and informative? |
| <i>Credit policy</i> | Do customers have various ways to pay for purchases (e.g., store credit, credit card, layaway)? |
| <i>Availability</i> | How quickly do customers get products or receive service? Do they have to wait? How long? |
| <i>Distribution</i> | How does the business deliver products or provide services to customers? Does it sell to retailers and distributors? What service options are available? What's the cost? |
| <i>Service</i> | How well do they meet customers' need for attention and knowledgeable assistance? Are customer problems fixed quickly and to the customer's satisfaction? Is the staff well trained? What are their hours of operation? |
| <i>Expertise</i> | Are owners and staff knowledgeable about their products? Do they answer questions well? What special skills and qualifications do they have? |
| <i>Reliability</i> | How dependable are their products? Do they require frequent repair or replacement? Does the business meet expectations and keep its promises? |
| <i>Reputation</i> | What is the business's reputation in the area? In the region? Nationally? Online? |
| <i>Location</i> | Where is the business? Are there multiple locations? How well does the accessibility, visibility, signage and convenience of the competitor's location meet customer needs? |
| <i>Merchandising</i> | Is merchandise stocked in a manner that makes shopping easy and convenient? Are products displayed attractively and in an organized way? |
| <i>Technology</i> | How do they use technology to promote, sell and deliver products and services? |
| <i>Web presence</i> | Does the business have a strong online presence? Is their website easy to find, navigate and use on a variety of devices? Do they have good online reviews? Do they have a social media following? |
| <i>Brand</i> | Do they have a strong brand? How well does the appearance of their product, store, website, vehicles and personnel match customer expectations? What is their brand image? |
| <i>Advertising</i> | Where, how often and to whom does the business advertise? Is it effective? |
| <i>Green features</i> | Do they promote themselves as a green business? Do they have green certification or eco-labels? |
| <i>Stability</i> | Has this business been open long enough to prove it has staying power? |
| <i>Sales volume</i> | What's the business's estimated annual sales volume? |

Identify your three major competitors and write their names in the spaces below. Rank yourself and your competitors honestly for each factor on a scale of 1 to 4, where 1 is best and 4 is worst. Write *NA* (not applicable) if the factor doesn't apply to your business or your competitor. This process may require you to visit or call competitors and ask the questions that a normal customer would.

Last, estimate how much of a priority each factor is to your target customers. Write *high*, *moderate* or *low* for the level of priority, based on your current understanding of your target customers.

| Factors | Your Company | Competitor A _____ | Competitor B _____ | Competitor C _____ | Priority |
|----------------|--------------|-----------------------|-----------------------|-----------------------|----------|
| Product | | | | | |
| Quality | | | | | |
| Selection | | | | | |
| Price | | | | | |
| Selling | | | | | |
| Credit policy | | | | | |
| Availability | | | | | |
| Distribution | | | | | |
| Service | | | | | |
| Expertise | | | | | |
| Reliability | | | | | |
| Reputation | | | | | |
| Location | | | | | |
| Merchandising | | | | | |
| Technology | | | | | |
| Web presence | | | | | |
| Brand | | | | | |
| Advertising | | | | | |
| Green features | | | | | |
| Sales volume | | | | | |
| Other: | | | | | |
| | | | | | |
| | | | | | |

COMPETITIVE ANALYSIS WORKSHEET—CONTINUED

Now, answer the following questions based on your worksheet research.

1. Who are your strongest competitors, and where are they located? (Close to your business? In another state? Overseas?) Is their location a strength or a weakness?

2. How well do your strongest competitors' products meet consumer needs? What other strengths and weaknesses do they have? How do you know this?

3. What technological advantages and disadvantages do your competitors have?

4. How do their prices compare to yours? Are they lower or higher? Why?

5. Go back to the chart on page 4-9, and look at the areas where you ranked 1 or 2. What are your key competitive advantages? How will your products better meet the needs and wants of your customers? What can you do better than your competitors?

6. Now, note any factors with “high” and “moderate” priority where you ranked 3 or 4. List changes you can make to improve your competitive position.

7. Looking again at the worksheet, did you identify any customer priorities your competitors aren't meeting? If so, how will you meet these needs?

MARKET POTENTIAL WORKSHEET

Once you’ve identified your target customers, you need to find out if there are enough of them to make your business idea viable. Census data, maps and assessor office statistics can help you.

1. **What is the geographic territory of your trade area?** List all cities, ZIP codes, states and counties. (Consider including a map of the area in the *Appendix*.)

2. **How many people (or businesses) in this geographic area are in your target market?** (See the *Customer Profile Worksheet*. You’ll probably have to do some more research, using census data or other resources.)

3. **Is the size of your target market growing, staying the same or getting smaller? Why?** (Discuss the trend.)

4. **How many members of your target market do you expect to buy your product per year?** (You’ll need to calculate a percentage from your response to Question 2.) **How did you estimate this amount?**

5. **What is the average dollar amount each customer will spend per year on your products?** **How did you estimate this amount?**

6. What are the primary monthly expenses for your business?

| | |
|-------------------------|-------|
| Rent/utilities | _____ |
| Inventory/raw materials | _____ |
| Equipment | _____ |
| Web hosting/Internet | _____ |
| Employees' salary | _____ |
| Owners' draw (salary) | _____ |
| Vehicle/gas | _____ |
| Office supplies/postage | _____ |
| Other | _____ |
| Total per year | _____ |

7. How many products can you produce—or units of service can you deliver—per year? How did you estimate this amount?

8. What barriers to entry affect your ability to compete in this market? How will you overcome them?

9. Now, you're ready to estimate your annual sales amount. This will give you a first look at whether your business can generate enough sales to be worth pursuing. Use the *Annual Sales Volume Projection Worksheet* below, and remember to be realistic in your estimates.

| | | |
|----|---|--|
| A. | Number of customers who will buy from you each year (answer from question 4): | |
| B. | Average amount each customer will spend each year (answer from question 5): | |
| C. | Total estimated sales amount each year (multiply A x B) | |
| D. | Estimated basic expenses each year (total from question 6) | |
| E. | Difference between sales and expenses (subtract C - D) | |

Is Line E a positive number or a negative one? It should be positive, because your estimated sales should exceed your estimated expenses. If it's negative, what can you do (if anything) to fix this? Are you satisfied with these initial findings? Do you think it's worthwhile to move forward? If not, do you have another idea that seems worthwhile? If so, repeat the analysis above with your new business idea.

WORKSHEETS ASSIGNMENT FOR SESSION 5

You will need to research, complete and review all of the Session 4 worksheets before trying to write the *Products and Services* and *Market Analysis* sections of your business plan.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section IV. Marketing Plan

A. Products and Services

Product Description

Review the Product Description Worksheet. Describe the types of products you sell, and identify their stage in the product life cycle. Include everything a first-time reader needs to know about your product.

Features and Benefits

Review the Features and Benefits Worksheet. Summarize the features and benefits of your products. Explain what features make them unique and special. Then, describe the benefits of each feature.

B. Market Analysis

Customer Analysis

Based on the Customer Analysis Worksheets—and your Customer Profile Worksheet from Session 1—describe your target markets. Include demographic and psychographic characteristics and motivations for buying. If you're targeting more than one, explain why you chose each.

Competitive Analysis

Based on the Competitive Analysis Worksheet, identify and briefly describe your major competitors. State where they are located and explain whether their location is a strength or weakness. Summarize your competitors' other strengths and weaknesses. Last, explain your competitive advantage.

Market Potential

Based on the Market Potential Worksheet, describe your geographic trade area and explain why customers within it will do business with you. Describe the number of potential customers. Summarize the trends for this market, including whether it is growing, stable or declining. Identify any barriers to entry. Then, present your annual sales volume projection as calculated in Question 9.

SESSION 5

MARKETING: OBJECTIVES, STRATEGIES & TACTICS**PRODUCT STRATEGIES WORKSHEET**

In Session 4, you analyzed your customers and competitors and estimated your market potential. Now, you will use this information to develop product strategies that will make your target customers more likely to buy.

1. **Which stage of the product life cycle is your product in (introduction, growth, maturity, decline)?** Explain how this will affect your product and pricing strategies, and your potential for growth.

2. **Describe your product line.** If you're planning to sell only one product, explain why you made that choice and describe any service enhancements that will complement the product. If you're selling more than one product, describe how they fit together in your product line, and why you believe this mix of products is the right one for your target market.

POSITIONING STATEMENT WORKSHEET

Look back at the *Competitive Analysis Worksheet* and *Customer Analysis Worksheet* from Session 4, and think about where you want to position your products relative to your competitors. Then, write a **positioning statement** for each market segment you target. A positioning statement consists of a couple of sentences that explain what you offer that your competitors don't. Once you've explained this to yourself, you can use it to guide your marketing messages.

Based on your previous worksheets, answer the following questions **very briefly**.

1. Who is your target customer? Where are they? What problem or need do they have?

2. What product will you offer to solve their problems or meet their needs?

3. Who are your primary competitors? What solutions do they offer?

SESSION 5

- 4. What is the primary benefit of the solution you offer?**

- 5. What is the differentiator that makes your primary benefit better than what your competitors offer? What evidence can you cite to support this claim?**

[illegible]

- 6. Use your answers to Questions 1 through 5 to write a simple, clear positioning statement. Here's a template:**

[Your company] has the only [product type] that provides [your target customer] in [your area] with [your primary benefit], because unlike [your competitors], [your company] offers [your differentiator].

[illegible]

BRANDING WORKSHEET

A **brand** is a name or symbol—or some combination of the two—that represents your product. Your **brand identity** is how you present your product to the world. Your **brand image** is how your product looks to your customers. In other words, brand identity is how you *want* to be seen, while brand image is how you *are* seen.

1. **If you’ve already chosen business and product names, explain how they communicate your brand identity.** If you haven’t, make a list of words or emotions that describe the kind of brand identity you want. Explain why this brand identity will appeal to your target market.

2. **What kind of logo is appropriate for your business?** Something humorous? Classy? Down to earth? Professional? What kind of message do you want it to send? What colors and style suit your type of business?

3. **Now, write your branding statement.** A branding statement is a short, clever or humorous sentence that gives customers a simple, memorable concept of your business. Example: *Green Thumb Plant Care makes a day at the office like a walk in the park.*

PACKAGING IDEAS WORKSHEET

Your packaging decisions should fit your positioning statement and brand identity. If you sell toys, is the packaging child-safe? If you are a green business, does your packaging demonstrate your commitment to environmental health? If you sell locally made goods, are your packaging materials local?

Use this worksheet to describe packaging ideas for your business. Explain how the idea will help to create the brand identity you want.

| Packaging idea | Brief description | How it builds your brand identity |
|------------------------------------|--|--|
| <i>Clear outer wrapper</i> | <i>Clear plastic wrapper around the cookies, tied with a bright bow.</i> | <i>Cookies look clean and fresh. The bow attracts attention and looks homemade.</i> |
| <i>Cookie-shaped business card</i> | <i>Business cards in shape of chocolate chip cookie.</i> | <i>Makes the customer think of my cookies just by looking at the card. Different from other cards.</i> |
| | | |
| | | |
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| | | |
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| | | |

PRICING STRATEGY WORKSHEET

Pricing is critical to the success of your business. Pricing strategy involves figuring out how much it costs you to make and deliver your product, adding your cost of doing business (including taxes), and then adding your desired profit margin.

Price is partly determined by the things you looked at in your market research: who your customers are, how much they will pay, how much your competition charges and your positioning statement.

Businesses must price their products between the **ceiling** (the highest price a customer will pay, based on perceived value) and the **floor** (the total cost of producing and delivering your product), while earning a desired level of profit. Underpricing can cause a business to fail. Overpricing can drive customers to lower-priced competitors, which can also cause a business to fail.

Customers will evaluate your products by some combination of price, value and quality:

- **Low price/high quality.** This is an ideal profile because it balances price and quality in the customer’s favor. Many new businesses establish themselves in this way.
- **High price/high quality.** As demand for a product increases, producers realize they can increase the price as long as the quality remains high. BMW, Rolex and Nikon are examples, as are some organic and green products.
- **High price/low quality.** Companies with well-established products sometimes cheapen their goods while coasting on a quality reputation. (Once they’ve been disappointed, however, customers may not give these products another chance.)
- **Low price/low quality.** This is typically used for disposable convenience goods where low price is the primary attraction. However, low price may not be enough to lure customers more than once if the quality falls below their definition of “standard.”

1. Which pricing objective makes the most sense for your product? Why?

2. Which pricing strategy makes the most sense for your product? Why? How will you set the price of your product?

- 3. Will your price be high, average or low compared to the competition? How does this fit your brand identity and positioning?**

- 4. Explain how your pricing strategy fits in with the other parts of your marketing mix. Why is it right for your product? How will it affect promotion and placement?**

- 5. Explain how your pricing strategy fits your financial goals. How will it affect your business's break-even point and profitability?**

- 7. What factors will influence your decision to change your pricing to maintain your target growth rate (e.g., recession, new competitors)? Explain your plans to review the effectiveness of your pricing strategies over the next three years.**

PROMOTIONAL STRATEGIES WORKSHEET

Promotion is everything you do to let people know that your product exists. Promotional strategies are built around advertising, public relations, networking and other tools discussed in this session. We'll start with some general promotional possibilities for your business. Then, we'll research specific advertising tools and develop other promotional strategies.

| | | | |
|--|-----------------|--|--|
| Your business: | | Example: <i>Small restaurant.</i> | |
| Who is the target customer for this promotional campaign? (basic description) | | | |
| | | <i>Busy working people.</i> | |
| What are the relevant characteristics of this group? | | | |
| | | <i>About 60 percent women, 40 percent men.</i> | |
| | | <i>Average income is \$40,000 per year.</i> | |
| | | <i>They only have an hour for lunch.</i> | |
| | | <i>They work at or near the local university.</i> | |
| | | <i>They're surrounded by fast food restaurants.</i> | |
| What are their needs? | | | |
| | | <i>They need lunch for \$4 to \$8.</i> | |
| | | <i>They need fast service.</i> | |
| | | <i>They need to stay near the university.</i> | |
| Which features and benefits will you promote to attract customers? | | | |
| Features | Benefits | Features <i>Healthy \$4.99 lunch Served within 7 minutes Near university Made to order</i> | Benefits <i>Cheap, healthy food Customers won't be late Saves time Personalized; healthier</i> |
| What promotional methods can you use? | | | |
| | | <i>Signs on the outside of my building and by the road (they drive by on the way to work).</i> | |
| | | <i>Radio ads during drive time (morning) and just before lunch (10:30 a.m. to 1 p.m.).</i> | |
| | | <i>Frequent buyer cards earn a free lunch after 10 punches (to get repeat business).</i> | |
| | | <i>Fliers at surrounding businesses and at the university.</i> | |

ADVERTISING TOOLS WORKSHEET

Here are the basic considerations when choosing advertising media:

- **Quality.** Does this medium reach your target customers, and do they pay attention to it?
- **Cost.** How much does it cost (per time used, or per contract) compared to other media?
- **Effectiveness.** Does it increase customer traffic and sales?

Knowing your target markets, determining your trade area, and defining the features and benefits of your products should prepare you to choose the appropriate advertising tools. Although there are many ways of developing an advertising budget, here are three methods you should definitely *not* use:

- **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 may be attempting to duplicate something that doesn't work or that you can't afford.
- **Spending whatever is left over on marketing.** How can you be sure 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 choose 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.

ADVERTISING TOOLS WORKSHEET—CONTINUED

1. What does your industry research say businesses like yours should be spending on advertising per month or per year (i.e., what percentage of gross sales)?

2. For each advertising tool you’re considering, research how many target customers it’s likely to reach in your trade area. Research the monthly cost of each tool. To find out the cost per customer, divide *Cost* by *Estimated Reach*. Last, total the costs and decide which tools to use.

| Tool | Estimated reach | Monthly cost | Cost per customer | Will I use it? |
|------------------------------------|-----------------|--------------|-------------------|----------------|
| Newspaper ads | | | | |
| Classified ads | | | | |
| Magazine ads | | | | |
| Online ads | | | | |
| Online directories | | | | |
| Social media | | | | |
| Signage | | | | |
| Yellow Pages | | | | |
| Radio | | | | |
| Network TV | | | | |
| Cable TV | | | | |
| Newsletters | | | | |
| Brochures | | | | |
| Novelties (caps, pens, mugs, etc.) | | | | |
| Street corner ads / sign spinning | | | | |
| Other: | | | | |
| Estimated Annual Cost | | | | |

3. What percentage of your annual gross sales does the estimated total cost in Step 2 represent? How does that percentage compare to the industry standard you identified in Step 1? Is it too much or too little? If so, consider making changes to conform with industry standards.

SALES PROMOTIONS WORKSHEET

Sales promotions are tactics you can take to attract customers, move sluggish inventory, motivate intermediaries, or increase sales or profit margins. **Consumer promotions** target customers directly, while **trade promotions** target wholesalers, retailers and other intermediaries.

Common sales promotions include:

- Coupons
- Discounts and sales
- 2-for-1 offers
- Frequent buyer cards
- In-store events (tastings, free samples, demonstrations, classes)
- Contests, games and prize drawings
- Bundling complementary products
- Gifts and rewards
- Geosocial promotions (e.g., Foursquare)
- Donating a percentage of each sale to a social cause

1. Which consumer and trade promotions will you use? Why?

2. How will you use sales promotions to enhance growth?

3. How will you measure the effectiveness of your promotions? How often will you do this?

BUSINESS COMMERCIAL WORKSHEET

You'll meet many new people as you launch your business, so you should decide in advance how to explain who you are and what your business does to solve customer problems. Preparing a short "business commercial" will help you come across as a professional. When used to raise money for a business, this is often referred to as an "elevator pitch."

Here's an example:

I'm Joe Smitty, the owner of Smitty's Hand Car Wash. We specialize in hand-detailing luxury vehicles, whenever and wherever it's convenient for our clients.

A business commercial should be no more than 15 seconds long.

Use the space below to write a business commercial you can use the next time you meet a new network contact. Explain what you do, how you do it and how you help your customers. Practice your commercial in front of a mirror, and try it out on friends and family.

Business commercial:

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.

PUBLIC RELATIONS AND NETWORKING STRATEGIES

WORKSHEET

Public relations is a planned effort to influence public opinion through honest, unpaid publicity efforts. Common events that present public relations opportunities include:

- Company anniversary
- New employee hired
- Employee promotion
- Change of location
- Introduction of new products
- Change of ownership
- Awards received
- Event sponsored
- Charitable activities
- Human interest stories

Once you choose an event, you can issue press releases, call the media, create brochures or other advertising tools, and talk about the activities in public. Here are a few low-cost or no-cost activities that can help promote public relations events:

- Community education seminars
- TV or radio talk shows
- Community bulletin boards
- Enclosures in monthly statements
- Sponsorship of community athletic events
- Meeting presentations
- Briefings with news editors
- Participation in fundraising events
- Articles in magazines and journals
- Displays

1. **List three possible public relations activities for your business. How can you make these activities newsworthy?** (For example, could a press release get you an interview on local radio or TV?)

2. **What service or community clubs in your area offer good networking opportunities?** (List the service organization or club name, as well as the key contact person. Also, explain why you chose these clubs.)

3. **Will you choose a charitable organization or a cause to support?** If so, which one? How much time or money will you donate? How will you inform and involve the public? How will this aid your networking and growth strategies?

PLACEMENT STRATEGIES WORKSHEET

Placement, or distribution, is the process of getting your products to your customers. There are two basic methods. **Direct sales** means distributing your products directly to the customer, either in person, through your own retail location, by mail order, or online. **Indirect sales** means using intermediaries, such as agents, sales reps, distributors or wholesalers. Intermediaries take a percentage of each sale; however, they may achieve a higher sales volume or save you time and money.

1. How will you make your products available to potential customers in the startup phase of your new business opportunity? (Consider direct sales, distributors, sales reps, mail order, Internet, etc.)

2. Why did you choose each distribution strategy described above? What are the costs and benefits? Why is it right for your customers and business location?

3. Explain how your placement strategy fits in with the other parts of your marketing mix. Why is it right for your product? How will it affect your pricing, promotion and growth goals?

WORKSHEETS ASSIGNMENT FOR SESSION 6

You will need to complete all of the worksheets for this session before trying to write the *Marketing Objectives, Strategies and Tactics* section of your business plan. It's also a good idea to complete and understand the *Pricing and Break-Even Example* on the next page, which will help you create a shrewd pricing strategy. As you learn more over the following sessions, you may need to revise your product and pricing strategies. Writing them down now will make this process easier.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section IV. Marketing Plan

C. Marketing Objectives, Strategies and Tactics

Product Strategy

*Review the **Product Strategies Worksheet** and describe your mix of products and services. If you're planning to sell only one product, explain why you made that choice and describe any service enhancements that will complement the product. If you're selling more than one product, describe how they fit together in your product line, and explain why this mix of products is a good one for your target market.*

Product Positioning

*Review the **Positioning Statement Worksheet** and describe how you plan to position your product within your target market. Include your positioning statement, and explain why you think this is a good strategy given your customers and competitors.*

Branding and Packaging

*Look back at the **Branding Worksheet** and the **Packaging Ideas Worksheet**. Explain your brand identity and include your branding statement, if you have one. Explain why your brand identity will appeal to your target customers. Describe how you'll package your product, and how you'll "package" your business as a whole. Explain how your packaging reinforces your brand identity and positioning.*

Pricing Strategy

*Review the **Pricing Strategy Worksheet**. What are your pricing objectives? What pricing strategies will you use? Describe how you want your prices to compare with the competition. Also, explain how your pricing strategy fits in with the rest of your marketing mix, your product's stage in its life cycle, and your branding strategy.*

WRITING YOUR BUSINESS PLAN—CONTINUED

Placement Strategy

*Review the **Placement Strategies Worksheet**. Then, discuss the distribution strategies you've chosen. Explain why you picked these strategies, how they fit with the other elements of the marketing mix, and how they will get your products to your customers when and where they need them.*

Promotional Strategy

Advertising

*Review the **Promotional Strategies Worksheet** and the **Advertising Tools Worksheet**. Describe the advertising tools you'll use, and explain why you chose them. State the size of your advertising budget, and explain how you determined it. Explain how you plan to measure the effectiveness of the tools you chose. If you have specific advertising events in mind for the first year, describe them. Also, review your answers to the **Sales Promotions Worksheet** and describe any consumer or trade promotions you plan to use.*

Public Relations and Networking

*Review the **Public Relations and Networking Strategies Worksheet**. Discuss how public relations and networking will help your business. Describe any public relations events you will plan. Then, discuss any plans for community involvement and networking (clubs or organizations you may join, or planned participation in high-profile club or organization events).*

Other Promotional Tools

*Review the **Advertising Tools Worksheet**. What other promotional tools might you use besides advertising and public relations? You're limited only by your imagination, so get creative! Explain why you think these promotional ideas would be good for your business. (You can also add online marketing strategies here after researching them in the next session.)*

PRICING AND BREAK-EVEN EXAMPLE

You make personalized T-shirts. Your competitors sell a similar shirt for between \$8 and \$11. Therefore, you decide to price your T-shirt at \$10. Let's see how many T-shirts you must sell to cover your fixed and variable expenses, and thus to break even.

Here's a list of your expenses:

| | | | |
|-------------------------|----------|-------------------------------|----------|
| <i>T-shirt</i> | \$3.00 | <i>Insurance per month</i> | \$50.00 |
| <i>Rent per month</i> | \$800.00 | <i>Shipping expense</i> | \$ 0.50 |
| <i>Hourly labor</i> | \$1.00 | <i>Bookkeeping per month</i> | \$100.00 |
| <i>Sales commission</i> | \$1.00 | <i>Loan payment per month</i> | \$300.00 |
| <i>Telephone</i> | \$100.00 | | |

Now, sort these expenses into variable expenses and fixed expenses:

| <i>Variable Expenses</i> | | <i>Fixed Expenses</i> | |
|---|----------|---|----------|
| _____ | \$ _____ | _____ | \$ _____ |
| _____ | \$ _____ | _____ | \$ _____ |
| _____ | \$ _____ | _____ | \$ _____ |
| _____ | \$ _____ | _____ | \$ _____ |
| _____ | \$ _____ | _____ | \$ _____ |
| <i>Total Variable Expenses (per unit)</i> | \$ _____ | <i>Total Fixed Expenses (per month)</i> | \$ _____ |

The **contribution margin** is the selling price per unit, minus variable expenses per unit. It represents the amount that each unit of sale contributes toward fixed expenses and profits.

What is the selling price of a T-shirt? \$ _____

What are the variable expenses for a T-shirt? (-) \$ _____

What is the contribution margin? (=) \$ _____

How much does each T-shirt you sell contribute toward your fixed expenses? \$ _____

What are your total fixed expenses for a month? \$ _____ per month

What is your contribution margin per T-shirt sold? \$ _____ per T-shirt

How many T-shirt sales will it take to pay for your monthly fixed expenses? _____ T-shirts

(Fixed Expenses ÷ Contribution Margin = Number of shirts you must sell to break even.)

What happens to the break-even number if you decide to lower the price to \$9?

SESSION 6

MARKETING: E-COMMERCE, DIRECT SALES AND CUSTOMER SERVICE

INTERNET NEEDS WORKSHEET

1. **How does your business use the Internet (e.g., sales, market research, promotion, finding suppliers or distributors)?** Make sure that your answer fits the goals, strategies and objectives set forth in your marketing plan.

2. **Write down your Internet needs—as you currently understand them—and rank them in order of importance on a scale of 1 to 4 (1 is most important, and 4 is least important).**

| Internet Needs | Rank |
|----------------|-------|
| <hr/> | <hr/> |
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INTERNET NEEDS WORKSHEET—CONTINUED

3. Make several copies of the chart on the next page to research the Internet service options available in your area.

- a. Look up a couple of big ISPs such as AT&T or Comcast, and then look for local providers.
- b. Call each company and get detailed information about their features (e.g., how many email addresses you get, what restrictions they have on usage, how much Web hosting space is available, any special e-commerce packages for business, and so on).
- c. Ask for the ISP's uptime, or the amount of time the Internet is available per year. The connection should be available at least 99.99 percent of the time.
- d. Check the connection speed and the cost (remember to ask about setup and installation fees, modem fees and early cancellation fees).

| | |
|---|---------------------------------------|
| ISP NAME: | |
| Connection type (e.g., DSL, cable modem, T1): | |
| How many connections can you have? | Trial period offered? |
| Advertised connection speed: | Actual connection speed: |
| Hardware needed: | Hardware fees: |
| Installation charges: | Estimated uptime (e.g., 99 percent): |
| How long has the ISP been in business? | Are customer reviews mostly positive? |
| How many websites can you have? | Maximum website size: |
| Maximum bandwidth: | Maximum site traffic: |
| Fee for exceeding bandwidth or traffic: | SSL support for security? |
| Number of free email addresses: | Cost of additional email addresses: |
| Can your email address include your domain name? | |
| Does the ISP offer an e-commerce package? If so, list the features: | |
| What other enterprise-grade services and hardware does the ISP offer (if any)? | |
| What "Acceptable Use" restrictions apply to business accounts? | |
| What security measures are in place? | |
| Will they stay online in the event of a power outage or natural disaster? If not, how quickly will they re-store service? | |
| Add-on features and service enhancements: | |
| How and when are tech support services available? | |
| What restrictions and costs apply to tech support? | |
| Average wait when calling tech support number: | |
| Total monthly cost: | Length of contract: |
| Fee for early termination? | |

WEBSITE RESEARCH WORKSHEET

When it comes to website design, the best way to find out what works and what doesn't is to visit as many sites as possible, using a desktop computer, smartphone and tablet. Browse the sites listed below and answer the questions for each. Add three sites from your own research—at least two of which should be your direct competitors—and answer the same questions for those sites. (You'll need to make six copies of these pages before you start.)

1. Blue Moon Camera and Machine (*www.bluemooncamera.com*)

2. 4M Industrial Development (*www.4m-ind.com*)

3. Flicker Alley (*www.flickeralley.com*)

4. _____

5. _____

6. _____

1. Is the site visually appealing on both desktop and mobile devices? Why, or why not?

2. Is the type of business clear as soon as you visit the homepage? Why, or why not?

3. Are menu choices easy to read and understand on large and small screens? If not, why?

4. Is it easy to move from page to page? If not, what's wrong?

5. Does the site contain current, relevant, useful information?

6. How easily can you look at the products the business offers? Is it clear what they do, how they look and how much they cost?

7. Does the site offer visitors many alternative ways to contact the company (clickable phone number, email, social media, mailing address)?

8. Is there an FAQ section? If so, do you think it meets customer needs?

9. Do you think the site gives enough information about the company? Explain.

10. If the business has a retail location or office, does the site provide good directions on how to get there? Is there an interactive map? Are the office hours clear?

11. Does the site have a “what’s new?” section, or any other clear way of providing updates on the business’s products? If so, what do you think of the method the site uses?

WEBSITE RESEARCH WORKSHEET—CONTINUED

12. Can you order products from the site? If so, how? Can you order customized products? Does ordering seem easy, or is it complicated? What payment methods are accepted? What shipping methods are available?

13. What security features does the site have? How does it protect customer data? What are the return and refund policies? Would you feel safe ordering from this company?

14. How well does the mobile version of the site work? Can you basically do anything you would do on a desktop computer, or is the functionality or visibility limited?

15. What’s the best feature of this site? What’s the worst feature?

16. Now that you’ve looked at all six sites, what features have you seen that you’d like to have on your site? Why will these features appeal to your customers?

SITE PLANNING WORKSHEET

1. Is your site strictly informational, or should it have e-commerce capabilities?

2. Should you hire a web design professional, design the site yourself or sell through an e-commerce host or portal? Why? What are the benefits and drawbacks of designing your own site? How much does each option cost? (When comparing costs, remember to research the amount that host sites, portal sites and payment gateways will take of each sale.)

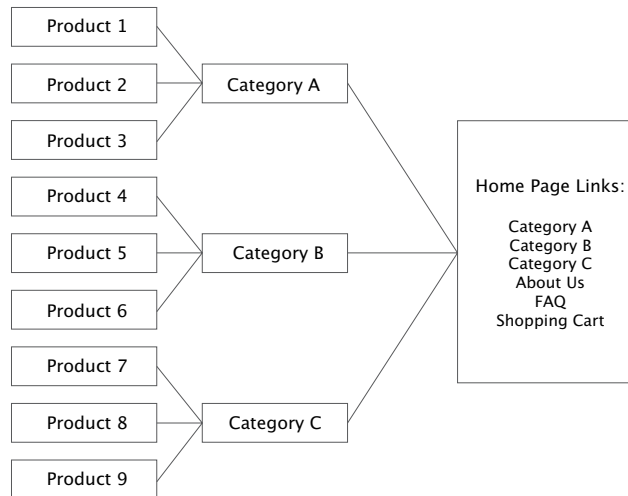
3. How will your choice help you reach your target customers?

4. How will your choice prepare you for growth?

5. How often will you need to update your website? Who will be in charge of updates?

SITE DESIGN WORKSHEETS

In this section, you will create a site structure that starts with your individual products and then works upward to your home page. Here's an example:



SITE ORGANIZATION WORKSHEET

First, list each of your products or page subjects. Then, identify the product or subject category. Last, create a descriptive page name.

[illegible]

What do visitors need to be able to do on your site? Note that some actions may require multiple features. Use this list when consulting with a Web designer, or when comparing the features of site-building tools and e-commerce hosts.

[illegible]

SOCIAL MEDIA WORKSHEET

1. Which social media channels will you use to promote your business, and why?

2. What type of content will you create (if any)? How often? What benefits will it offer?

3. Which employees will have access to social media accounts? What steps will you take to ensure unified and appropriate tone and messaging? (Note: We strongly recommend that you review the current best practices for social media policies at socialmediagovernance.com.)

4. Social media functions, capabilities and add-ons change frequently. Who will be in charge of monitoring and adapting to these changes?

SESSION 6

5. **Use the following worksheet to identify the type, frequency and purpose of your social media messaging.** If you intend to drive traffic to your website, specify the target keywords and the landing page (i.e., the page on your site that you will link to in your social media message).

[illegible]

SITE PROMOTION WORKSHEET

1. What online promotional tactics will you use to increase the visibility of your site?

2. What offline promotional tactics will you use to drive traffic to your site?

3. Which local directories will you list your business in?

4. What info, images and other features will you include in your local directory listings?

5. Will you conduct a PPC campaign? If so, list the keywords you will target, the amount you will budget per click and per day, the geographic area for the campaign, and the length of the campaign.

[illegible]

[illegible]

SALES SUCCESS WORKSHEET

Mastering sales techniques can make the difference between just talking with customers and actually making a sale. Answer the following questions, and think about how they relate to your business image.

1. How will you make sure that you and your employees make a good first impression on customers, partners, lenders and others?

2. What sales training will you seek for yourself, and where will you get it? What sales training will you offer your employees?

3. What system will you use to organize your sales prospecting data? What data will you track? Will you use a computer database, or a manual system such as index cards?

4. List the features of your product as you'll describe them to customers. Organize these features in the order you will pitch them. Then, following the example in the first row, describe how each feature benefits your customers. Remember that in an effective sales presentation, you must *describe the features and sell the benefits*.

| Features | Benefits |
|-------------------------------|---|
| Free installation of computer | Time savings Convenience Customer knows it will be done right |
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |

5. Write down three questions you can ask customers that will help you understand their individual needs and unique problems. Remember: Active listening is critical to sales success!

SALES SUCCESS WORKSHEET—CONTINUED

6. List the main customer objections you expect to hear (e.g., “your price is too high!”). Explain how you’ll overcome each one.

| Objection | Response |
|-----------|----------|
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7. Prepare at least six sales closes you think will work well with your product and customers.

SESSION 6

8. **Based on the features and benefits list you prepared in Step 1, and relevant answers to worksheet questions in other sessions, prepare a short sales pitch for your product.** At a minimum, it should include a personal and business introduction, a description of your product and its features and benefits, and a close.

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.

CUSTOMER SERVICE WORKSHEET

A strong customer orientation is fundamental to small-business success. One of the advantages small businesses have over large competitors is the ability to offer personal, face-to-face service, so it's important to make the most of every opportunity to interact with customers.

1. Describe your overall customer service philosophy. What principles will guide your customer service policies and decisions?

2. Describe your customer service policies and procedures, including returns, exchanges, special orders and so forth. Explain how these policies fit your positioning, branding and promotional strategies.

3. Who will be responsible for resolving customer problems at your business?

- 6. How will new and emerging technology affect your customer service strategies as you grow? How will you keep up with new technology?**

CUSTOMER LOYALTY WORKSHEET

It costs much less to keep an old customer than it does to find a new one, so holding onto your existing customers is central to your customer service policy. It's also central to your growth plans: You can't grow unless you keep your customers coming back!

- 1. Explain your customer retention strategies.** What will you do to create and reward loyal customers? Consider frequent buyer cards, special offers, discounts and related rewards.

[illegible]

- 2. How will you use technology to improve customer retention and reward customer loyalty?**

| Technology | Customer service uses | Have | Need |
|----------------------------|-----------------------|------|------|
| Telephone | | | |
| Smartphone | | | |
| VoIP & videoconferencing | | | |
| Customer database | | | |
| Online collaboration tools | | | |
| Online survey tools | | | |
| Email and mobile messaging | | | |
| Website | | | |
| Social media channels | | | |
| Geosocial networking | | | |
| Electronic payment options | | | |
| Other technology: | | | |
| | | | |
| | | | |
| | | | |

WORKSHEETS ASSIGNMENT FOR SESSION 7

Review your answers to all of the worksheet questions before trying to complete the *Writing Your Business Plan* assignment for this session. After you research Internet options and costs, you may need to change some of your financial projections and marketing strategies. Go through your business plan section by section, and update it—where necessary—to reflect what you’ve learned about e-commerce and the Internet. Again, remember to consider all startup and operational costs!

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the *NxLeveL® Business Plan* shown below. Start with the headings and subheadings just as they are shown here. Then, follow the instructions in italics under each subheading.

Section IV. Marketing Plan

D. Direct Sales and Customer Service

Sales Strategy

Review your answers to the Sales Prospecting Worksheet and the Sales Success Worksheet. What will you do to make sure you keep getting better at selling? Will you seek sales training? Will you provide ongoing training for employees? How will you use direct selling to drive growth?

Customer Service Strategy

Review your answers to the Customer Service Worksheet and the Customer Loyalty Worksheet. Describe your customer service strategy, and explain how you, as the owner, will be the model for good customer service techniques. List the specific customer service policies, tools and technology that you plan to use.

Next, discuss whether you’ll offer customer service training to your employees. Will you have weekly or monthly meetings to discuss customer service issues? Will employees (including yourself) attend customer service seminars?

Finally, describe how your customer service strategy fits with your brand identity and other marketing strategies, and with the sales and growth goals you’ve set for your business.

SESSION 7

MANAGING YOUR MONEY: ACCOUNTING, BUDGETING AND CASH FLOW

As the owner of your business, you need accurate financial information to make smart decisions, measure your progress and file your taxes. A well-organized bookkeeping and recordkeeping system will ensure that your financial data is clear, complete and available whenever you need it.

RECORDKEEPING CHECKLIST WORKSHEET

Use the worksheet on the following page to start thinking about this very important part of your business. Follow the four steps below to fill out this chart.

Review this checklist often to make sure it includes all your recordkeeping tasks, and also to confirm that the person assigned to each task is keeping up with it.

Step 1 Identify business activities 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 Other Tasks* column to get you started.

Step 3 Determine how often each task must be done.

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 "April 15."

Step 4 Decide who should perform the task.

Decide who has the right skills for the task, and write that person's name in the appropriate space. Note that many entrepreneurs outsource this work to a professional bookkeeper, accountant or payroll company.

RECORDKEEPING CHECKLIST WORKSHEET–CONTINUED

Some financial chores have deadlines you do *not* want to miss. For example, depositing payroll taxes late can cost your business a huge amount in penalties. Skipping a payroll tax deposit entirely can put you out of business. Remember: Even if you assign recordkeeping tasks to someone else, you're still responsible for making sure these tasks get done correctly and on time.

| Financial Activities and Other Recordkeeping Tasks | Frequency | | | | Person Responsible |
|--|-----------|--------|---------|-----------|--------------------|
| | Daily | Weekly | Monthly | Quarterly | |
| Accounts Receivable | | | | | |
| Send invoices or statements | | | | | |
| Post charges and payments | | | | | |
| Prepare an aging schedule | | | | | |
| Collect past-due 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 | | | | | |
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Now that you know about some of the bookkeeping and recordkeeping tasks you need to perform, try to answer the following questions.

- 1. Who will be primarily responsible for the bookkeeping and recordkeeping activities at your business? Why did you choose this person?**

- 2. Will you use outside professional services to help with bookkeeping? If so, who will you use, and what will they do? What is their fee? How often will they work with you?**

- 3. Will your books and records be kept on the cash basis or the accrual basis? Why did you choose that accounting method?**

- 4. What information will be most helpful to you in managing the financial affairs of your business (cash flows, gross revenues, quarterly profits)? How often will you review it?**

INTERNAL CONTROLS WORKSHEET

Internal controls are policies and procedures that safeguard your business assets. Types of internal controls include:

- **Authorization.** Make sure the appropriate person authorizes purchases and sales. You must clearly state to vendors, banks and other business partners what authority you have given to which employees.
- **Physical controls.** Blank checks and other documents should be prenumbered and locked away when not in use. Cash should be kept under lock and key and deposited daily.
- **Tickler systems** help you keep track of current bills and orders. This could be a red folder for current orders, or a computer program that produces a daily report of due bills.
- **Monitoring and review.** You should regularly assess whether your policies are effective. Are they being used correctly? If so, do they accomplish everything they're supposed to?

Follow these steps to complete the worksheet on the next page.

Step 1 Identify business activities that require internal controls.

Step 2 Identify responsibility for maintaining internal controls.

Step 3 Briefly describe the controls in place, taking care to specify who, what, where, when, why, how and how much.

INTERNAL CONTROLS WORKSHEET

| Activity | Person responsible | Controls in place | Controls needed | Cost |
|----------------------|--------------------|-------------------|-----------------|------|
| Banking | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Accounting | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Purchasing/inventory | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Sales | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Payroll | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Recordkeeping | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Other: | | | | |
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SALES FORECAST WORKSHEET

Forecasting sales is critical to your business. 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.

Be realistic in your projections. If you have an existing business, look at last year's sales data. Reviewing your research on your industry, products, customers, competitors and seasonality can help you identify trends and plans for growth over the next three years.

You can easily transfer this worksheet to a spreadsheet and let the computer do the calculations.

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

Price per unit is your selling price. It could be a retail price if you're selling directly to customers, or a wholesale price if you're selling to wholesalers. If you're selling products, forecast the number of units and when they will sell. If you're selling a service, your "unit" might be one hour, one day or one job. Either way, multiply the number of units by the price per unit to get total sales for each month. Add the columns across to get a total for the year.

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 Total Sales down 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 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 is the projected total yearly income from all products sold. Compare this number to the **Annual Sales Volume Projection** you completed in Session 4. If the two numbers are completely different, reevaluate your work.

SALES FORECAST WORKSHEET

| Month | 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 | | | | | | | | | | | | | |
| Price Per Unit | | | | | | | | | | | | | |
| Total Sales | | | | | | | | | | | | | |
| Product 2 | | | | | | | | | | | | | |
| Units Sold | | | | | | | | | | | | | |
| Price Per Unit | | | | | | | | | | | | | |
| Total Sales | | | | | | | | | | | | | |
| Total Product Sales | | | | | | | | | | | | | |

ASSUMPTIONS FOR THE SALES FORECAST WORKSHEET

Units sold each month is based on:

Seasonal fluctuation of units sold is based on:

Price per unit is based on:

Of the sales reported above, ____% will be cash sales and ____% will be charge sales.

Payment terms:

Growth plans and actions:

Additional comments:

COST OF PROJECTED PRODUCT UNITS SOLD WORKSHEET

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 a retail price of \$50, but your *cost* for this product might be \$30 (including freight).

We are using the term “Cost of Projected Product Units Sold” so that you will associate the direct costs of the product units with the units you forecasted selling on the *Sales Forecast 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. Again, the purpose here is to project the monthly and annual direct cost of each product listed on the *Sales Forecast 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 Forecast Worksheet*.

Step 1 Fill in the Units Sold for your product categories, based on your Sales Forecast 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 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. From an accounting perspective, this 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 **Cost of Goods Sold** relative to **Annual Sales** shown 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 planning tool for purchases relating to sales can work well if you have a large number of 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

| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|

ASSUMPTIONS FOR COST OF PROJECTED PRODUCT UNITS SOLD

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

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

How does this 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 WORKSHEETS

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, 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**. Consult your accountant to determine the depreciation schedule most applicable to your business. Land is not depreciated, so deduct its value and only depreciate buildings.

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 or 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 Annual Depreciation for each fixed asset. Multiply Monthly Depreciation by the number of months from the date of acquisition 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, as well as the Total Monthly and Total Annual Fixed Assets Depreciation.

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

If you are an existing business or are transferring assets into a business, use last year’s accounting information for existing fixed assets. Again, consult your accountant 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 De- preciation | Annual De- preciation |
|----------------------|-------------|---------------|------------------|-------------------------|---------------------------|--------------------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | Total Cost \$ | | | Total Fixed Assets \$ | \$ |

SESSION 7

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 (from accountant or current records) | | | |
| Total Fixed Assets | \$ | \$ | \$ |

GROWTH OR STARTUP EXPENSES WORKSHEET

Growth expenses are directly related to growing or expanding your business. They might include building a new space, opening a second location or buying new equipment. Startup expenses are the various expenses it takes to launch a new business component. The majority of these expenses will be one-time expenditures. Examples appear on the next page.

For new businesses, the purpose of isolating startup expenses is to prepare for higher costs in the early 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 can then include these costs in your cash flow projection to see if your business can fund its own growth or will require new funding.

- 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 startup project. You may also have some expenses not listed. If so, write them under **Other Expenses**.*
- Step 3 Estimate your cost for each expense. Try to be as accurate as possible. If necessary, contact the relevant vendors and service providers to get quotes and bids.*
- 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 will be the starting amount for your **Cash Flow Projection Worksheet**.*
- Step 6 Document your assumptions.*

For each item of expense, 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. But on this worksheet, we are isolating one-time expenses relating *specifically* to growth or startup.

GROWTH OR STARTUP 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, computer network) | |
| 4. | Deposits (utilities, lease, phone, leased equipment) | |
| 5. | Fees, licenses, certifications | |
| 6. | Special one-time legal fees (specifically for growth or startup) | |
| 7. | Special accounting and 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 or startup) | |
| 14. | | |
| 15. | | |
| Total Growth or Startup Expenses (B) | | |
| Beginning Cash Balance - OR - Additional Cash Required (A - B) | | |

ASSUMPTIONS FOR GROWTH OR STARTUP EXPENSES WORKSHEET

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

EXISTING DEBT PAYMENT WORKSHEET

This includes all existing debt belonging to the business, whether the source is an owner, family member, relative, friend, bank or supplier. **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, rather than assuming 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.

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

ASSUMPTIONS FOR THE EXISTING DEBT PAYMENT WORKSHEET

(PRINCIPAL + INTEREST FOR EACH SOURCE OF DEBT)

| | |
|----|--|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |

MISCELLANEOUS EXPENSES WORKSHEET

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 (Session 3)
- Outside Services (Session 3)
- Insurance (Session 3)
- Advertising Budget (Session 5)
- Occupancy Expenses (Session 3)
- Cost Of Projected Product Units Sold (Current Workbook)
- Fixed Assets (Current Workbook)
- Growth or Startup Expenses (Current Workbook)
- Existing Debt (Current Workbook)

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 Document your assumptions.

Write your assumptions for each item of miscellaneous expense on the corresponding numbered line.

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 Jun | 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 | | | | | | | | | | | | |

ASSUMPTIONS FOR MISCELLANEOUS EXPENSES WORKSHEET

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

BREAK-EVEN ANALYSIS WORKSHEET

The **break-even point (BEP)** is the point at which total sales 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 this 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 other operating costs, so 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, owner's draw and 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. Start by examining expenses; it's usually better to cut costs than to assume you can increase sales. Look for expenses that are "wish list" items rather than necessities. Also, check your **Growth or Startup Expenses** estimates, and check salaries and wages for yourself and your employees to see if they are more than the business can support in a growth or startup 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 cash flow projection.

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: | 100 |
| = Contribution margin per unit: | \$ 40 | = Dollars to BE: | \$60,000 |

CASH FLOW PROJECTION WORKSHEETS

Now that you've finished your sales and expenses budgets, and arrived at a realistic break-even point, you're ready to create a monthly cash flow projection.

Cash flow projection is a budgeting and goal-setting tool that predicts how much cash will come into your business from sales, investments and borrowing, and how much cash will flow out of your business to pay expenses, buy equipment and take care of other business costs. **This is one of the most critical financial tools you will learn to use.**

These worksheets will help you calculate projected cash receipts and cash disbursements first for 12 months, and then for two more subsequent years. If projected cash receipts (cash in) are greater than cash disbursements (cash out), you'll have a **positive cash flow**. If projected cash receipts are less than cash disbursements, you'll have a **negative cash flow**. Negative cash flows are indicated by enclosing the number in parentheses, like this: (\$1,000).

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 you need in 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.

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 to make principal payments and cover budgeted expenses, without injecting additional borrowed funds into the business?

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 the Cash Flow Projection** —OR— transfer this worksheet to a spreadsheet and let the computer do the calculations. Using a computer is preferable because you'll be adjusting the worksheet several times.*

Step 2 *Enter your **Beginning Cash Balance** for the first month.*

This amount comes from the **Growth or Startup Expenses Worksheet**. Note that if this amount was listed as "Additional Cash Required," it will be a negative number in parentheses.

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

The line labeled **Collect Accounts Receivable** applies only if you are extending credit to your customers. You need to know what percentage of your sales are credit sales, and how many days it normally takes to collect, to determine when this cash will flow in.

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)**, and then allocate the total to individual months based on when you will make the purchases.*

Because merchandise usually must be bought before you can sell it, your next challenge is to determine when your 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 purchase merchandise, based on when you anticipate selling it. Then, divide the **Yearly Total** for **Cash Purchases (Merchandise)** among the appropriate months.

Last, total the 12 months across and make sure the total equals the initial Yearly Total.

Step 5 *Fill in the 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 **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 the Net Cash Flow is positive and you are a sole proprietorship, you may want to take an owner withdrawal. If so, enter this amount under **New Owner Withdrawals**. If the Net Cash Flow is negative, you will need additional funds. Was there enough money in the Beginning Cash Balance to cover this month's negative balance? Or will the necessary funds come from you (Owner Investment) or a lender (New Debt)?

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

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 10 steps for each of the 12 months. Complete one month at a time!*

CASH FLOW PROJECTION WORKSHEETS—CONTINUED

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 your 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 19 *Cash Flow Management*.

Step 13 Document your assumptions.

Use the **Notes to Cash Flow Projection Worksheet** to list your assumptions. Lines are numbered to correspond to the lines on the *Cash Flow Projection Worksheet*. Your reader needs to be able to tell how you decided on the amounts you put into your worksheet, so be as clear as you can.

ANNUAL CASH FLOW PROJECTIONS—YEARS TWO AND THREE

To grow your business or to obtain money from traditional financing sources, you'll need to include cash flow projections for three years. Three-year projections are also highly recommended from a management standpoint. A one-year projection may not be long enough to judge your business's financial performance, especially during growth or startup.

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 monthly 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 on page 6–98.

[illegible]

CASH FLOW PROJECTIONS: YEARS 2 AND 3—SUMMARY WORKSHEET

| Year 2 | 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 | |
| (-) New Debt - Principal | |
| (-) New Owner Withdrawals | |
| Adjusted Net Cash Flow (D) | |
| Ending Cash Balance (A + D) | |

| Year 3 | 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 | |
| (-) New Debt - Principal | |
| (-) 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 projections for Years 2 and 3.

WORKSHEETS ASSIGNMENT FOR SESSION 8

Complete and review all the worksheets in this session before writing the corresponding section of your business plan. Note that learning to work with sales forecasts and cash flow projections takes time. In particular, it will take some research to decide which expenses to include in the **Operating Expenses** section. Remember to include all costs you identified in previous worksheets, and be sure to document your assumptions on the *Notes to Cash Flow Projections*.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the business plan listed below. Start with the headings and subheadings just as they're shown here. Then, follow the instructions under each subheading to write that section of your business plan.

Section III. Business Organization and Operations

C. Managing Books and Records

Review the Recordkeeping Checklist Worksheet and your answers to Questions 1 through 4. Describe how you will manage your bookkeeping and recordkeeping activities. State who is responsible for key activities, and how you will oversee these activities. Also, review the Internal Controls Worksheet and briefly explain any internal controls you will use to protect your business's finances and records.

Section V. Financial Plan

A. Capital Requirements

Startup Costs

Review the Growth or Startup Expenses Worksheet. Summarize the total estimated expenses required to launch or expand your business, including what those costs are and how you estimated them.

B. Sales Forecasts

Make a copy of your *Sales Forecast Worksheet* and include it in this section.

C. Cash Flow Projections

Make copies of your Monthly Cash Flow Projections for Year 1, and your Annual Cash Flow Projections for Years 2 and 3, and include them in this section along with the Notes to Cash Flow Projection Worksheet. Explain the differences in projections by including any assumptions that are unique to Years 2 and 3.

SESSION 8

FINANCIAL STATEMENTS & BUSINESS FINANCING

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 *Balance Sheet*, *Income Statement* 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.

BALANCE SHEET WORKSHEET

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 startup 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. Later, you will return to the right-hand side of this sheet and 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 **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 startup 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 **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 **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.

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**.

MONTHLY PROJECTED INCOME STATEMENT WORKSHEETS

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 Forecast 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 Gross Margin for each month (Sales – Cost of Product Units Sold = Gross Margin).*

Step 4 *Fill in 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 Total Operating Expenses for each month (add down the columns).*

Step 11 *Calculate 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 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 Ex- penses | | | | | | | | | | | | | |
| Net Operating Profit | | | | | | | | | | | | | |
| Other Gains/Losses | | | | | | | | | | | | | |
| Net Profit (or Loss) Before Income Taxes | | | | | | | | | | | | | |

Owner Withdrawals
(Sole Proprietorships
and Partnerships)

| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

PROJECTED BALANCE SHEET

Your Projected Balance Sheet will present 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 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 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 below, and determine the amount of working capital your business has as of the date of this Projected Balance Sheet.

LIQUIDITY RATIOS

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 measure 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.

Current Ratio: $\text{Current Assets} \div \text{Current Liabilities} = \underline{\hspace{2cm}}$ **Benchmark:** $\underline{\hspace{2cm}}$

Quick Ratio: $(\text{Current Assets} - \text{Inventory}) \div \text{Current Liabilities} = \underline{\hspace{2cm}}$ **Benchmark:** $\underline{\hspace{2cm}}$

Working Capital: $\text{Current Assets} - \text{Current Liabilities} = \underline{\hspace{2cm}}$ **Target Minimum:** $\underline{\hspace{2cm}}$

STATEMENT OF OWNER’S EQUITY WORKSHEET

The Statement of Owner’s Equity is a 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

| | |
|--|--|
| Your 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 | |

| | |
|--|--|
| Your Incorporated Business, Inc. Statement of Owner's Equity For the Year Ended _____ | |
| Beginning Retained Earnings | |
| + Net Income | |
| - Dividends | |
| = End Retained Earnings | |

SOURCES AND USES OF FINANCING WORKSHEET

There are two primary types of financing. **Debt financing** means you borrow money and then pay it back with interest. **Equity financing** means you trade partial ownership in your business for money. Funding sources might include your own savings, a family member, friends, financial institutions, private lenders, suppliers or leasing companies.

Having completed the Session 7 worksheets, you should know how much financing you need to cover your growth or startup and operating costs. First, check your sales forecast for accuracy. Then, look at your growth or startup expenses and cash flow projections. If you don't have enough cash to cover expenses, you have decisions to make. If your business doesn't generate sufficient cash to cover your projected cash requirements, you have more decisions to make. For example, do you have personal savings to invest in your business? If so, is this an investment that you and your family are willing to make? Will you need to seek outside funding instead of—or in addition to—your personal savings?

Step 1 How much money do you need to borrow—or to invest yourself—to cover startup expenses and operate for your first year? How much financing will you need, and for how long? Will you seek debt or equity financing? List potential sources for each.

Debt Financing

Amount sought \$ _____

How long do you need this financing? _____

How much debt can you afford per month? _____

Potential sources _____

Terms _____

Availability _____

Advantages _____

Disadvantages _____

Documents needed _____

Equity Financing

Amount sought: \$ _____

How long do you need this financing? _____

How much control of your business are you willing to give up? _____

Potential sources _____

Terms _____

Availability _____

Advantages _____

Disadvantages _____

Documents needed _____

Step 2 List your chosen sources of startup capital in the Sources of Financing column of the Sources and Uses Worksheet on the following page.

List the amount each source will contribute to your venture, and then total all funds in the **Amount** column.

Step 3 Show how you will use this capital.

Review the *Growth or Startup Expenses Worksheet* from Session 7, and break down your use of capital by the expense categories that make sense for your business (e.g., facilities, equipment, working capital, promotions, etc.).

SOURCES AND USES STATEMENT WORKSHEET

| Sources of Financing | Amount |
|----------------------------|--------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| TOTAL SOURCES OF FINANCING | |
| Uses of Financing | Amount |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| TOTAL USES OF FINANCING | |

WORKSHEETS ASSIGNMENT FOR SESSION 9

Complete and review all the worksheets in this session before writing the corresponding section of your business plan.

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the sections of the business plan listed below. Start with the headings and subheadings just as they're shown here. Then, follow the instructions under each subheading to write that section of your business plan.

Section V. Financial Plan

A. Capital Requirements

Loans, Grants and Self-Financing

Review Step 1 on the Sources and Uses of Financing Worksheet. Write a paragraph explaining how you intend to finance your business. Explain how much money you'll need to borrow—or to invest—to cover startup expenses, fixed asset purchases and operating costs. Explain how much of the total funds will come from owner investment, and how much from borrowed funds. Also, explain how long you'll need any borrowed funds, and how you intend to pay it back. This section should bring into focus all the financial information you've gathered up to this point.

D. Financial Statements

Sources and Uses Statement

Make a copy of your Sources and Uses Statement Worksheet and include it here.

Personal Financial Statement

Review the Personal Financial Statement that you prepared in Session 1, and update it if necessary.

Income Statement

Make a copy of the Projected Income Statement from this workbook session and include it here.

Balance Sheet

Make a copy of the 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 9**SKILLS FOR GROWTH:
BUSINESS MANAGEMENT TOOLS**

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

DEALMAKING AND CONTRACT MANAGEMENT WORKSHEET

Identifying common goals and interests, and creating mutually beneficial solutions, is what business is all about. Negotiation is the cornerstone of the dealmaking process.

1. With whom will you be negotiating, and for what reason?

2. For each negotiation listed above, what are your primary and secondary interests? What would a win-win solution look like?

3. What systems will you put in place to review and improve your business’s contract management? How often will you review your contract performance?

4. What systems will you put in place to review and improve the contract performance of your partners? How often will you review their performance?

5. What tools will you use to manage contracts (calendars, time management software, etc.)?

6. Will you appoint a contract manager for your business? If so, who? Outline the authority and responsibilities for this position.

7. How will you stay in touch with your contract partners (phone, email, newsletter, personal meetings, social media such as Twitter or Facebook, etc.)?

RESOURCE MANAGEMENT WORKSHEETS

1. **What tax incentives are available for green policies, appliances, equipment, practices or improvements?** (You can search for incentives by state at *www.dsireusa.org*.)

2. **Are there any laws, costs or regulations that your business could avoid by switching from a regulated material to a nonhazardous, recycled, renewable or nontoxic alternative?**

3. **What are the largest uses of electricity and water at your business? What steps can you take to reduce these costs?**

4. **What steps can you take to reduce the amount of waste at your business?**

FINANCIAL MANAGEMENT WORKSHEETS

- 1. What are the most important internal financial ratios for your business? How can you use them to avoid problems and improve profits?**

[illegible]

- 2. What are the most important external financial ratios for your business? How can you use them to manage your business, avoid problems and improve your competitiveness?**

- ### 3. What are the standard benchmarks for financial performance in your industry?

[illegible]

PROJECT MANAGEMENT WORKSHEETS

- 1. Who will be in charge of project management at your organization? What is their job description?**

- 2. Which methods will you use for status reporting during projects, both internally and externally?**

- 3. What policies will you put in place to meet quality control standards for your projects?**

- 4. Which of your projects (if any) are large or complex enough to require using project management software?**

- 5. Which type and brand of project management software will you use (if any), and why?**

YOU'RE ALMOST DONE!

You're now ready to pull together the last few pieces that will make your plan complete!

The front pieces of your *NxLeveL® Business Plan* introduce and organize the plan for easy reading.

- The *Cover Page* identifies your business's name, owners and contact information, as well as the month and year in which the plan was completed.
- The *Table of Contents* lists all sections by page number.
- The *Executive Summary* highlights the most important information from the plan and gets the reader interested in reading more.
- The *Appendix* contains supporting documents that will give the reader as complete a picture of your business as possible.

Follow the instructions on the following pages to create these last pieces, and then look at the *NxLeveL® Business Plan Outline* to see where they fit in the completed plan.

EXECUTIVE SUMMARY WORKSHEET

After you finish the other sections of your plan, take the best two or three details from each section to create a summary. The key to creating a good summary is to *write it with your audience in mind*. If your plan is going to a banker, your summary should address a banker's concerns.

The summary should be no longer than one page, and the information should be in the same order as the sections of your plan. The summary should read like a condensed version of a book. In other words, the ideas must flow together. They can't be a jumble of loosely connected thoughts. Pick your key points carefully, and remember your purpose: to make the reader want to continue reading.

Step 1 *Look back at your Business Description, Product Description, Mission Statement and Business Goals and Objectives. Get a clear picture of how you want to present your business to your reader. Can you summarize your goals and objectives in a way that will make the reader want to learn more about you and your business?*

Step 2 *Review the Business Concept and Business Organization and Operations that you completed in Sessions 1 through 3. Include the names and relevant background of the owner(s), as well as important team members. State why you (and your management team) are qualified to move forward with your business idea, and explain how crucial your management capabilities are to the project. Note any intellectual property, existing contracts or market research findings that support your business concept.*

- Step 3** *Summarize the **Marketing Plan** section in a way that shows the reader you have done your homework. Introduce your target market, demonstrate a thorough knowledge of your target customers and their needs, and explain your positioning and competitive advantage in that market. Make sure readers understand what's different or better about your business idea, and show them that you know how to sell benefits to your target customers. Last, discuss the growth potential for each target market.*
- Step 4** *Summarize your financial requirements for startup or growth, as well as your estimated sales and profits. If you're using your plan to get a loan, you should also explain how much capital you need, how you will use it to achieve your goals and what type of collateral you offer. Review Section V for this information.*

WRITING YOUR BUSINESS PLAN

Use the information from this session to write the section of the *NxLeveL® Business Plan* shown below. **NOTE:** We're asking you to begin developing your *Executive Summary* now, because it often takes several rewrites to get it right. Also, you may need to make corrections before writing your final draft of the business plan.

Section I. Executive Summary

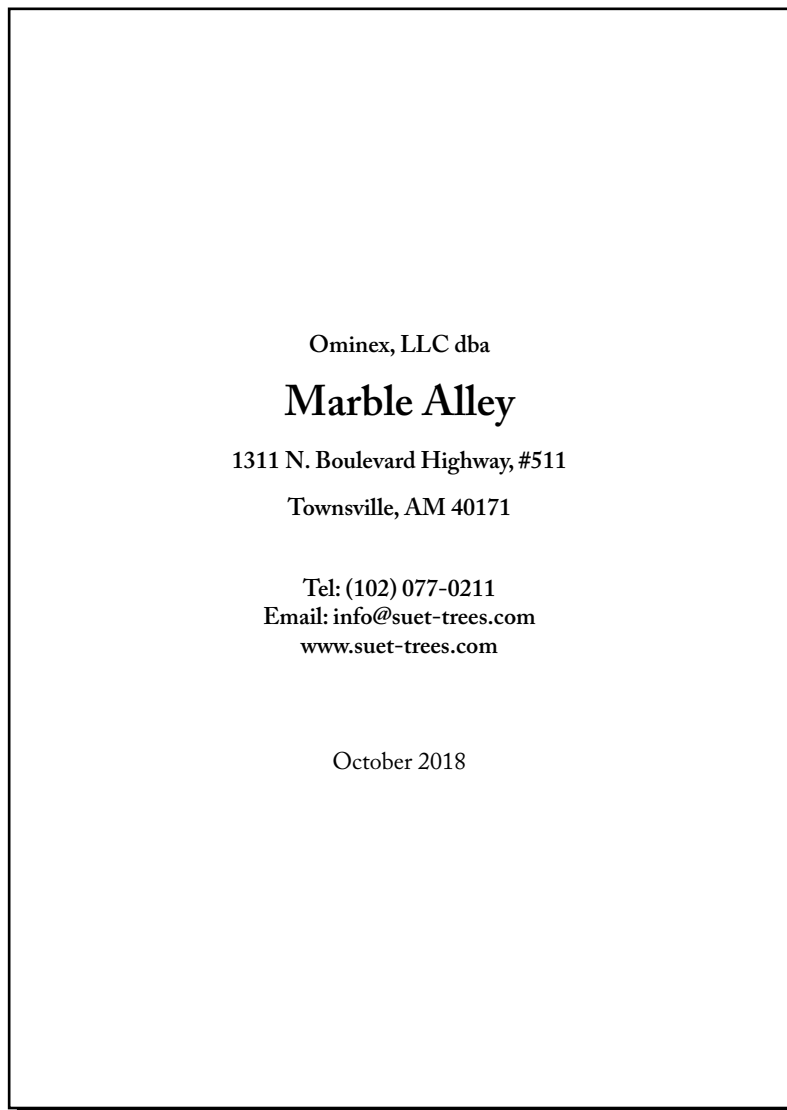
Write a one-page summary of the various sections of your NxLeveL® Business Plan. Remember: Your goal is to make the reader want to read more!

COVER AND TITLE PAGE

The *Cover Page* and *Title Page* should both include the following information:

- Name of the business. If your corporation or LLC carries one name, but you actually do business under another name, show both (see example below).
- Business address.
- Business contact info (including phone number, email and website address).
- Logo (if you have one).
- Month and year the business plan was completed.

Here's an example:



Ominex, LLC dba

Marble Alley

1311 N. Boulevard Highway, #511

Townsville, AM 40171

Tel: (102) 077-0211
Email: info@suet-trees.com
www.suet-trees.com

October 2018

TABLE OF CONTENTS

Organize the *Table of Contents* to show the major section headings, along with the page number that starts each section. It's even better if you show detailed subheadings under the sections, so that readers can easily find the information they need. For example:

| TABLE OF CONTENTS | |
|--|--------------------------|
| SECTION I. | EXECUTIVE SUMMARY..... 1 |
| SECTION II. BUSINESS CONCEPT | 3 |
| A. Business Description | 4 |
| B. Business Goals and Objectives | 4 |
| C. Industry Information..... | 4 |
| Industry Background | |
| Current and Future Trends | |
| Business Fit in the Industry | |

EXECUTIVE SUMMARY

Now, take one more look at your *Executive Summary*. It may be tempting to make this section longer than one page, but don't. If you can't get your reader interested in one page, you probably can't do it in two. Be clear, concise and compelling!

ACTION PLAN WORKSHEETS

Review the *Action Plan Worksheets* you filled out while working through these sessions. Update any activities you've completed, and note any tasks you still need to finish.

APPENDIX WORKSHEET

This section of your business plan should include any information or documents that support or explain the case you made in the body of the plan.

Step 1 Identify your intended audience.

Different audiences will require you to prepare slightly different attachments. For instance, the attachments you send to a banker for a loan would be more detailed than the attachments you would send to a supplier to establish trade credit.

Step 2 Identify desired supporting documents.

Using the worksheet on the following page, identify documents you'll use as supporting evidence for your business plan. Consider which supporting materials you need, based on your audience.

Step 3 Collect supporting documents.

Step 4 Prepare a cover page for the Appendix, and list the documents you've included in their order of appearance.

APPENDIX WORKSHEET

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 | | |

WRITING YOUR BUSINESS PLAN

Gather the supporting documents you identified in the previous exercise. Then, use the information write the section of the *NxLevel® Business Plan* shown below.

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 10

A NEW BEGINNING: PLANNING FOR EXPANSION

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.

GROWTH PLANNING WORKSHEET

Successful entrepreneurs distinguish themselves by their ability to plan for growth. They identify trends that are likely to affect the business environment. They plan for their financial needs and begin laying the groundwork for additional financing long before they need it. They create management controls to sustain performance, utilize budgets to safeguard cash, and identify the staff they'll need in order to grow.

- 1. Do you expect to pursue horizontal growth (increase sales of an existing product within an existing market) or vertical growth (offering a new product or seek out a new market for an existing product)? Name the growth strategy you favor (building market share, demand innovation, strategic acquisition, going international, etc.). Why is this the best option for your business?**

GROWTH PLANNING WORKSHEET—CONTINUED

- 2. In light of your answer above and the things you've learned in this session, do you need to update your business plan to add or improve your growth plans? If so, what sections need to be updated before you finish your plan? If not, when will you revisit this question?**

[illegible]

- 3. Explain the role of innovation in your plans for continued expansion. How will current and future innovations drive growth at your business? How will you create a culture of innovation at your business and use it to grow consistently?**

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface.

If you intend to move forward with your business, there will be barriers and pitfalls along the way. Thinking about these problems *before* you move forward will help you overcome them.

- 1. What are the biggest barriers and pitfalls you expect to face in the first year of business? What about your second and third years?**

[illegible]

- 2. What will you do to overcome or manage these problems?**

[illegible]

GETTING STARTED: IMPLEMENTATION CHECKLIST

If you've decided to move forward with your business concept, the following checklist will serve as a reminder of some of the details that need your attention.

- ☐ Research zoning laws for business location.
- ☐ Research other local or state laws that may apply to your business.
- ☐ Check state and local business license requirements. Secure necessary licenses and permits.
- ☐ Research local, state and federal tax information.
- ☐ Finalize business name, logo and ownership structure.
- ☐ Choose and register domain name for website (if applicable).
- ☐ Create a business identity on social media channels.
- ☐ File "doing business as" (DBA) registration.
- ☐ Obtain federal tax ID number.
- ☐ Establish business bank account.
- ☐ Establish an accounting and recordkeeping system, and create a record management plan.
- ☐ Protect your intellectual property (e.g., patents, trademarks, trade secrets).
- ☐ Identify intellectual property you need to buy or license (e.g., photos, art, website content).
- ☐ Identify capital required and potential sources of financing.
- ☐ Seek necessary debt or equity financing.
- ☐ Secure facilities.
- ☐ Buy or lease equipment.
- ☐ Purchase adequate supplies and inventory.
- ☐ Obtain insurance for facilities, equipment or other needs.
- ☐ Create a business continuity plan.
- ☐ If hiring employees, check on federal and state requirements.
- ☐ Publicize and promote business idea.
- ☐ Create a sales plan.
- ☐ Other:
- ☐ Other:
- ☐ Other:
- ☐ Other: