Alexandria Small Business Development Center

Business Planning

Guide

A Map for Success and Obtaining Capital





The Alexandria Small Business Development Center

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Business Planning Guide

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**How to Start Your Own Business**

When you hear the phrase “The American Dream,” the first things that usually come to mind are owning a home and owning a small business. This manual is designed to give prospective small business owners a superficial overview of what it takes to make the dream a reality. It is impossible to cover *all* aspects of launching an entrepreneurial endeavor in a few pages, so this document is focused mainly on obtaining capital. The concepts discussed will also be helpful to existing small business owners planning an expansion or looking for financing to solve a business problem.

The best preparation for starting a business is several years of business education, followed by several more years of business experience (try it out with someone else’s money first). So, we shall assume that after a few years in the “Rat Race” you have decided to become an entrepreneur. What should you do?

**Step 1** - **Evaluate your entrepreneurial and business ability and willingness to assume risk.** Most new ventures fail and you should be willing and able to take that risk both psychologically and financially.

**Step 2** - **Evaluate your personal creditworthiness.** You can obtain a credit report from the local office of the Retail Merchants Association or from one of the national credit bureaus. Each credit bureau must provide you a free copy of your report without charge annually, which can be ordered online. You should also know your FICO credit score for which there is a charge; some credit card providers offer it for free.

Annual Credit Report (n/c 1x yr) <http://www.annualcreditreport.com>

Experian (Formerly TRW) 1-888-397-3742 http://www.experian.com

Equifax 1-800-685-1111 http://www.equifax.com

TransUnion 1-877-322-8228 <http://www.transunion.com>

Fair Isaac Corp. (FICO) 1-800-319-4433 http://www.myfico.com

**Step 3** - **Choose the venture** based on your interests and skills and, of course, the need for that product or service in your market area.

**Step 4 - Gather information for a business plan and loan proposal.** Use the Business Plan Outline as a checklist to help you gather the necessary information for start-up, operations, marketing, and so on. In addition to creating a financing proposal, creating a business plan will help *you* determine: 1) if your idea is feasible; 2) how much the venture will cost to start; and 3) how much volume you will need to do to stay in business and make a profit.

**Every day, bankers see people who want a business loan for the “opportunity of a life-time” that “just can’t fail.” These want-to-be entrepreneurs usually attempt to explain their notion orally and have not done the necessary research to determine the feasibility of the idea. In order to be taken seriously about your business loan, it is imperative to write a formal business plan. When a banker analyzes a business loan application, he/she looks at the “eight C's of lending:”**

1. **Credit** - It must be good, not necessarily perfect
2. **Collateral** - Something of *value* to secure the loan
3. **Cash** **Flow** - Ability of the *business* to repay the loan from operations
4. **Capacity** - Your *personal* ability to repay
5. **Capital** - Your cash investment or down payment
6. **Character** - *Yours*!
7. **Conditions** - A*nything* that can affect your business (industry, economy, etc.)
8. **Commitment** - Your *will* to succeed

Each one of these items must be addressed in the business plan. If you walk into the banker's office with a plan in hand, you have made the first step in separating yourself from the pack.

**Step 5 - Financing Your Business.** Lack of capital and inadequate recordkeeping are major causes of business failure. You must know not only how much money you need to start the project but how much working capital will be needed to carry you through the first months of operation.

The remainder of this document focuses on **business financing** and the **business plan**.

REMEMBER, THIS IS A **GUIDE** – AND WAS DEVELOPED FOR ANY AND **ALL TYPES** OF BUSINESSES. EVERY SECTION OR QUESTION MAY NOT EXACTLY PERTAIN TO **YOUR BUSINESS**.

In addition to getting the money, your business needs to get legal with federal, state, and local government agencies. You need to decide what **legal structure** (Sole Proprietorship, S-Corporation, LLC, etc.) is best for your situation. You will need to address these questions in the business plan.

The Alexandria Small Business Development Center has resources available to provide information on how to keep **financial records** and how to properly **register** and **license** your business. However, we do recommend engaging the services of an attorney, a CPA, and other professionals to make sure you have done everything necessary to stay out of trouble, maximize your efficiency, and minimize your risks and liabilities.

The Alexandria Small Business Development Center is available on a continuing basis to assist business owners with one-on-one business counseling, at no charge.

#### Facts About Small Business Loans

1. **You will need good credit.** If there are any problems on the report that can be remedied before meeting with a banker, do so. A lender may be able to make exceptions if you can document that a negative report was due to circumstances beyond your control. Include a detailed written explanation with supporting information in your financing proposal. However, if the report shows that you are irresponsible and you have not demonstrated a willingness to repay obligations, the lender will be unable to make a loan.
2. **There is no such thing as 100% financing.** You are going to have to put some money into the business and the more you do, the better chance you will receive loan approval.
3. **A bank will require you to personally guarantee the loan** even if you are incorporated. There is no way to avoid putting personal collateral at risk. If necessary, this could include your home equity.
4. **Some businesses are easier to finance than others.** Since over 60% of all small business start-ups fail within 5 years, lenders know that the odds are against a new business being around long enough to repay a loan. An existing business is easier to finance if profits are sufficient to repay the loan. Also, many sellers are willing to hold some of the financing. Franchises are generally easier to finance than independent start-up businesses.

5. **The process is not quick.**  If you must have the money to open by a certain date, make your loan application as far in advance as possible.

6. **There is no such thing as a grant.** We have never heard about anyone - anywhere - who got free money from the government to open any type of for-profit business (with the exception of special SBIR U.S. Government projects).

7. **The Small Business Administration does not lend money.** The SBA does have guaranty programs that are designed to provide more security to lenders so that they will have an incentive to lend money to small ventures which would be too risky for a conventional bank loan. SBA guaranteed loans are made and processed by a bank, with the SBA guaranteeing up to 75% of the loan. Interest rates and repayment terms are negotiated between you and the lending institution. SBA does limit the interest rate the lender can charge and there is a small guaranty fee. Ask a business counselor with the Alexandria Small Business Development Center for additional information on SBA programs.



#### Types of Capital

### 1. Start-up Capital

Start-up capital is the money you need to spend before the business opens. The amount varies widely depending on the type of business. Some examples include:

1. Seed money - research and planning (usually for high-tech businesses)

2. Security deposits for a lease, utilities, etc.

3. Construction, renovations, signs

4. Equipment, tools, office equipment, etc.

5. Inventory

6. Labor - hiring and training staff before opening

7. Legal and accounting fees

### 2. Working Capital

Working capital is the money needed for day-to-day business expenses. You must have enough working capital available to pay all your bills until the business becomes cash flow positive and can support itself. This can take from several months to several years. After you complete your pro forma monthly cash flow projections you will have a very good estimate of the amount of working capital you will need. Allow extra for unexpected things. If you have just enough money to get started but not enough to properly operate the business, you may be doomed from the start.

#### Types of Financing

**1. Debt Financing**

Debt financing does not give the lender ownership control, but the principal must be repaid with interest. Length of the loan, interest rates, security and other terms depend on the loan’s purpose.

|  |  |
| --- | --- |
| **Commercial Bank Loans** |  |
|  |  |

1. ***Short-term:*** Loans for short periods (30 - 270 days) usually made to cover temporary or seasonal needs for inventory or personnel. These are common for established businesses, but may be difficult for a new business to obtain.
2. ***Medium to long term:*** These loans may be repaid over anywhere from 1 to 5 to even 10 years depending upon the collateral and how the proceeds are used. The source of repayment is the cash flow of the business. Typical uses are for equipment, fixed assets, etc. Most loans to start a small business will be of this type.
3. ***Real estate financing:*** Real estate is typically financed over a fairly long term, 10 to 30 years. Expect a down payment of 25%. Equity in your personal residence or rental properties may qualify as collateral for a commercial term loan.
4. ***Accounts receivable financing:*** Money loaned against accounts receivable pledged as collateral.

**2. Equity Financing**

Equity is money put into a business by the owner, private investors, and/or venture capitalists. Equity gives an investor ownership and possibly some control of the business.

1. ***Your own savings and/or investments:*** It is nearly impossible to start a business without using some of your personal funds. It is difficult to convince someone to take a risk in your idea if you do not. The proceeds of an equity loan (mentioned in 1.C. above) could be used to inject initial funds into the business.
2. ***Friends, relatives, business associates, etc.:*** Most small businesses are started with this kind of help. They may provide some of the cash or may guarantee a loan from a financial institution.
3. ***Venture capitalists:*** Groups invest in a new firm (usually high tech or innovative concepts) looking for an extremely high return on investment. Minimum financing rounds are usually $2-5 Million. Amounts below that range are generally funded by private investor groups also known as "angels."

**3. Internal Financing**

1. ***Customers*** can be a source of temporary financing if they provide the raw materials or if they pay a cash deposit. This is not feasible in most businesses.
2. ***Trade Credit:***  Once you have established a good reputation with your suppliers you may be able to obtain credit for anywhere from 30 to 90 days. You may be able to order, receive, and sell the goods before the bill is due.
3. ***Profit:***  Hopefully you will earn enough profit to be able to reinvest in and expand your business.

**4. Leasing**

Leasing is simply another form of financing. Leasing reduces the cash needed up front, but like a loan, you are obligated to the payment for a certain period of time. Some lease contracts give you ownership of the leased equipment at the end of the term for a specified amount. If your credit is less than perfect, leasing may still be an option. Leasing companies and manufacturers are sometimes less stringent with their lending practices because they are usually leasing equipment that can be easily repossessed. This might be a good option for vehicles, heavy equipment, computers, phone systems, etc.

**The Business Plan** ** General Tips**

* **Make it brief, to the point and easy to read.**

The Executive Summary, financial assumptions, and projections are the first parts of the plan your banker or investor will read. If they make financial sense, then the rest of the plan will have additional value. Use layman’s terms (or include a glossary) if your industry uses technical terms. **A formal business plan must be written in the third person.**

* **Unless you are requesting a very large amount of money, 20-30 pages should be sufficient.**

Voluminous research data, surveys, letters of intent, catalog pages, samples, diagrams, and other information should be included in a separate binder as an appendix.

* **Use a Market Driven Approach.**

Marketing is the engine that drives projected sales revenues. Demonstrate and substantiate how the customer will benefit and be motivated to purchase. **If you are in the startup phase, do the research and produce the Marketing Section first (also for an existing business planning to take a major growth step or open in another market). Include a monthly marketing schedule and corresponding costs for the first year.**

* **Highlight Your Company's Individuality.**

Explain what will give your company a competitive edge in the marketplace (patents, trade secrets, copyrights, barriers to entry, etc.).

* **Costs.**

Think about the costs involved to either start or expand your business. Break these costs down into categories appropriate to your business. See pages 23, 24 and 25 for examples.

* **Emphasize Management Strength.**

Convince the reader that you have the skills and expertise needed to actively manage the business. If you need a key employee (i.e., a chef in a restaurant), indicate the incentives that will retain them.

* **Present Realistic Projections.**

Substantiate by written assumptions. Be detailed and keep it credible. **The assumptions for each spreadsheet line item for your first 12-month projection is in the Financial section (third section to produce, following Business Description and Marketing).**

* **Weave the theme “This is how you get your money back” into the entire plan.**

Be definite about how investors will get their money back and when. For lenders, show that their funds are adequately secured and that your annual cash flow more than covers the entire debt service for that period.

* **Avoid computer software business plans where you plug in numbers.**

Individualize your financial projections because no two businesses are alike and a start-up company will not fit the standard industry norms. Most plans available on the Internet are written for the purpose of investor funding and have built-in tax tables, many designed for “C” corporations.

* **Expect to spend a minimum of several months working on your plan.**

As you gather information, the plan will need to be continuously revised and edited. It's not unusual to spend six months or more developing a detailed plan.

* **Do your homework.**

It is likely that the loan officer will have to present your plan to a loan committee. If your plan is not complete the loan officer will not have enough information to become your advocate and your chances of approval are slim.

* **Learn from your mistakes.**

If you are rejected by the first bank you contact, find out why and fix the problem.

* **Prepare and rehearse your oral pitch.**

If you can’t describe your idea clearly and simply, you haven’t thought it through enough.

* **Proofread the plan.**

Have someone else read your plan for style, spelling, grammar, accuracy, consistency, and completeness. If it is an easy plan to read and understand, it will be easier for possible financing sources to say "YES!"

* **Make the plan readable.**

Use a clear type font (such as Times New Roman or Arial) in 12 point size and use page breaks at every major section. Tabs should be used to separate these sections.

**Table

Description automatically generated**

**Bear in mind as you construct each section of the business plan that the listings, charts and line-item categories in the Start-up Costs and Financial Projections are merely examples. They may need to be modified or changed to match your business model.**

**If the lender can answer “yes” to every question associated with the “eight C's of lending,” they will probably make the loan. You will soon be experiencing 80-hour workweeks, sleepless nights, no vacations, domestic squabbles, and punitive government regulations. You may also experience a level of satisfaction unmatched by anything else you will ever do.**

**Even if you don't need a loan at this time, the Alexandria Small Business Development Center strongly recommends that you have a current business plan. The business plan will provide a framework for structuring your business. The process of researching and writing the business plan will give you better knowledge, understanding and a strong commitment to what is required to be successful.**

**For those of you already in business, it will analyze your current position in regard to marketing, management structure, and financial status (cash flow, profit and loss, etc.), as well as create a strategic plan for the next one to five years. The business plan is a useful tool for informed decision making for both the start up business and existing concern. It is a "living document" and changes should be made as circumstances demand, or at least on an annual basis as your business grows. It gives you "tracks on which to run."**

**WRITING TIPS FOR BUSINESS PLANS**

* Consider your audience: Banker, Investor and (always) Self
* Outline, Outline, Outline . . . .
* Always write in the third person
* Focus on positive themes, discriminators and benefits to your customers/clients
* Don’t repeat statement content or duplicate sentences
* Avoid unsupportable claims – use numbers and source claims
* Write to reduce risks – do not use words such as “all,” “every,” “most,” “guarantee”
* Use graphics and charts or tables that provide a visually clear message
* Write to inform and explain, not to impress
* Avoid technical jargon as most reviewers will not be technical professionals
* Write most of the narrative in an active voice without using adjectives and adverbs
* Do not use redundant words (e.g., a qualified expert, absolutely essential)
* Unless you have a patented invention, your business is not “unique.” There are always other businesses doing or producing what you do – show how your business sets itself apart from its core competition
* Don’t be pompous, e.g., “call,” “write,” “meet” instead of “interface”
* Review and edit each draft several times before it is read by an evaluator to eliminate errors in grammar and spelling
* General Rules to Improve Evaluator Readability:

○ Use less than 20 words per sentence; three lines maximum

○ Limit paragraphs to four or five sentences

○ Avoid passive voice – makes your plan more readable and saves words

○ Avoid four or five syllable words

**The** **Business Plan Outline**

These items are in the order they would appear in a finished business plan. Some sections like the cover page, table of contents and executive summary should actually be created later in the process. These sections are noted with an asterisk (\*).

**Cover Letter**\* -

If you are sending the business plan to the bank in the mail include an introductory cover letter.

##### Cover Sheet\*

|  |  |
| --- | --- |
| Full formal name of company ►►►  (Logo if you have one)  Legal ownership status ►►►►►  (Sole Proprietorship, Partnership,  S-corporation, LLC, etc.)  Full street address ►►►►►►►  (mailing address if different)  Phone, Fax, e-mail, web site, etc. ► (home phone number optional)  Principal contact name and title ►►  Date the plan►►►►►►►►►► | Business Plan / Financing Proposal  ACME IDEA CO., INC.    A Virginia S-Corporation  123 Rocket Lane  Littletown, VA 23456  Phone (804) 555-1111  Fax (804) 555-2222  Web Address: www.acme.com  email: coyote@acme.com  Wile E. Coyote  President  202X  August 12, 200X |

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##### Executive Summary\*

This section is the most important section in the Business Plan in that it is read first and provides the reader with a comprehensive overview of your business.

Complete all other sections of your Business Plan **before** you write the Executive Summary, as it should contain a synopsis of the other sections, telling your story in a clear and logical fashion. The Executive Summary should not require more than two pages.

Information to be included:

* Name and type of entity
* Location and facility description
* Indicate whether a startup or existing business
* Brief description of the company, products, or services
* Owner(s) or other sources and amount(s) to be invested
* Brief summary of sales and profits (losses) from the last few years (if applicable) or first year’s expectations (if a startup)
* Information on the market, your target market, competition and how you will promote and sell the product or service

The last section can include (if applicable):

* Estimated Amount of Project/Venture
* Amount of funding required and loan term
* Assets to be used as collateral
* How will the loan be repaid? Primary and secondary sources, if applicable

**Business Description**

### Company Profile

* Name, Address, Phone, etc.

1. Owners (Duties, Backgrounds, Percentages, Positions, etc.)
2. Legal form of business (Sole Proprietorship, Partnership, Corporation, LLC, etc.)
3. History and/or start date of the business
4. Recent sales and profit figures
5. Business location and description of the physical facilities (if an existing brick-and-mortar)
6. Classification of business (Retail, Wholesale, Manufacturing, Service, etc.)
7. Business Advisors (Attorney, Accountant, Banker, Insurance Agent, Industry Contacts)

#### Business Description and Analysis

### Product or Service

* ***Clearly*** describe your product or service.

1. Does it posses superior quality?
2. Superior customer service?
3. Differences that set you apart
4. Features and Benefits:

* Features are the Attributes
* Benefits are what sell the product/service!

1. What additional service will you provide?
2. Explain any special training needed to sell or use it.
3. Include all relevant regulations and laws that may affect its sale or use.
4. Proprietary position (Patents, Copyrights, etc.)

**Note:** Although the written business plan should present the following subsections in the order shown, you will most likely have determined your target market first (see “Target Market” section below).

|  |  |
| --- | --- |
| Marketing Research |  |

Preliminary industry research will provide an overview of the possibilities for your business. Use charts, graphs, and tables if they can make the presentation clearer and more impressive.

* ***Primary Data:*** Marketing research that you conduct yourself:
* Telephone survey
* Mailed questionnaire
* Personal interviews
* Focus groups
* ***Secondary Data:*** Information researched by the business through other sources accessed by internet search:
* Industry Associations
* Government Research Reports
* Industry Profiles

### Market Analysis & Strategy

* Description of total market
* Indicate what strategies are needed to sell to this market (price, promotion tools, communication messages, and distribution methods)
* Point out any political influences or factors
* Describe market coverage (local, regional, national, international)
* Industry Trends
* Past - Brief explanation of product/service history

How long has the product been in existence?

* Present - What is happening now in the market place?
* Future - What developments do you see for the future?

Is the industry in an upswing/downswing?

Are there any societal trends or tastes that will influence the industry?

**Target Market** 

* Develop a profile of your typical customer.
* What customers form your core market?
* Market segmentation.
* Where are they found? Define your serviceable trade area (include a map).
* Why will they purchase your product or service rather than another?
* Is there a large enough target market to support your product/service & generate a profit?
* Demographic Analysis
* Age
* Sex
* Socioeconomic background
* Income levels
* Generational considerations
* Psychographic Analysis (Life-style)
* Buying patterns
* Consumer habits

**Competitive Analysis**

* List your nearest and strongest competitors.
* How are their businesses doing?
* How will your business be better than the competition?
* What are strengths/weaknesses of your competitors?
* What have you learned from looking at the competition?
* Operational strengths and weaknesses
* What does your product/service offer over the competition?
* Locally or nationally owned and operated?
* Their pricing compared to yours
* Product/Service comparison – should be in the form of a “knockoff” (comparison) chart
* Length of years in business
* How do they market their products/services?
* How you intend to exploit the competitive advantage?
* Don’t trash the competition; they are probably doing something right.
* Stress advantages of price, quality, warranties, service, and distribution.
* Prepare a “knockoff” chart that compares your business to your core competitors. This quickly shows how your business will differentiate itself from the pack. **See examples on the next three pages.**
* Show competitor locations on the map for “Serviceable Trade Area.”



**Pricing Strategy**

1. Set objectives for the pricing strategy.
2. Prices to be charged for the products or services.
3. Low, medium, or high end price strategy?
4. Market acceptance of your price.
5. Can you make a profit at your selling price?
6. Will you be discounting your pricing on a regular basis?
7. Will you give trade or volume discounts?
8. Break-even level. (Put a more expansive break-even analysis in the financial section. See the “Break-Even Analysis” on page 32.)

**My Business**

How Does Your Business Compare?\*

(5 = superior - 1 = poor)

**Competition 1**

**Competition2**

**Competition 3**

**Competition 4**

Products

4

4

2

2

2

Price

3

5

2

2

2

Quality

5

5

5

4

4

Selection

4

4

2

2

1

Service

5

2

3

3

1

Reliability

5

3

4

3

3

Stability

3

5

3

3

4

Expertise

5

4

2

2

2

Company Reputation

5

5

4

4

4

Location

5

2

5

5

4

Appearance

5

2

3

3

3

Sales Method

5

3

3

3

3

Advertising

4

5

3

3

4

Image

5

3

3

3

4

**Total Score**

63

52

44

42

41

\*The data was gathered from an independent consumer group. The participants

in the survey have shopped at all four locations above. Scores were given based on the

consumer's experience with each business.

**E X A M P L E**





**Promotional Strategy **

* What promotional methods will you use and why? Remember to specifically match your promotions and advertising to the generation(s) targeted. You will need to research the benefits and cost of each method. Prepare a timeline chart showing the specific tactics you will use and their related costs on a monthly basis for the first twelve months of your marketing plan (see tactical examples immediately below and chart on next page).

|  |  |  |
| --- | --- | --- |
| * Newspaper | * Direct Mail | * Trade Magazines |
| * Penny Saver | * Flyers | * Networking |
| * Radio | * Brochures | * Business Cards |
| * Television | * Direct Selling | * Word-of-mouth |

Web Design & Development

* Mobile web/smartphone apps
* Hosting (platform selection)
* Design & Maintenance

Internet Marketing

* Social Media Marketing
* eCommerce
* Search engine optimization/marketing (SEO/SEM)
* Internet advertising
* Social media advertising (Facebook, Twitter, Instagram, LinkedIn)
* Email marketing
* For retailers: www.tripadvisor.com and QR Codes
* Detail how you are going to sell the product or service.
* What is **Y**our **S**elling **P**roposition (YSP)?

**YSP** is the benefit, appeal, or promise that you hold out to potential customers that no other competitor offers. But unless it motivates your prospect to take action, it is worthless.

Example of **YSP**:

Spring Lawnmower Tune-Up Special

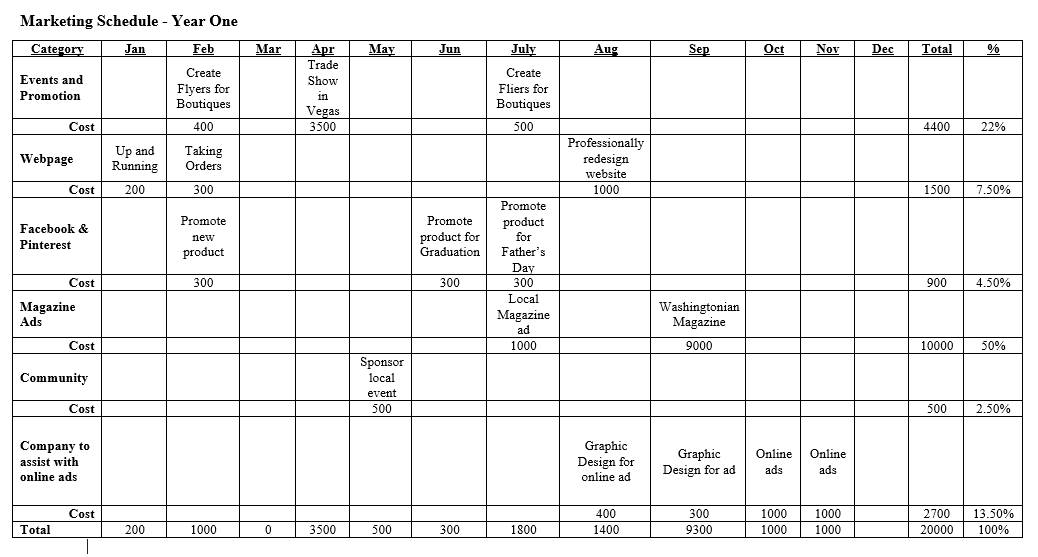
$29.95

“If it doesn’t start on the first pull, the tune-up is on us!”

* Cost analysis of advertising
* What is your yearly budget?
* Is it an amount developed from a zero base or a percentage of projected sales?
* Complete promotional spending and timing chart (tie in with pro formas).

**The Marketing Schedule – Develop a One-Year Presentation:**

* A project flow chart.
* Work breakdown structure indicating all significant project components
* Project schedule of monthly tasks/milestones
* A network diagram, which visually depicts implementation
* A detailed budget – monthly breakdown



##### Operations Plan

### Distribution

* Methods and costs to get the product or service into the ultimate customer's hands.

### Target Area (Local, regional, state-wide, national, or international distribution)

* Sales Force Distribution
* Sub-Distributors, Dealers, Consignment, etc.

### Location Synopsis

1. Is the address important?
2. What are the physical features?
3. Is it leased or owned?
4. Is renovation required?

* List of improvements and costs (put contractors’ quotes in appendix section).

1. What other types of businesses are in the area (retail, service, wholesale etc.)?
2. Why is this location right for the business?
3. What are the operating costs for this location (rent, electricity, sewage, phone, etc.)?

### Logistics

1. Current floor plans and expected future space plans for production and selling.
2. Task/time charts and schedules.
3. Describe the timing and sequential steps to bring the company up to full speed. Take it month by month for the first year and quarterly for the next couple of years. Make sure the cost and timing of these events are reflected in the pro forma statements.
4. Show:

* Completion of Prototypes
* Significant contracts and orders
* When key people are to be hired
* Physical expansions or moves
* Opening of branches
* Trade show or convention dates
* Major equipment purchases, and so on.

|  |  |
| --- | --- |
| Suppliers  1. Names and locations of suppliers 2. Terms and conditions of purchase 3. Contact person 4. Trade volume discount 5. Minimum order requirements 6. Product availability 7. Shipping restrictions 8. Exclusive rights to the product | **Operating Regulations**  (Federal, State, Local, Industry)   1. Taxes 2. Licenses required 3. Zoning 4. Insurance and/or bonding requirements 5. Is there a need for Patent, Copyright or Trademark? 6. Association fees |

###### Human Resources

1. Management

The quality of the management team often determines the potential success of the company. Background information of key personnel should include career highlights, accomplishments, and positions held. (Full resumes should be exhibits in the Appendix.)

1. Organizational structure and chart, if applicable
2. Job description, roles and responsibilities of employees
3. Service and employee contracts
4. Details on advisors and associates
5. Future human resource requirements

### Risks, Problems & Future Plans

1. Discuss high-profile, success-threatening risks and possible solutions or strategies to address them.
2. Where do you want the company to be in the future (new products or services)?

Business Financial Information and Analysis

**For Existing Businesses:**

1. **Income Statements, Balance Sheets, and tax returns from the last three years.**
2. **Interim Financial Statements** (Year-to-date). Must be less than 90 days old as of the application date. If possible, they should be less than 30 days old when you put the package together.
3. Include Accounts Receivable and Accounts Payable Aging Schedules.
4. Make sure all the dates on the interim financial statements match
5. All numbers on the supporting statements must agree with the Income Statement and Balance Sheet
6. **List of all business obligations and terms**

Information Required/Recommended For All Businesses:

* **Complete list of Start-up Costs** (for start-up or expanding businesses). Cite sources for your estimates. (See examples on following pages.)
* **Pro Forma Statements** (projections) for Income and Cash Flow on a monthly basis for two years and on an annual basis for three to five additional years for Income Statement only. Include detailed explanations for projected numbers (assumptions).
* **Income Statements** (See Work Sheet #1 and #2, and their explanations/samples)
* **Cash Flow Statements** (See Work Sheet #3 and its explanation/sample)
* **Pro Forma Balance Sheets** (Worksheet enclosed)
* **Personal Financial Statements** for all individuals owning 20% or more of the business. (See enclosed SBA Personal Financial Statement).
* **Break-Even Analysis**

The following pages describe how to construct preliminary projections. Your sales forecasts must be supported by past history, industry averages, demographic evidence, statistical evidence, survey results, seasonal trends, economic indicators, and marketing scheduled.

The Alexandria Small Business Development Center is available to assist with the completion of your business plan. In order to have the most productive meeting possible, please compile as much information as you can before scheduling an appointment.

PLEASE NOTE THAT THE FOLLOWING INSTRUCTION PAGES SHOW INDICATORS AND/OR CALCULATIONS THAT PERTAIN TO SPECIFIC LINES IN THE SPREADSHEETS.

**DO NOT** SHOW THESE NUMBERS ON **YOUR** SPREADSHEET!

**Start-Up Costs (SAMPLE)**



**Start-Up (One-Time) Costs Assumptions (SAMPLE)**



**Breakdown of Start-up Costs (SAMPLE)**



**Instructions for Constructing the Pro Forma Statements - Worksheet #1:**

The first worksheet is used to calculate the total fixed monthly operating cost amount, which will be entered on line 7 of the Income Statement Worksheet #2. Round to full dollar.

**Notes-**

1. Wages - Only the monthly wages that will be about the same every month. Use a formula. For example: 4 employees x 40 hours x $5.15 per hour x 4.33 weeks in an average month = $3,568 per month.
2. Payroll Taxes - Rule of Thumb: 11% of wages. Example: $3,568 x .11 = $392.
3. Outside Services – Monthly fees for pest control, trash removal, laundry, cleaning, etc.
4. Advertising – If you are budgeting a fixed amount enter here. If you are budgeting a percentage of sales, enter under variable expenses.
5. Rent – Base rent is a fixed expense. In some cases, a lease also stipulates a percentage of gross sales which is a variable expense.
6. Telephone – Unless you telemarket or receive 800 number orders, estimate a fixed amount.
7. Utilities – Estimate a fixed amount unless you foresee huge seasonal fluctuations.
8. Insurance – Get a quote. Enter here only if you pay premiums monthly.
9. Total – Enter this number on line 7 of Worksheet #2.

Monthly Fixed Cash Disbursements

|  |  |  |
| --- | --- | --- |
| Category | Amount | Explanation |
| Employee Wages (Note #1) |  |  |
| Payroll Taxes (2) |  |  |
| Outside Services (3) |  |  |
| Supplies |  |  |
| Repairs and Maintenance |  |  |
| Advertising (4) |  |  |
| Car, Delivery, Travel, Freight |  |  |
| Accounting and Legal |  |  |
| Rent (5) |  |  |
| Telephone (6) |  |  |
| Utilities (7) |  |  |
| Insurance (8) |  |  |
| Other Expenses (Specify): |  |  |
| Total Fixed Monthly Operating Expenses (9) |  |  |

**Worksheet 1: Example** Monthly Fixed Cash Disbursements

|  |  |  |
| --- | --- | --- |
| Category | Amount | Explanation |
| Employee Wages | $3,568 | 4 employees x 40 hours x $5.15 x 4.33 weeks = $3,568 per month |
| Payroll Taxes | 392 | $3,568 x 11% (Incl. FICA, Medicare, FUTA & SUTA) |
| Outside Services | 50 | Pest control, trash removal, cleaning service |
| Supplies | 75 | Misc. boxes, ribbons, etc. |
| Repairs and Maintenance | 50 | General maintenance |
| Advertising | 250 | Yellow Pages Ad |
| Car, Delivery, Travel, Freight | 50 | Average of $50 monthly local delivery costs, stamps, etc. |
| Accounting and Legal | 50 | Bookkeeper |
| Rent | 750 | 5 year lease including common fees/60 months |
| Telephone | 100 | Estimate based on similar businesses |
| Utilities | 150 | Estimate from Virginia Power based on square footage and use of facilities |
| Equipment Lease | 200 | Point of sale Computer System |
| Total Fixed Monthly Expenses | $5,685 |  |

**Instructions for Income and Cash Flow Statements - Worksheet #2:**

**Provide a separate sheet detailing the assumptions used to calculate each line item. This should be written prior to any numbers entered on the projections. The lender will use this information to judge your business thought processes. Place it before each year’s spreadsheets.**

* Assign Months to the columns based on when you anticipate opening. For example if you plan on opening in July, the projections will run from July through June.
* Research the seasonality of your business month-by-month. (Some retailers do nearly half of their business in November and December.)

**Income Statement**

|  |  |
| --- | --- |
| 1 a | Actual ***cash*** sales receipts |
| 1 b | Sales billed to customers on account (Accounts Receivable). On the Income Statement, these amounts are recorded when billed. You will record this amount on the Cash Flow pro forma when the checks are actually received. |
| 2 | Total Sales - Add lines 1a and 1b. The Income Statement portion is done on the accrual method of accounting. This means that sales and expenses are recorded when the transaction occurs regardless of whether you received or paid the actual cash at the same time. |
| 3 | Subtract Cost of Goods Sold (CoGS). For now, estimate the percentage your inventory costs you in relation to the amount you charge. A typical retailer “keystones” the inventory or doubles the cost which means that CoGS is 50%. Some restaurants can expect CoGS to be 25% to 35%. It is important to distinguish CoGS from actual inventory purchases because it is a more accurate determination of profitability during a period of time. You will record the actual ***cash*** payment you made for those goods on the Cash Flow pro forma. CoGS matches the *cost* of inventory that goes out the door with the sales that came in. Most service businesses will not have a CoGS and will simply skip this line. |
| 4 | Total Sales minus CoGS = Gross Profit |
| 5 | Variable Monthly Operating Expenses are expense items that change in direct proportions with your sales volume. This could include extra labor after a certain point, the fees a credit card company charges, a royalty paid to a franchisor, etc. For example, 5% franchise royalty on $12,500 sales is $12,500 x .05 = $625. Marketing and advertising is an expense usually not in direct proportion to sales volume. |
| 6 | Periodic Operating Expenses are items paid annually, quarterly, or randomly. An example is a quarterly insurance premium. |
| 7 | Fixed Monthly Operating Expenses – Enter the total from Worksheet #1. |
| 8 | Total Cash Operating Expenses – Add all items from line 5 through 7. |
| 9 | Non-Cash and Non-Operating Expenses are tax deductible but do not necessarily represent “real” money. In accrual accounting you deduct interest only, not the entire debt payment. This amount will come from a loan amortization table. Leave depreciation blank for now until you speak with an accountant about the expected life of the asset. Owner’s salary/withdrawals are a luxury for start-up businesses. (You get one if there is any money left.) |
| 10 | Total Expenses – Add lines 8 and 9a and 9b. |
| 11 | Net Profit – This is the projected operating profit before income taxes for your business (and may be prior to any withdrawals or owner’s salary). |

**Worksheet #2**

**Income Statement**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income Statement Data** | **Month 1** | **Month 2** | **Month 3** | **Month 4** | **Month 5** | **Month 6** | **Month 7** | **Month 8** | **Month 9** | **Month 10** | **Month 11** | **Month 12** | **12 month Total** |
| (1)**Sales:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (a)**Cash sales receipts** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (b)**Billed to customer on account** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (2)**Total sales**  (1a + 1b) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (3)**Cost of goods sold** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (4)**Gross profit**  (2 - 3) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (5)**Variable monthly operating expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (a) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (b) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (d) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (6)**Periodic operating expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (a) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (b) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (d) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (7)**Fixed monthly operating expenses**  (from income worksheet #1) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (8)**Total cash operating expenses**  (5 + 6 + 7) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (9)**Non-cash or non-operating expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (a) **depreciation & amortization** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (b) **interest on loan** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (c) **owner’s salary/withdrawal** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (10)**Total expenses**  (8 + 9a + 9b + 9c) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (11)**Net profit before income taxes**  (4 - 10) |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Worksheet #2 Income Statement – Example (Be sure to check the current minimum wage schedules.)**



Instructions for Cash Flow Statement - Worksheet #3:

|  |  |
| --- | --- |
| 12 | Beginning Cash Balance – If you are starting a business start with zero. If you have an existing business, use an estimated cash balance for the first day of the month. |
| 13a | Sales and Receipts – Enter the same figure from line 1a, worksheet #2. |
| 13b | Accounts Receivable Collections – Enter the amount of cash you anticipate receiving from customers for sales made on Accounts Receivable. |
| 13c | Cash in From Owner’s Injection – Enter your investment. |
| 13d | Loan Proceeds – Enter the amount of the business loan you are requesting. |
| 14 | Available Cash Balance – Add lines 12 through 13d. |
| 15a | Inventory Purchases – Enter the anticipated payments for merchandise received. If you cannot obtain trade credit, then C.O.D. payments will be made when you receive the inventory rather than in 30 to 60 days. |
| 15b | Total Cash Operating Expenses – From line 8 on Income Statement. |
| 15c | Debt Service – Principle and Interest Payments from amortization table. Use a separate line for different loans if you have more than one. |
| 15d | Capital Purchases – If you anticipate buying major equipment in the near future, enter the amount in the month you will make the purchase. Generally, this capital expenditure will be depreciable. |
| 15e | Owner’s Draw – Enter the absolute minimum amount of cash you must withdraw from the business to meet personal expenses. |
| 16 | Initial Loan Uses – These items should come from the Source & Application of Funds Statement (Building, Equipment, Inventory, Misc. Fees and Start-Up Expenses). |
| 17 | Total Cash Outflows – Add all lines from 15a through 16d. |
| 18 | Ending Cash Balance – Subtract line 17 from line 14. This is the approximate amount of cash you will have on hand at the end of the month. Enter this same figure as the beginning cash balance for the following month. |

**Cash Flow Statement**

**Worksheet #3**



**Cash Flow Statement Example  
Worksheet #3**

(If not a start-up, eliminate “Start-Up” column information)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Cash Flow Data** | **Start-Up** | **April** | **May** | **June** | **July** | **Aug.** | **Sept.** | **Oct.** | **Nov.** | **Dec.** | **Jan.** | **Feb.** | **March** |
| Beginning Cash |  | 15,000 | 18,352 | 25,632 | 31,609 | 20,909 | 9,994 | 5,466 | 5,830 | 14,777 | 57,754 | 53,245 | 47,451 |
| Cash Inflows: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Sales |  | 24,310 | 25,908 | 22,990 | 11,909 | 11,453 | 13,572 | 24,597 | 33,063 | 71,935 | 9,584 | 8,873 | 11,806 |
| Cash in from Prior Month's Sales |  |  | 1,351 | 2,790 | 2,717 | 1,939 | 1,298 | 1,390 | 2,121 | 3,203 | 5,833 | 4,529 | 1,025 |
| Cash in from Owner's Injection | 20,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash in from Loan | 150,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Cash Available for Use | 170,000 | 39,310 | 45,611 | 51,412 | 46,235 | 34,301 | 24,864 | 31,453 | 41,014 | 89,915 | 73,171 | 66,647 | 60,282 |
| Cash Outflows: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Merchandise Purchase Payments |  | 10,000 | 10,000 | 10,000 | 15,000 | 15,000 | 10,000 | 15,000 | 15,000 | 20,000 | 10,000 | 10,000 | 15,000 |
| Total Cash Operating Expenses  (from Income Statement) |  | 7,846 | 6,867 | 6,691 | 7,214 | 6,195 | 6,286 | 7,511 | 7,125 | 9,049 | 6,814 | 6,084 | 6,210 |
| Debt Service |  | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 |
| Equipment Purchases |  |  |  |  |  |  |  |  | 1,000 |  |  |  |  |
| Owner's Draw |  | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Initial Loan Uses: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Build Out Costs/Leasehold Impr. | 50,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Equipment | 20,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Initial Inventory | 75,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Misc. Start-up Expenses | 10,000 |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Cash Paid Out | 155,000 | 20,958 | 19,979 | 19,803 | 25,326 | 24,307 | 19,398 | 25,623 | 26,237 | 32,161 | 19,926 | 19,196 | 24,322 |
| **Ending Cash** | 15,000 | 18,352 | 25,632 | 31,609 | 20,909 | 9,994 | 5,466 | 5,830 | 14,777 | 57,754 | 53,245 | 47,451 | 35,960 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Pro Forma Balance Sheet**

|  |  |
| --- | --- |
| **Balance Sheet** | **ProForma/Beginning** |
| **Assets:** |  |
| Current Assets |  |
| Cash |  |
| Accounts Receivable |  |
| Inventory |  |
| Total Current Assets |  |
| **Fixed Assets** |  |
| Real Estate |  |
| Fixtures and Equipment |  |
| Vehicles |  |
| (Less Accumulated Depreciation) |  |
| Net Fixed Assets |  |
| Prepaid Expenses |  |
| Other Assets - Deposits |  |
| **Total Assets** |  |
| **Liabilities:** |  |
| Current Liabilities |  |
| Notes Payable (Principal bal. due in 1st yr.) |  |
| Accounts Payable |  |
| Accrued Expenses |  |
| Taxes Owed |  |
| Total Current Liabilities |  |
| Long Term Liabilities |  |
| Notes Payable (due after one year) |  |
| Other Liabilities |  |
| Total Long Term Liabilities |  |
| **Total Liabilities** |  |
| **Net Worth (Assets – Liabilities)** |  |
| Capital Stock/Investment Equity |  |
| Retained Earnings |  |
| **Total Liabilities and Net Worth** (should equal total assets) |  |

**Break-Even Analysis**

You can use simple break-even analysis to determine the minimum amount of volume you need to do to pay all the bills. This can be the first step in a personal feasibility study. If you determine that you can at least break even, you can use the formula to estimate sales goals and formulate marketing efforts to achieve these goals.

1. **Add up fixed expenses**

This includes every expense you must pay to open your doors for business regardless of whether you have any sales or not. Fixed costs remain relatively constant as the quantity produced or sold varies. This would include rent, electricity, indirect labor (base salaries), loan payments, phone, etc.

1. **Calculate your variable costs percentage**

This includes expenses that vary directly with sales and would include cost-of-goods-sold (CoGS), sales commissions, credit card fees, direct labor (e.g., manufacturers), etc.

Some expenses are fixed up to a certain point and then become variable. For example, a store could require a minimum payroll to simply open the doors and then as the sales level fluctuates, part-time help could be called in or sent home. The part-time flexible payroll could be categorized as variable. For example:

|  |  |
| --- | --- |
| Cost of Goods Sold | 38% |
| Commissions | 7% |
| Direct Labor | 8% |
| **Total Variable Cost Percentage** | **53%** |

**3. Simple Calculation**

If your fixed costs are $3,000 per month and your variable costs are 53%, break-even is calculated as follows:

Contribution margin = 1 - variable cost %

1 - .53 = .47

Break-even $ volume = Fixed costs / Contribution margin

$3,000 / .47 = $6,382.98

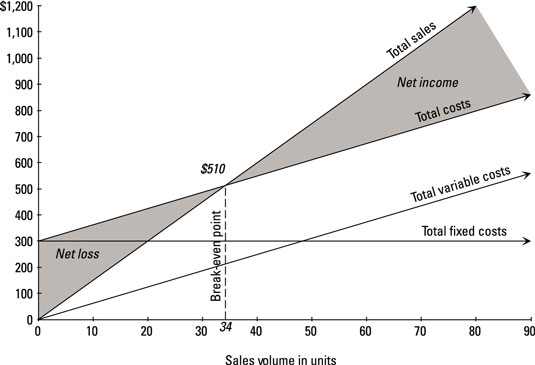
If your goal is to make a $1000 profit, add that amount to fixed costs:

($3,000 + $1,000) / .47

$4,000 / .47 = $8,510.63

Seemingly minor changes in expenses or prices can have a significant impact on the dollar volume a small business must achieve. Break-even analysis is often shown in graphic format:

**Break Even Analysis**



**Additional Information Required** **For Existing Businesses:**

* **Last three fiscal years Financial Statements (accompanied by CPA letter, if possible):**

1. **Income Statements**
2. **Balance Sheets**
3. **Interim Statements (if available)**

* **Business Tax Returns** (Schedule C, 1120, 1120S – for three years)
* **Interim Financial Statements** (Year-To-Date)
* **Income Statement**
* **Balance Sheet**
* **Accounts Receivable Aging Schedule**
* **Accounts Payable Aging Schedule**
* **List of all business obligations**

**Personal Financial Information**

**Financial Statement**

For an official SBA form, you may go to:

[www.SBA.gov](http://www.SBA.gov): [Home](http://www.sba.gov/index.html) > [Tools](http://www.sba.gov/tools/index.html) > [Forms](http://www.sba.gov/tools/Forms/index.html) > [Small Business Forms](http://www.sba.gov/tools/Forms/smallbusinessforms/index.html) > [Financial Assistance Forms](http://www.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html) (<http://www.sba.gov/tools/Forms/smallbusinessforms/fsforms/index.html>).

Scroll down to, or search for, “413 **Personal Financial Statement**.” The document can be saved.

**If you prefer, use the copy of the same form that is shown on the next two pages.**





**Personal Income and Expense Analysis**

Name(s)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

INCOMES: MONTHLY ANNUALLY

Gross Salary/Draw (Principal) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Gross Salary (Spouse) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Rental Income (Gross) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Interest Income (Recurring) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Alimony \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Other Income Source (Recurring) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

TOTAL INCOME \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_

EXPENSES:

Residence Expense (Rent or Mortgage Payments)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Rental Property Mortgages (P&T&I) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Rental Expenses (Cash Exp.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Auto Loans (All) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Installment Loans (All) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Credit Cards & Overdraft Lines \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Utilities/Phone (Estimate) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Insurances (All Personal) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Food (Estimate) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Clothing (Estimate) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Medical Expenses (3 Yr. Average) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Income Taxes (Historical Rate) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Alimony (If Applicable) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Child Care (If Applicable) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Other Expenses ( \_\_\_\_\_\_\_\_\_\_\_ ) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

Miscellaneous \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

(*TYPICAL RANGE IS 5% - 10% OF TOTAL INCOME*)

**Total Expenses** **\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_**

**Net Discretionary Income** **\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_**

**Coverage Ratio** (income/expense) **\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_**

**Appendix**

(Suggested Supporting Information – Some documents may be placed in the main body of the plan for clarity or emphasis)

|  |  |
| --- | --- |
| 1. Glossary (if pertinent) | 1. Purchase Orders |
| 1. Equipment quotes | 1. Letters of Recommendation |
| 1. Product brochures | 1. Job Descriptions |
| 1. Customer listings | 1. Newspaper and magazine clippings |
| 1. Testimonials | 1. Special awards and achievements |
| 1. Resume(s) | 1. Letters of Intent |
| 1. Trade association information and   supporting evidence | 1. Written construction / leasehold   improvement estimates |
| 1. Floor Plan |  |