



Hands on Business Planning

Introduction to the Business Plan



- Is your business..
 - Bringing in sales, making money (*leading or trailing the game*)?
 - Better off making an adjustment (*substituting the backup quarterback*)?
- Do you know..
 - If you're growing or shrinking (*scoring on, or getting scored on*)?
 - How much time you have left (*what quarter, time outs*)?
 - How close or far you are to meeting your goals (*scoring a touchdown, field goal*)?
 - If your business is successful or not (*did you win or lose*)?

So Why a Business Plan?

- For business idea
 - Forces you to ask/answer all the necessary/tough questions
 - Determines if it will succeed or not
 - Access to start up cash, investors and/or loans
- For existing business
 - Identify/uncover issues and opportunities
 - Where and how to make adjustments
 - To grow or expand
 - To exit, close or sell business

The Business Plan

<p style="text-align: center;">(1) Executive Summary</p> <ul style="list-style-type: none"> • Compelling • Clear • Concise • Last Section Completed • Limit To One Page 	<p style="text-align: center;">(2) Description of Company</p> <ul style="list-style-type: none"> • Name • Mission Statement • Vision • Intentions 	<p style="text-align: center;">(3) Description of Product or Service</p> <ul style="list-style-type: none"> • Describe In Detail • Unique Attributes • Rules and Regulations 	<p style="text-align: center;">(4) Your Market</p> <ul style="list-style-type: none"> • Industry • Customer Base • Competition • Price • Distribution • Trends
<p style="text-align: center;">(5) Marketing Plan</p> <ul style="list-style-type: none"> • Market Analysis • SWOT Analysis • Product Positioning • Forecasts • Marketing Budget 	<p style="text-align: center;">(6) Operations Plan</p> <ul style="list-style-type: none"> • Business Location • Type of Facility / Equipment • Type and Qty of Staff • Inventory 	<p style="text-align: center;">(7) Management Team</p> <ul style="list-style-type: none"> • Who • Qualifications & Experience • Roles & Responsibilities 	<p style="text-align: center;">(8) Financials</p> <ul style="list-style-type: none"> • Income Statement • Cash-Flow Projections • Balance Sheet • Assumptions • Historical Records • Plan/Use of Financial Assistance

6 Sessions

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Hands on Business Planning **Session 1**

The Executive Summary

The Executive Summary

- An overview summarizing key points for the reader
- Most important part of the plan that is usually written last
- Prepares the reader for the rest of the document
- Try and keep to one page
- Essentials...
 - Must be clear and concise
 - Must entice the reader to read the rest of the plan

The Executive Summary (cont.)

- For a startup business briefly describe:
 - The business opportunity
 - How the business will serve the market
 - The customer base being targeted
 - The product or service and how it is appealing
 - How the business will market the product or service
 - The competition and the businesses competitive advantage
 - The financials over the next three years
 - The owners and key staff members
 - A projected schedule for opening the business

For a startup, the goal of the business plan is to convince banks, angel investors, or venture capitalists to invest in your business by providing startup capital in the form of debt or equity financing. In order to do so you will have to provide a solid case for your business idea which makes your executive summary all the more important

The Executive Summary (cont.)

- For an established business briefly provide your:
 - Mission statement (purpose, what you do, core values, philosophy)
 - Company information (history, when formed, number of employees, locations, etc.)
 - Business highlights (revenue, market share, customers, profitability)
 - Future goals (where you want to go, what is needed, etc.)
 - How the business will market the product or service

For an ESTABLISHED BUSINESS, the goal of the business plan is to seek additional financing by convincing banks and other lenders to invest in your business by providing short or long term debt capital to expand facilities, equipment, inventory, staffing or all of the above

For an ESTABLISHED BUSINESS, the goal of the business plan is NOT to seek additional financing by convincing banks and other lenders to invest in your business by providing short or long term debt capital TO KEEP THE BUSINESS GOING

The Executive Summary (cont.)

- Tips for writing the summary:
 - Keep it high level, the plan itself will have the details
 - Keep language strong and positive
 - Keep it short, no more than two pages long
 - Read it out loud, have others read it to ensure flow and understanding
 - Tailor it to your audience
 - Put yourself in the reader's place

Examples

Day Care Business Plan

1.0 Executive Summary

Committed to providing a safe and nurturing environment to children, the day care center defined in this business plan is a start-up venture launched by an individual with over eight years of experience in the child care industry. The center is licensed to provide care for 54 children between the ages of six months and six years. In addition, a before and after school program is available to accommodate 15 children between the ages of six and twelve. By maintaining a low child to staff ratio and focusing on quality care, our center is projected to achieve full enrollment and generate over \$35,000 in profit in the third year of operations.

In a market where dual-income families and working mothers are becoming the norm, child care services are in high demand. There are over 300,000 licensed facilities generating approximately \$30 billion in annual revenues. With the current labor force participation rate for women with children at 70.5%, the industry is poised to grow even more in the next several years.

Located near a desirable, busy business district and a new residential area, the owner is very familiar with the community and has compiled a waiting list for our day care center. Within the region, there are 10,767 children under six years of age and 13,644 children between six and twelve. The annual population change is estimated at 6.99% due to migration from neighboring states and increase in high tech opportunities. With this trend, we can expect to have a large pool of potential students.

A review of our competitors shows that we will be competing against five other licensed establishments within a five-mile radius of our location. These businesses focus on different philosophy, pricing structures, and marketing approaches. Since our community currently has a shortage of licensed day care facilities, we will quickly reach our enrollment capacity regardless of competitors. With our quality services, passion to excel, low child to staff ratio, and genuine aspiration to make a difference in the community, we will be distinguished as a day care center of choice for consumers.

In planning for our launch, we have put together a financial plan based on forecasts for the first three years of operations including our start-up expenses estimated at \$174,850. We will acquire a loan in the amount of \$139,880 or 80% of the start-up costs. The owner will contribute the remaining \$34,970 to meet start-up requirements.

During the first year of operations, we aim to generate \$248,660 in sales revenue. For the second and third year of operations, we plan to increase sales to \$399,440 in our second year and \$418,530 in our third year.

After deducting our operating expenses, the net profit for the first year is expected to be at (\$27,399) with -11.02% net profit from sales. Net profit will increase in the second year to \$36,774 with 9.21% net profit from sales. In the third year, we anticipate our net profit at \$36,953 with 8.83% net profit from sales.

As a start-up business, we project that our net cash flow will be negative for the first eight months but will gain momentum by the ninth month. Our net cash flow is projected at (\$9,009) for the first year, \$51,883 for the second year, and \$34,711 for the third year. The day care center is expected to have a cash balance of \$24,991 in the first year, increasing to \$72,375 in the second year and \$107,086 in the third year.

Executive Summary

Development of PDAware™ Project Management Software began in July of 2000 and the first version was released for beta testing in January 2001. It was developed to significantly improve the way today's workforce manages projects. With the rapid growth of PDA (Personal Digital Assistant) use, the product offers tremendous advantages to professional project managers, as well as the thousands of other workers assigned the responsibility of managing projects every day.

PDAware will be positioned as a high-end software package that enables project managers to review, maintain and synchronize their project data via wireless technology. There is currently no other company that produces this type of software with the management features we've developed.

It will be packaged and sold in retail markets where PDAs are sold, sold through traditional online software vendors, sold via the PDAware company website, sold via targeted direct mail campaigns, and also sold through cooperative agreements with leading PDA manufacturers.

The potential market for the product is very promising. Palm™ Computing had sold over 8 million units as of August of 2000 with an estimated 12 million total units in the market from all manufacturers.

Our financial projection for Year 1 is a net loss after taxes of \$174,000. Year 2 is projected at a net profit after taxes of \$1,019,031. Year 3 is projected at a net profit after taxes of \$1,165,987.

The Management Team members have strong backgrounds in both computer hardware and software development. The CEO was the former Business Development Officer for XYZ Company, the VP of Product Development was formerly the Chief Software Engineer with ABC Company, the VP of Finance was previously Controller for CDE Widgets, and the VP of Marketing was formerly the Sr. Marketing Director for EFG Software.

The \$1.2 million we are seeking will be used to begin production, packaging, and marketing, and for short term capital and overhead needs. An additional \$125,000 is being provided by the owner.

Questions

<p>What need is being addressed? <i>(problem being solved)</i></p>	<p>What makes your business unique? <i>(competitive advantage)</i></p>	<p>Who is your audience? <i>(individual, business)</i></p>
<p>How is money made? <i>(beyond selling)</i></p>	<p>How do you promote the business? <i>(traditional advertising, online, in-person)</i></p>	<p>What do you need and what would you do with it? <i>(equipment, materials, cash, location)</i></p>

WHY NRH?

WHAT MAKES NRH SPECIAL?



NRH is the 3rd largest City
in Tarrant County



NRH is centrally located between
DFW Airport, downtown Fort
Worth and the Alliance Corridor



Birdville & Keller ISD receive
"A" ratings from Niche

ROBUST INFRASTRUCTURE

- **Abundant number of major roads** and highways within city limits allowing for convenient access and mobility
- **Strong traffic counts** for optimal customer reach and draw from the region
- **Manageable commute times** for employees
- **Robust public infrastructure** to tap into
- **Commuter rail** connecting Downtown Fort Worth and DFW Airport
- **Safe community** with very low crime rate

DIVERSIFIED

- A diverse city that accommodates **different life stages** and **levels of income**, residential types and prices
- Ability to **accommodate most types of business** and industry sectors
- **A variety of education options**: public, private and charter schools, including the highly rated Birdville Independent School District, Keller Independent School District and Tarrant County College
- **Access to healthcare options** alongside a full-service a 164-bed regional hospital in Medical City North Hills
- **Expansive park and trail system**, as well as numerous recreational amenities including a water park, tennis center, recreation center and a golf course

PIONEERING

- **History of trailblazing initiatives** (NRH₂O, Iron Horse Golf Course, Richland Tennis Center, TEXRail)
- **Progressive outlook** based on future needs and trends
- **Open** to new ideas and concepts



Hands on Business Planning **Next Session**

Description of Company

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Description of Product or Service