



**Small Business
Development Center**
UNIVERSITY OF GEORGIA

STARTUP BASICS

A Guide to Starting Your Own Business



Updated March 2025

Introduction

This guide is a publication of the University of Georgia Small Business Development Center (UGA SBDC).

The UGA SBDC is a top provider of small business assistance in Georgia, providing no-cost, confidential business consulting services and low-cost business training programs. The mission of the UGA SBDC is to enhance the economic well-being of Georgians by providing a wide range of educational services for small business owners and aspiring entrepreneurs. The UGA SBDC has 18 office locations across the state, serving every county in Georgia.

This material is designed as a step-by-step introduction to the issues every new business must face. The goal is to present a “way of thinking” that will help you plan, start, and successfully operate your business. Shortcuts are not recommended.

UGA SBDC business consultants are available for individual consultations, but your advanced preparation is required. Please complete the “Business Development Questionnaire” (BDQ) located in the appendix and return the results to the office most convenient to you. The approach presented in this kit will help you complete the BDQ and evaluate various business decisions.

If you decide to pursue your idea, completion of a detailed business plan will probably be the next step. The UGA SBDC offers regular “How to Write a Business Plan” webinars and UGA SBDC consultants are available to assist you. The preliminary work covered in this manual will put you well on your way toward an effective business plan.

We wish you the best of luck on your business journey!



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STEP 1

**IS MY
BUSINESS IDEA
FEASIBLE?**

STEP 1

IS MY BUSINESS IDEA FEASIBLE?

Ask Yourself Some Tough Questions...

Do you have what it takes to start your own business? Many people feel that they only lack the money to start or only need help with the legal and tax issues, but these are just a few of the considerations entrepreneurs need to address. The following are a few of the questions every new entrepreneur should consider. When answering these questions, think of an example.

- Do I have confidence and optimism about my ability to overcome obstacles?**
- Do I accept responsibility for my actions?**
- Do I like being in charge?**
- Am I able to function in an environment of uncertainty?**
- Am I able to motivate and inspire people?**
- Am I an effective salesperson?**
- Am I a fair negotiator?**
- Do I understand my own limitations and know when to ask for help?**
- Am I easily discouraged?**
- Am I willing to devote the time and energy it takes to be successful?**
- Is the risk of my financial assets worth the expected rewards?**
- Do I have a history of success at things to which I am committed?**
- Do I have the strong support of family and friends?**

STEP 1

IS MY BUSINESS IDEA FEASIBLE?

Researching Your Market

Many businesses will require some outside research to estimate demand for products/services. This is especially true if you do not have extensive experience in your new venture. Start by listing the questions you need to research (see marketing section on BDQ). Below are ideas for where to find answers to your questions. (Be creative and determined.)

Secondary Data

- Internet
- Public Libraries (see your reference librarian for sources)
 - Prospecting Lists / Directories
 - Market Studies and Industry Information
 - Computer Assisted Periodical Searches
 - Competitor, Supplier Information
 - Economic Forecasts
- Trade Associations - Trade Journals and Trade Shows
- SBDC, SCORE, Colleges and Universities

Primary Data

- Your experience, people you know in the industry.
- Survey prospects to determine what they want.
- Observe and interview similar businesses (especially outside your trade area).
- Suppliers, vendors, and bankers.
- Employ students or interns to conduct surveys.

STEP 1

IS MY BUSINESS IDEA FEASIBLE?

Break-Even Analysis

Break-even (B/E) analysis is a simple, but very effective financial feasibility test. B/E is used to determine the amount of sales necessary to pay all fixed costs (and have zero profit). Follow these steps:

1. Determine gross profit. Gross profit equals sales minus cost of goods sold. Gross profit percent equals gross profit dollars divided by sales. Note: Cost of Goods Sold (CGS) is a variable expense, including materials and labor necessary to make an item ready for sale. If a business (like consulting) has no CGS, then gross profit percent is 100 percent.
2. List and Total all Fixed Expenses. Expenses which do not rise or fall with sales volume – rent, insurance, utilities, etc.
3. Break even sales is fixed expenses divided by gross profit percent (Example below).

Per Unit Sales Price: \$10

Cost of Goods Sold:

Materials	\$3
Labor	\$1

Total GCS **\$4**

Fixed Expenses:

Rent	\$2,000
Utilities	\$1,000
Salary	\$3,000
Other	\$4,000

Total Fixed Expense **\$10,000**

Gross Profit Percent **60% (6/10)**

$$B/E = \frac{\text{Fixed Expense}}{\text{Gross Profit \%}}$$

$$B/E = \frac{10,000}{.6}$$

$$B/E = \$16,667$$

STEP 2

OPERATING LEGALLY

Important Note:

The UGA SBDC does not provide legal or tax advice. The information contained in this guide is for educational resources only. It is recommended that you contact a qualified attorney or tax professional to assist you.

STEP 2

OPERATING LEGALLY An Overview

Before you start...

- Select the legal form for the business (sole proprietorship, corporation, partnership, or limited liability company).
- Apply for federal and state employer tax identification numbers if needed.
- Obtain the proper licenses that apply to your business.
- Apply for workers' compensation and other insurance through private insurance carriers. (Worker's compensation is required in Georgia for three or more employees regardless of the number of hours worked by each employee.)
- Register a trade name if applicable.
- Apply for any trade name registration, fictitious name registration, trademarks, copyrights, or patents necessary to protect your assets.
- Engage and consult qualified advisors in law and taxes as needed.
- Complete any other steps necessary for the legal formation of your particular business.

After you start...

- Make estimated income tax payments and file tax returns for both state and federal taxes.
- If you have employees, comply with all state and federal requirements for withholding and payment of payroll taxes.
- Comply with all Georgia sales and use tax regulations if applicable.
- Determine your obligation to pay local property taxes.
- As your business grows, periodically check requirements that may apply to larger businesses. (The Americans With Disabilities Act and the Family Medical Leave Act are examples.)

STEP 2

OPERATING LEGALLY

Legal Formation

This information is not all-inclusive and should not be considered a substitute for assistance from qualified legal and accounting professionals. Since these requirements are subject to change, prospective business people should contact the appropriate local, state, and federal departments for the latest information.

Legal Form

Determine the legal form of business best for your situation:

- Sole Proprietorship
- Partnership
- Corporation ("C" or "S")
- Limited Liability Company (LLC)

Your decision is based on issues of liability exposure, taxes, the number of owners involved and future expansion plans. It is advisable to consult an attorney, CPA or financial consultant for help in deciding which legal form of business best suits your situation. The legal form you choose will affect many of the steps that follow.

SOLE PROPRIETORSHIP

This type of business is easiest to form; an individual starts the business in his or her own name. Personal and business activities are not distinguished. You must register with your county if you are a sole proprietorship.

PARTNERSHIPS

A partnership is a relationship between two or more people who join to carry on a trade or business. Each person contributes money, property, labor, or skill and expects to share in the profits and losses of the business. A formal, written partnership agreement is strongly recommended, but not required.

STEP 2

OPERATING LEGALLY

Legal Formation (cont.)

CORPORATION (“C” or “S”)

A corporation is a formal structure where the business is considered a separate legal entity from its owners (shareholders). It can issue stock, and ownership is determined by the number of shares held. There are different types of corporations, such as C-Corporations and S-Corporations. Corporations have a more rigid structure with a Board of Directors who oversee the business, and officers (e.g., CEO, CFO) who manage operations. Corporations must adhere to strict rules and regulations, including holding annual meetings, keeping meeting minutes, and filing detailed reports.

There are a number of “corporate kits” containing pre-printed bylaws, minutes to shareholders meetings, blank stock certificates, etc. It is the duty of the corporation’s secretary to maintain the corporate record book of minutes of meetings, corporate resolutions, and other business decisions of the board of directors. Corporations are also subject to annual registration with the Secretary of State which costs a small fee and is required by April 1 each year.

There are many “do-it-yourself” incorporation guides, and it is possible to incorporate without an attorney; however, the SBDC recommends seeking legal counsel when incorporating.

To form an “S” Corporation, you must file IRS Form 2553 within 75 days of incorporation.

You must contact the Georgia Secretary of State, Corporations Division to register.

LIMITED LIABILITY COMPANY (LLC)

This is a legal form of business which combines elements of a “C” corporation and a partnership. This is a complicated form of business to establish, and we recommend you seek assistance from a lawyer. As with a corporation, you must register your LLC with the Georgia Secretary of State, Corporations Division.

<https://sos.ga.gov/corporations-division-georgia-secretary-states-office>

STEP 2

OPERATING LEGALLY

Employer Identification

An EIN (Employer Identification Number) is a unique nine-digit number assigned to businesses and other entities by the Internal Revenue Service (IRS). It's the business equivalent of a Social Security Number (SSN) for individuals.



You will need an EIN if...

Your business meets any of the following:

- The business is a corporation, partnership or LLC
- You have employees
- You have a Keogh Plan*
- You file one of these tax returns: excise; fiduciary; or alcohol, tobacco and firearms

A sole proprietor with no employees and none of the other items listed above does not need an EIN; the business owner's social security number is the business's tax number.

*A Keogh plan is a retirement savings plan designed for self-employed individuals and small business owners, allowing them to make tax-deferred contributions with higher limits than traditional retirement accounts. Consult a qualified tax professional for more information.

STEP 2

OPERATING LEGALLY

Business Taxes

Business Tax Certificate in Lieu of “Business License”

You must obtain a tax certificate in the county where the business is located.
(Note: If your business is within the city limits, check with the city government.
Some cities issue business licenses.)

It may also be necessary to apply for a certificate of occupancy from the local zoning department.

Only one tax certificate for a county/city is required to legally operate your business throughout the state of Georgia. Fees vary by community.

Home-based businesses usually require business licenses. Check for restrictions on home-based businesses relating to signage, noise, visits by customers, etc.

Additional state professional licensing is required for certain businesses like grocery stores, restaurants, schools, establishments serving alcoholic beverages, hotels, nursing homes, motor transport companies, child care centers, and more.

Check with your county business license office or the Licensing Boards Division, Georgia Secretary of State website.

<https://sos.ga.gov/licensing-division-georgia-secretary-states-office>

STEP 2

OPERATING LEGALLY

Business Taxes (cont.)

Income Taxes

All businesses are required to pay federal and state income taxes. Each business must file income tax returns with both agencies. In addition, businesses may be required to make estimated payments on a quarterly basis. The specific requirements will vary depending on the legal form of the business.

SOLE PROPRIETORSHIP

Revenue and expense from business activities are reported on the Schedule C and included with the Form 1040 individual tax return.

PARTNERSHIPS

An information return on Form 1065 is required. Since partnerships are not taxable entities, the business's income is reported on the partners' individual returns and taxed at their individual rates.

CORPORATIONS

Because corporations are a separate legal entity, they must file a separate return. "C" corporations use Form 1120 or 1120-A. "S" corporations use Form 1120-S. The "S" corporation does not pay taxes; income of the corporation is reported on the individual returns of the shareholders in proportion to their ownership share and taxed at their individual rates. Consult a qualified tax advisor to determine the best status.

<https://www.irs.gov>

<https://dor.georgia.gov/taxes>

STEP 2

OPERATING LEGALLY

Employment Taxes

Businesses with employees must withhold state and federal employee taxes and pay employer taxes. Both types of taxes must be deposited (usually monthly or semi-weekly, depending on payroll size) in a federal reserve bank or through the IRS's electronic payment system using pre-printed coupons bearing the employer's name and Employer Identification Number (EIN). Quarterly Form 941 returns must also be filed (either by mail or electronically), listing deposits made in that quarter and indicating any additional amount due.

Social Security and Medicare Taxes:

Employers are required to withhold Social Security and Medicare taxes at a current rate of 7.65% of gross pay (6.2% for Social Security and 1.45% for Medicare) and match that amount, contributing an additional 7.65%. This makes the total contribution of 15.3% (employee + employer contribution). These amounts must be deposited and reported on Form 941, the Employer's Quarterly Federal Tax Return.

The percentages for Social Security and Medicare taxes can change over time, so it's important to check the IRS's Circular E, Employer's Tax Guide for the current year's rates.

Federal Unemployment Tax (FUTA):

Federal Unemployment Tax (FUTA) is the responsibility of the employer and is not withheld from employees. Employers must report and pay FUTA on Form 940, the Employer's Annual Federal Unemployment Tax Return. The FUTA tax rate is typically 6.0% on the first \$7,000 of each employee's wages, but this rate is reduced to 0.6% if the employer is eligible for a credit for paying state unemployment taxes.

STEP 2

OPERATING LEGALLY

Employment Taxes (cont.)

State Tax Considerations:

The SUTA (State Unemployment Tax) rate varies by state. For example, Georgia's SUTA rate is typically 2.7%, but this can change depending on the employer's experience rating and other state-specific factors. Always check the state's tax department for the most accurate and up-to-date rates.

Approximate Total Employer Tax Cost:

The approximate total employer tax cost is around 11.15% of gross payroll, which includes 7.65% for Social Security and Medicare taxes, approximately 2.7% for SUTA, and 0.8% for FUTA. This is a general estimate, and the actual cost may vary based on the state's specific unemployment tax rate and other employer obligations.

Wages and Reporting:

Wages and withholding amounts must be reported on Form W-2 for all employees. Independent contractors earning over \$600 annually must have their earnings reported on Form 1099. It's crucial to review IRS rules for independent contractor status to ensure compliance, as misclassifying employees can lead to severe penalties.

Non-Compliance Penalties:

There are significant penalties for failing to comply with payroll tax reporting and withholding requirements. It's recommended that businesses consult with a qualified tax advisor or contact the IRS at 1-800-829-4933 or visit www.irs.gov for more detailed guidance.

STEP 2

OPERATING LEGALLY Other Taxes

Self Employment Taxes

Sole proprietorships are not subject to withholding, but may be required to make deposits of estimated federal and state taxes based on profits. Federal tax deposits must include self employment tax. This is the Social Security and Medicare tax. The amount of self employment tax is currently 15.3% of business profit (the same as the total of the employee and employer's FICA contributions).

Sales Tax

Businesses that sell or rent tangible items must comply with Georgia sales and use tax regulations. For information on collecting, reporting, and remitting sales tax, contact the Georgia Department of Revenue Taxpayer Services Division at 1-877-423-6711 option #1 or <https://dor.georgia.gov/taxes/sales-use-tax>.

Apply for a State of Georgia sales tax identification number (if needed) by contacting the Sales and Use Tax Unit, general information at 404-417-6601. The Department of Revenue has personnel in regional offices that can help answer your questions, as well. A list of these offices and contact information can be found at <https://dor.georgia.gov/locations/regional-office>.

Property Taxes

Businesses operating in Georgia are subject to an ad valorem property tax on the real property, equipment, and inventory owned by the taxpayer on January 1 of each year. Local county or city officials determine the value of property and the millage rate used to determine the tax due. The actual amount of tax a business must pay will vary widely. Property taxes are a significant planning consideration for businesses with large investments in inventory, property, or equipment. Contact your county and/or city tax commissioner for details.

STEP 2

OPERATING LEGALLY

Business Information

Workers' Compensation

Businesses with three or more employees (regardless of the number of hours worked by each employee) are required to carry workers' compensation insurance to provide protection for those injured on the job. The rates vary depending on the type of business and its risk level. This coverage is strongly recommended for businesses with any number of employees because of the liability exposure involved. For information, contact the State Board of Workers' Compensation, 404-656-2048, <http://sbwc.georgia.gov>, or a qualified insurance agent.

Trademarks

After you begin using a product name, process name, company name, etc., you may wish to register it. Having legal proof that you were the first to use a name is the best way to protect it from use by others and may help in resolving disputes. If you intend to claim the right to a name or slogan, print a small "TM" near the name every time it appears in public. When registration of the trademark is final, include a ®. Contact the Secretary of State, Trademark Section at 404-656-2861. If the name will be used nationally, contact your attorney to assist with national registration.

Patents

You should contact the U.S. Department of Commerce, Patent and Trademark Office, at 800-786-9199 (www.uspto.gov) for information on registration and protection.

STEP 2

OPERATING LEGALLY

Business Information (cont.)

Business Trade Name

A trade name or fictitious name is defined as any name used in the course of business that does not include the full legal name of all the owners of the business. Georgia law requires that every person, corporation, or partnership conducting business under a trade name that does not disclose the ownership of the business must file a trade name registration statement with the office of the clerk of superior court within the county in which the business is licensed. Notice of this filing must be published once a week for two weeks in the legal publication of the county in which the trade name is registered. Contact an attorney regarding compliance in other states.

State and Federal Security Laws

When a newly formed corporation issues shares of stock, it must comply with state and federal securities laws. Failure to comply could result in lawsuits from disgruntled investors or criminal prosecution. Under the Georgia Securities Act, it is unlawful to offer for sale any security (stocks, limited partnership interests, bonds, etc.) unless that security is subject to an effective registration or the transaction is determined to be exempt from registration requirements. Generally, offerings to a less than 15 shareholders that are not publicly advertised are exempt, but it is strongly recommended that any business selling shares of stock or securities consult an attorney to ensure compliance with securities laws.

“Going public” refers to selling a company’s stock to a wide range of parties. This requires extensive legal assistance, registration with federal and state agencies, and a tremendous amount of disclosure. Only a very small number of companies reach the size and financial conditions to consider this as a viable alternative.

STEP 2

OPERATING LEGALLY

Business Information (cont.)

Buying or Selling a Business

Businesses or individuals are advised to seek the services of an attorney when purchasing or selling a business. After the parties agree on the selling price, a number of legal issues must be addressed including, but not limited to, clear title to the business and notification of creditors. The University of Georgia SBDC can assist with analyzing the feasibility of a business acquisition.

Internal Revenue Service (IRS)

The IRS is a good source of information for new business owners. Contact the Help Line at 1-800-829-4933 for businesses, the Publications Line at 1-800-TAX-FORM (829-3676), or their website at www.irs.gov/formspubs/index.html.

Useful IRS publications include:

- 334 Tax Guide for Small Business
- 505 Tax Withholding and Estimated Tax
- 509 Tax Calendars for Current Year
- 533 Self Employment Tax
- 538 Accounting Periods and Methods
- 583 Starting a Business and Keeping Records
- 587 Business Use of Your Home
- 946 How to Depreciate Property

STEP 3

BUILDING YOUR TEAM

STEP 3

BUILDING YOUR TEAM

Selecting the Right People

Every entrepreneur should identify what tasks need to be done and who will do them. Almost every new business will use outside professionals for the complex areas of law, accounting, taxes, and insurance. How much you use these professionals will depend on your expertise, the operating risks in your kind of business and your goals for the business.

How do I select the right professionals?

- Ask friends and business associates for referrals
- Interview several candidates – remember, YOU are the customer!
 - Do they have the relevant experience?
 - Are your personalities compatible?
 - Is the person you interview the person you will be working with?
 - What is the fee structure?
- Evaluate larger firms vs. sole practitioners. Large firms have more resources but may lack personal service and you may be assigned to a junior employee.

Accountants:

Decide what accounting services you will need.

- Financial statement preparation (try to do basic bookkeeping in-house).
- Income taxes, payroll taxes (also consider a payroll service).
- Business advice, financial analysis. (What good are financial statements if you don't understand them? Good accountants tell you more than how much tax you owe.)

STEP 3

BUILDING YOUR TEAM

Selecting the Right People

Lawyers:

Determine legal issues to be faced. Outline your goals for the business.

- Product/service liability potential.
- Users of contracts.
- Intend to grow rapidly. Sell the business. Go public.

Insurance

Identify risks and get adequate coverage.

- Compare price only on identical coverage.
- Utilize agents who offer advice as well as policies.
- **Beware**, your personal auto and homeowners' policies usually exclude coverage for business activities

Qualified professionals are a good investment--they should make or save you money in the long term. It is possible to buy more service than you need, but it is far more common for new start-ups to foolishly scrimp on these important team members.

STEP 4

FINANCING YOUR BUSINESS

STEP 4

FINANCING YOUR BUSINESS

How much money do you need to start?

Total Cash Required is Equal to...

Investment in fixed assets (i.e., land, buildings, machinery, etc.),

plus Start-up expenses

(including operating losses incurred before reaching break-even),

plus Investment in inventory,

plus Investment in accounts receivable (working capital).

Businesses that need large amounts of capital usually share one or more of the following characteristics:

- Large fixed asset requirements (construction, manufacturing, etc.).
- Early financial losses (products with heavy research and marketing costs).
- Extensive inventory levels (retail stores, wholesalers).
- High accounts receivable (business-to-business services, wholesalers).
- Limited ability to utilize accounts payable (business-to-business services).

Some businesses, like consulting and various part-time or home-based ventures, may not require additional capital to start. It is important for all businesses to estimate capital needs to ensure there is enough cash available to start and stay in business.

STEP 4

FINANCING YOUR BUSINESS

Steps in Financial Projections

1. Estimate fixed asset requirements for start-up, including:

- Land, buildings, leasehold improvements.
- Equipment and vehicles.
- Deposits on leases and utilities.

2. Estimate and itemize start-up expenses:

One-time expenses such as installation of utilities, initial marketing materials and legal fees for incorporation.

3. Estimate and itemize fixed expenses by month for at least one year:

These usually included such things as rent, insurance, utilities, salaries, marketing, legal / accounting fees, loan payments, etc. Determine all categories which apply to your business.

4. Estimate sales by month for one year:

If you have multiple product lines, estimate sales for each line individually. If you sell on credit, realize the delayed impact on cash flow.

5. Calculate gross profit percentage for each product line:

Sales price (revenue) – cost of goods sold = gross profit \$.

Gross profit \$ / sales price (revenue) = gross profit %.

6. Determine the amount of inventory required for your type of business:

For start-ups, initial inventory in \$ amount; after start-up, express in number of days, sales, or turnover.

7. Determine how fast you must pay your vendors:

What percent of total accounts payable will be paid in the month incurred and what percent of total accounts payable will be paid in 30 days, 60 days, etc.

STEP 4

FINANCING YOUR BUSINESS

Where do I get the money?

Money to start a business comes from two basic sources: equity or debt. Equity is an investment in the business by you or by a partner (or stockholder). Debt can come from private sources (family) or from formal ones (banks). The most common sources of financing include:

- Personal Resources
- Family and Friends
- Banks, including SBA loans
- Creative sources and “bootstrapping”
- Private investors or “angels”
- Venture capital firms

The type of financing available to you will depend on:

- The amount you need and how it will be used.
- Your personal financial condition.
- Your collateral.
- Your ability to manage a business.
- Your determination, presentation skills, and ability to negotiate.

The SBA does not have any grant programs to start a business. Beware of the myth that there is a lot of “free government grant money” for start-ups.

Most businesses start with a combination of personal resources, “bootstrapping,” and help from family and friends. Only a small number of start-ups begin with a bank loan, and even less start with venture capital. If you have little cash or personal assets and bad personal credit, bank loans are not an immediate option. Your first step may be to recruit an equity partner (“angel”) or a cosigner. Creative and determined entrepreneurs routinely start businesses without bank loans.

STEP 4

FINANCING YOUR BUSINESS

Where do I get the money?

Bank loans (and SBA guaranteed loans) generally require:

- A written business plan or loan proposal.
- Investment of your own money (usually 10–30% of the loan amount).
- Enough assets to collateralize the loan (usually 1 to 2 times the loan).
- Good character and personal credit.
- Personal guarantee (your personal assets will be at risk).

Bootstrapping limits your dependence on banks and other forms of financing. Here are some bootstrapping examples:

- Negotiating extended terms with vendors.
- Negotiating advance payments from customers.
- Working from home until the business is established.
- Keeping inventories at a minimum.
- Leasing equipment (usually from the manufacturer).

STEP 5

**PULLING
IT ALL
TOGETHER**

STEP 5

PULLING IT ALL TOGETHER

Why write a business plan?

Writing a business plan is a foundation step toward developing a successful business. Here are some important reasons to write a comprehensive business plan.

To evaluate the feasibility of your business idea in an objective, critical, and unemotional way.

- Marketing--research and estimation of demand.
- Management--your capabilities and your “team.”
- Financial--Research costs and forecast sales.

To provide an operating plan to assist you in managing the business and improve your probability of success.

- Identify opportunities and avoid costly mistakes.
- Develop production, administrative and marketing plans.
- Set budgeting guidelines.

To communicate your idea to others and provide the basis for your financing proposal.

- Forecast profitability.
- Analyze and forecast cash flow.
- Determine the amount and type of financing needed.

Who will use the plan? If you don't need to raise capital, your plan is internal and less formal. If you need capital from outside sources, the plan also serves as a “selling document” with added emphasis on professional presentation. For either purpose, a good plan is critical.

Do I really need a business plan? Yes, all businesses need a business plan. If you are investing large amounts of your time and financial resources, you need a plan. All new businesses benefit from the kind of analysis a business plan requires.

STEP 5

PULLING IT ALL TOGETHER

Business Plan Outline

Cover Sheet: Business Name, Address, Phone Number, Principals

Statement of Purpose/Executive Summary

Table of Contents

Section One: The Business

- Description of the business.
- Product(s)/service(s).
- Market analysis and marketing plan.
- Location.
- Competition.
- Management and operations.
- Personnel.
- Application and effect of loan or investment.

Section Two: Financial Data

- Sources and applications of funding.
- Capital equipment list.
- Break even analysis.
- Projected income statements.
- Projected cash flow statements.
- Projected balance sheets.
- Assumptions to financial projections.
- Historical financials (for existing business).

Section Three: Supporting Documents

You will need to include personal resumes, letters of reference, personal financial statements, copies of leases, diagrams of facilities, letters of intent, purchase orders, contracts, marketing brochures, or anything relevant to the plan. Also include copies of your past three years of tax returns.

APPENDIX