

# ***GETTING STARTED***

## **Starting A Small Business In Caldwell - Watauga County**

***Published By***

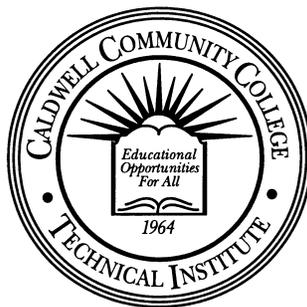
***The Small Business Center***

***Caldwell Community College and Technical Institute***

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## **CONGRATULATIONS!**

The rewards and satisfactions of starting your own business offer a stimulating challenge, unlimited potential for growth, and an exciting, but sometimes disturbing, adventure. Congratulations on accepting the challenge!

The Caldwell - Watauga county area is an outstanding place to start a new business. As you will see in this booklet, there are a variety of opportunities for entrepreneurs willing to dream, plan, and make the type of difficult decisions necessary to start a business and then work to make their dreams come true. Good luck!

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## **INTRODUCTION**

GETTING STARTED has been developed to help you start your business. This book will:

- Dramatically decrease the amount of time you might spend seeking out the basic information needed to start your venture.
- Give you a business overview of the region.
- Offer tips on planning.
- Introduce you to a variety of professionals who will be glad to help you get started.
- Provide information about licenses, taxes, accreditation procedures and other step-by-step essentials.
- Provide demographics for use when developing your client base.
- Suggest a variety of information resources that will help you operate your business more efficiently.

## **BUSINESS PROFILE OF THE CALDWELL-WATAUGA COUNTIES AREA**

If you are considering starting a new business in the Caldwell-Watauga counties, you should know that you would be part of a rich and interesting business history. The region has long been the home of strong agriculture and furniture industries.

Today, groups of business, education and government leaders, local chambers of commerce, and Caldwell Community College and Technical Institute are taking an aggressively proactive attitude about attracting new small businesses and promoting growth. The development of industrial parks and a variety of new and expanding shopping centers, real estate developments, and office areas indicate the confidence local decision-makers have in the area's future especially in the area of tourism.

The counties benefit from traffic traveling US Highway 321 and the fact that the country's major east to west coast interstate highway, US 40, is only 20 minutes south of Lenoir

Air transportation is provided at the Hickory Municipal Airport with major airports located nearby in Charlotte, Asheville, and the Triad (Greensboro, Winston-Salem, and High Point).

The area is seeing rapid growth in the number of retirees attracted by the "atmosphere of ease" offered in Caldwell and Watauga counties. These new residents are providing the opportunities for the creation of new businesses to fill their needs.

For many years the region has benefited from its location on routes that lead to the Blue Ridge Parkway. Tourism continues to be a major industry in the area and it will continue to grow.

While Caldwell County is the home of a number of large firms, the majority of the businesses in Caldwell and Watauga counties are small businesses. This corresponds to the profile of the state; 97% of the businesses in North Carolina employ less than 100 people and 80% have less than 20 employees.

Some of the state's major financial institutions and a number of regional banks and thrift institutions serve the financial needs of the region

When seeking sources of financing, business people in the area have a number of options; banks, savings and loans, private investors, the Small Business Administration, other

federal programs, and state financial aid programs are all used as sources of funding.

Caldwell and Watauga counties represent a strong media market on their own, and the area is also part of a larger media market, the Greater Hickory Metro and the High County. Interestingly, the entire region finds itself one of the faster growing areas in the state.

Local newspapers provide news of the towns and county and local advertising print media. Larger, regional newspapers, such as the Charlotte Observer, send sales and news staff to Caldwell and Watauga counties on a regular basis. Other major national, state and regional newspapers are also available by delivery, newsstand sales, or subscription.

Many of the more powerful radio stations in central and western North Carolina broadcast into the area. Local radio options range from small AM stations to some of the most powerful FM stations in the state.

Television coverage comes from the three major networks and cable access. Also, some local cable channels have access time for commercials from local businesses and a local cable channel is available for classified advertising.

The individual townships and the county have their own systems of government. In most cases, town governments are based on mayors, city councils and, in some cases, town managers. County government is based on county commissioners and a county administrator. The process of obtaining business necessities, such as licenses, tax numbers, permits and proof of accreditation usually begins with contact of some type with a government agency. The resource section of this guide lists the necessary contacts for city, county, state and federal governments.

A variety of resources and programs are available to help the entrepreneur and small business owner. The Small Business Center at Caldwell Community College and Technical Institute is the key small business resource for the county.

In addition to the information available at the Small Business Center, Caldwell Community College and Technical Institute offers an outstanding library as a resource. Also, public libraries are located in towns throughout the area.

The local chambers of commerce and the local and regional economic development groups listed in this workbook serve as centers of information about regional economic development, commercial potential and travel and tourism. All information needed to contact these groups is located in this guide.

The local office of the Employment Security Commission often meets employment needs in the region. The office can

supply advice about developing a job description, interviewing and candidate selection. The office is also the local source for potential employee candidates who have listed for employment with the ESC. However, before selecting new employees, it is wise to contact the Small Business Center for information about personnel management and the legal and tax considerations of hiring employees.

A major consideration for starting any business will be - "Where will I work?" Caldwell and Watauga counties offer a variety of offices, retail locations, shopping centers and manufacturing sites for all types and sizes of businesses. Entrepreneurs who are planning to build a business facility may turn to real estate consultants, city planners and developers for assistance. If you will be working from your home, you may want to contact your local tax supervisors about necessary permits and regulations.

The dramatic level of growth in Caldwell and Watauga counties during the last two decades has created a wide variety of opportunities to open and operate small businesses. In order to aid growth, increasing levels of information resources are available. This will continue in the future. Entrepreneurs are continuously contacting the Small Business Center, chambers of commerce, economic development offices and business owners with ideas about how organizations can better serve the business community. Your suggestions and ideas are welcome.

**Good luck in your new venture.**

## SO, YOU HAVE A GREAT IDEA?

There are only three kinds of business ideas:

- An idea that addresses an existing need that has previously gone unsatisfied.
- An idea that addresses an existing need better than the alternatives.
- An idea that is so revolutionary that it creates its own need.

If you believe you have a great idea, into which category does it fall? Depending on the category, there will be unique opportunities, advantages and challenges to consider.

In the first category, the key is to determine if there **really is a need**. Simply inventing something or creating an idea isn't enough; someone has to want to buy it, and enough people have to want to buy it to allow you to stay in business. Inventing an electric dog polisher is an interesting concept, but the market would be extremely limited. Also included in this category would be businesses that fill needs in an underdeveloped market. Are there too few suppliers in the marketplace? Do you believe there is an excess need that could be filled?

In the second category, ideas that address needs don't have to be original. If you can develop a way to make a product or deliver a service faster, cheaper, bigger, smaller, prettier, tastier, sleeker or better than the current alternatives, you may have a winner. There is absolutely nothing wrong with elaborating on or improving someone else's idea. Remember, Ray Kroc, the founder of what we know today as the McDonald's Corporation, did not invent the McDonald's hamburger or the process of speedy service. However, he created the clean, All-American atmosphere of McDonald's and the system of franchising that is the basis of the company's success.

Finally, some ideas are so revolutionary that they create their own need. It wasn't too many years ago that DVD player were unheard of; today it is hard to find a family that does not believe that it "needs" a DVD player. Unfortunately, few entrepreneurs reap the benefits of the revolutionary idea. In order to create need, enormous expenditures for advertising and marketing are necessary before any revenues are realized.

The great thing about ideas is that they are available to anyone. Almost any reasonably intelligent person who is aware of what is going on in their society, community and industry and is willing to immerse himself or herself in study, thought and contemplation can come up with a workable idea.

## **PLANNING: THE FIRST KEY TO BUSINESS SUCCESS**

It is well known that small businesses have a high rate of failure, especially within the first three years of existence. Dun and Bradstreet, Inc., reports that nine out of ten business failures can be traced to a lack of management experience or ineptitude. Such things evidenced this:

- Inadequate sales
- Competitive weakness
- Heavy operating expenses
- Receivable difficulties
- Inventory difficulties
- Excessive fixed expenses
- Poor location

Many of the problems encountered by small business owners are surprises. The entrepreneurs had no idea -- or a vague idea at best -- that the difficulties might arise. Whether you are a business novice or highly trained in your area of expertise, looking ahead and anticipating needs and potential difficulties are sure ways to improve your chances of success. In fact, taking a critical look at your idea may convince you that starting this specific venture is not a viable idea after all.

As you work through the next section, you will make some initial decisions and gather the information needed to develop a business plan. As you work through the material, try to play the child's game, "What If?" As in, "What if sales double in the first six months? How will I meet supply, manpower and financial needs?" However, it is more likely to ask the question, "What if sales are half what I projected for the first three months or first year? Where will I get funds and marketing support to keep going?"

Asking "What If?" questions, especially the negative ones, will provide a more realistic outlook for your planning. Planning now will equal money saved in the future.

## **YOUR ORGANIZATION**

### **A. Forms of Business Structure**

At this point, you may want to give some consideration to the legal form of business under which you wish to operate. Basically, doing business as sole proprietorship, partnership, or corporation starts a business. The selection of a form of business is an important one in which the advice of an attorney may be especially valuable. This selection should be based not only on the immediate needs of the business, but what is anticipated for the future. The form of business is also important from the tax and personal liability standpoint. Generally, the three principal forms of business structure are:

#### **Sole Proprietorship**

You are the sole owner taking all the profits and responsible for all the losses. Sole proprietorship is the easiest kind of business structure to form and it needs no government approval; you simply obtain the appropriate licenses and start doing business. Profits are taxed as personal income, and you are personally liable for all debt and taxes.

#### **Partnership**

Two Types: General Partnership  
Limited Partnership

A General Partnership is a flexible and simple structure, allowing the association of two or more people who share in the profits and liabilities of a business.

A Limited Partnership differs from a General Partnership in that it allows you to limit the liabilities of the limited partners to the amount of their investment.

#### **Corporation**

The Corporate form of business organization is the most formal of the three principal business structures. It is given its existence under state law and is established by the filing of "Articles of Incorporation" with the office of the Secretary of State of North Carolina.

However, although your corporation exists, there are a variety of legal requirements and procedures that must be followed before you are able to begin conducting business. The procedures will depend on the industry in which you will do business and the type of firm you are starting. See "THE PAPER TRAIL: LEGAL NECESSITIES," for details about the types of forms and licenses you may need.

The major reason most business owners incorporate is that corporate structure limits the personal liability of the shareholders that own the business.

There are three types of corporate structures recognized in North Carolina:

### **Big C**

This is the basic corporate structure. The word "Big" has nothing to do with the size of the company.

### **Sub-chapter S**

Small business owners are increasingly choosing this structure; paperwork and taxation requirements are simpler than for the Big C structure.

### **Limited Liability Corporation or "LLC"**

This structure limits the liability of the owners to their investment.

Also, you should know that it is possible to incorporate your business yourself. If you wish to do so, you should contact the address below and ask for the self-incorporation kit.

To receive a free copy of "Guidelines for Incorporation," a free publication offered by the Secretary of State's office, contact: "Guidelines for Incorporation"

Secretary of State  
2 S. Salisbury St.  
Raleigh, NC 27601-2903  
919-807-2225  
[www.secretary.state.nc.us/corporation/](http://www.secretary.state.nc.us/corporation/)

### **Need Some Advice?**

By now you may have a clear idea of what type of legal structure you want your business to take, or you may be thoroughly confused. You may want to seek the advice of an attorney before making a final decision. When contacting an attorney, ask if the initial consultation is free. Some attorneys will meet with you for a short period of time for no charge to

determine if they might be of assistance. Remember, if you choose to do the paperwork yourself, you may increase your liability if you overlook something.

## **B. Marketing**

There is an old saying, "Nothing happens until someone sells something." That is never truer than in small business. Unfortunately, marketing is often overlooked. Many entrepreneurs fail to realize that without a market for their product or service, there will be no need for the business to exist. To be successful, a small business must know its market. Marketing is simply determining if there are enough potential buyers for your product or service, looking for the most effective way to help clients learn about your business, distributing your product or service, and following through with constant attention. Your goal is to be able to "draw" a picture of your average customer.

Before starting a business, the following marketing questions should be given careful consideration:

- A. Market
  - 1. Is there a market for my product/service?
  - 2. How large is the potential market for my product?
  - 3. How large is "my" target segment of this potential market?
  - 4. What trends have an impact on the market? Is my market getting larger or smaller?
  
- B. Customers
  - 1. Who are they? What sex, age, income, occupation, etc.?
  - 2. What are their needs and wants pertaining to my product?
  - 3. When do they buy?
  - 4. Where are they located and where do they buy?
  - 5. Why do they buy?
  - 6. How much does the average customer spend in one year (or at one time) on my product/service?
  - 7. How do they spend it? All in one place or all at one time? Or, spread out over a year or more?
  - 8. How will I reach my customers? What types of advertising and

promotion will I use? Will I make sales calls on customers and, if so,

how many calls a day will I need to make?

9. How will my customers buy (all cash, check, credit card, contract and time payments)?

C. Competitors

1. How many competitors will I have? (direct and indirect)

2. Who will my competitors be and where are they located in relation to my business?

3. What types of advertising are my competitors doing?

4. Is my competitor offering services, products, payment terms, etc. that I cannot offer? How will I compete against those advantages?

The Small Business Center can help you answer these questions.

**C. Financial**

One of the most crucial stages of beginning or acquiring a business is determining your capital investment needs. Sound financial planning is a proven method for insuring a reasonable return on your initial investment. Some financial considerations are:

A. Financial Plans

1. Projected cash requirements for start-up
2. Projected income and expenses
3. Capital needed for growth and a source of reinvestment capital

B. Short-range goals

C. Long-range goals

D. Business Plan, Including Financial Forecast

E. Advertising and Marketing Requirements

F. Site Selection -- Codes, Regulations, Easements, Etc.

G. Insurance Considerations -- Property, Casualty, Life

Working closely with your banker and an accountant during this phase of the planning process will help you develop a realistic outlook about the financial possibilities and challenges of your venture. Professionals can also aid in looking ahead to dealing with accounts receivables, financing, future credit needs and retirement plans. The Small Business Center can also give you sample plans to review.

### **Where Will You Get the Money?**

At the end of the planning process, you should have a very good idea of how much money you will need to start and operate your enterprise. If you are not independently wealthy the next question is - "Where will I get the money?" Many hope for grants which are virtually non-existent.

Studies show that the majority of new small businesses are capitalized by their owners' savings and salaries; loans from families and friends, and loans using automobiles, homes or other assets as collateral. Some entrepreneurs are using credit cards to finance the early months of start-up, but that strategy is risky and costly due to high credit card interest rates.

There are some low-interest loans available for small businesses. The competition is getting tough and the requirements are strict. The U.S. Small Business Administration guarantees loans through participating banks. Ask your local banker if his bank offers assistance in obtaining SBA loans.

State agencies have dropped loans to small businesses in general, although there are some programs for high-tech businesses and biotechnology businesses. Information about these programs is available through the state Small Business Bureau (919-733-7980).

Small Business Administration  
222 South Church Street  
Suite 300  
Charlotte, NC 28202  
(704) 371-6587

### **Insurance**

The purpose of an insurance program is to protect the assets of your company from losses; further, it is to insure that losses do not interrupt the overall objective of your company, which is to make a profit.

As you set up your new business, you acquire new assets, such as automobiles, buildings, equipment, stock, customers, and employees. Each of these assets creates a possibility of a need for protection from some type of potential loss.

Some coverages are required by law or perhaps by a bank or other lending institution. Some coverages are recommended because the chance of loss in those areas is great. Some coverages are optional, you can possibly get along without them. However, if you have the type of loss they are designed to cover and you are without protection, this could interrupt your business. In the long run, you want an insurance program that pre-loss is reasonable in cost, and post-loss provides adequate coverage.

Here is an outline that lists some of the assets you may require as you open your business and some of the insurance coverages that can be used to protect them. The list is not intended to be complete since any insurance program needs to be tailored to your specific needs.

(See Next Page)

## **Insurance Checklist**

Automobiles: Liability, Collision, Comprehensive  
Buildings: Fire Insurance, All Risk, Glass, Boiler, Replacement  
Contents: Property, All Risk, Burglary, Replacement,  
Business: Robbery, Interruption  
Customers: Liability, Medical Pay.  
Employees: Workers' Compensation, Life Ins., Major Medical Group Hospital.  
Crime Insurance: Fidelity, Bond  
"Key Man" Insurance

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These coverages are available from a variety of sources, such as direct writers and independent agents, both stock and mutual. Contact your personal insurance agent and ask about coverages and recommendations. However, it is imperative that you talk to an agent who writes coverages for small businesses because they may be aware of issues in which your agent is not as well informed.

### **D. Credit**

Establishing and maintaining a good credit record in the community is essential. By maintaining good credit, you will be better prepared for opportunities to invest and expand your business. Contact a local credit bureau to get a credit report about yourself; it will allow you to see yourself as lenders see you.

Some considerations are:

- A. Determining your current credit status
- B. Establishing credit with suppliers
- C. Determining your future credit needs

## **E. Staffing**

In most businesses, you cannot do everything yourself. Even if you start out as a one-person enterprise, you may soon realize that you need assistance. Before bringing another person into your business, you should decide:

- A. What you want the person to do.
- B. Where they will work.
- C. How much authority to make decisions will they have.
- D. How long they will work for you.

Contact the Small Business Center at Caldwell Community College and Technical Institute for seminars, workshops, and information about hiring and human resource management. Information is also available through the local office of the North Carolina Employment Security Commission.

Deciding how long your new employee will work for you is a crucial decision. If you have a short-term need, such as stuffing envelopes, answering the telephone during short periods of time, or even making sales presentations, you may not need to hire a full-time employee. Private contractors, temporary agency employees, students, friends, or family members may fill your needs.

If you will need full-time employees, the following questions should be answered:

- A. Staffing needs -- Number of employees, specific job titles and descriptions, hours worked, training needs.
- B. Salaries
- C. Benefits (if any):
  - 1. Group Health Insurance
  - 2. Retirement Program
  - 3. Cost of Benefits
  - 4. Government Requirements:
    - a. Social Security
    - b. Unemployment Compensation
    - c. Other
  - 5. Vacation and Holiday Policy
- D. Employee turnover expected
- E. Planned growth and future staffing needs
- F. Overtime requirements

G. Safety factors

**F. Administrative**

Almost everything connected with running a small business involves creating and maintaining records: correspondence, government regulations, taxes, insurance, financial transactions, banking, etc. The list seems endless.

The following is a checklist of some of the types of records that must be created and maintained:

- A. Accounting Records
- B. Banking Records
- C. Employee Records
- D. Purchasing and Sales Records
- E. Mortgages and Notes
- F. Insurance Records
- G. Tax Records
- H. Business Organization Records
- I. Correspondence Records

Your accountant and/or attorney can advise you in detail concerning the specific recordkeeping and retention requirements for your business.

Be sure to check the PAPER TRAIL section of this guide for checklists of permits, licenses, and tax information.

## **Record Retention**

The question is frequently asked, "How long must business records be kept?" The following records are the most frequently asked about:

<b><u>Records</u></b>	<b><u>Years to be Retained</u></b>	
General Ledger	Permanent	
Bank Deposit Slips	3	
Bank Statements		3
Bills of Lading	3	
Canceled Checks:		
General	3	
Payroll	3	
Taxes (payroll related)	4	
Taxes (income)	Permanent	
Employee expense reports	3	
Employee payroll records	4	
Invoices	3	
Purchase journal	Permanent	
Subsidiary ledgers (Accounts Receivables Accounts Payable, etc.)	6	
Timecards and daily time reports	3	
Mortgages and note agreements	6	
Personnel files	3	
Insurance policies	6	
Tax returns	Permanent	
Sales and use tax returns	Permanent	
Payroll tax returns	4	

## **CREATING YOUR BUSINESS PLAN**

Starting a venture without a business plan is like putting to sea in a ship without a rudder - you end up going whichever way the wind blows. On the other hand, a formal business plan provides potential investors and lenders with all the information they need to make financial decisions. It also clarifies your ideas to potential suppliers, professionals and, in some cases, future employees. A business plan is a company's constitution, its manual.

Use this section to note ideas, comments and facts that will be included in your business plan. Later, contact the Small Business Center for seminars on how to actually write the plan. Also, contact local bankers and ask if they have business plan formats or outline that they prefer. Finally, you may wish to purchase software, such as Bizplan, that will walk you through the planning process.

As noted above, take a moment here to jot down comments and thoughts to be included in your plan. In the beginning, start with yourself and your team, if you will be working with others. In essence, why are you the right person to start and run this business? What skills do you possess that make it likely that you will succeed? Investors and lenders are unanimous in citing the personal integrity and strength of management as prime factors in their decision to jump in or stay away.

The next section of your business plan spells out the purpose of your business. Crystallize your idea into two to three sentences, paying attention to what sets you apart from your competition. The key question is: What business am I in?

Next, describe the market area you are entering. Define the geographic limits of your market. Discuss the general trends in your industry and gradually narrow your description to include the segment of the market you are targeting.

Describe your target customer - whether it's an individual consumer or another business. Customers should be described in terms of age range, income range, sex, education level, and interests that may affect purchasing habits (Ex. do they have children?). How much do you anticipate the average customer spending in one year? Note the size and decision-making patterns of any markets you are targeting.

Develop a detailed description of your product or service. How will you make or create it? How will customers purchase it? How will you provide it? Explain your sources of supply, the quality of their materials and the relationship you will have with them. Touch on any potential problems in procuring or dispensing your product. What do you anticipate the product life or your product or service to be? What changes do you expect in the market and how quickly can you react to them?

Now, describe your competition. With whom will you compete for market dollars? How well are they doing? What do they charge for their products and how does that compare to your prices or rates? What are your specific advantages and disadvantages compared to your competition? Present any data about competitors' sales and market shares.

Describing your marketing plan is the next step. How will you convince potential customers to buy your product or service? What types of advertising, promotion and public relations strategies will you use? Keep track of how much the strategies will cost. Note any strategies used by the competition. Detail your expected sales projections.

How will you distribute your product or service? In the case of a retail business, describe the location you will need.

Now comes the most difficult part -- the financial breakdown of the business. Make sure you list every possible cost. Itemize all start-up expenses from rent and space renovations to insurance and advertising. Describe how much equity financing you will be providing (how much of your own money you will invest) and how much additional equity and debt financing you will require. Also, describe how and when you intend to pay back loans.

Using your start-up cost estimates and your proposed financing, compile an opening-day balance sheet. You may need to seek professional help to develop this section, but the expense is usually worth it.

Any financial institution will probably want to see a projection of your sales and expenses for the first three years. Usually, you will be asked to itemize monthly sales and expenses for the first year and then quarterly for the two years after that. This should give you an idea of when you might expect to break even and then make a profit; however, it can also present the unpleasant reality that you will not be making as much money as you anticipated. **THIS IS A KEY TIME TO RETHINK YOUR BUSINESS IDEA AND STRATEGY.** It is also a great time to seek that advice of an accountant or attend a seminar about small business bookkeeping and creating financial statements for small businesses.

Briefly explain the legal structure of the business, any licenses you will need, and any potential regulatory or zoning problems.

Describe any professional help you need -- an attorney, accountant, architect or contractor -- and describe their qualifications. How many employees will you need and what will they do? If the professionals or employees are experienced in your industry, stress that fact. Remember that you will be calculating professional fees and employee salaries in your financial statements, so you should describe any benefit the people bring to your business.

Your business plan will create an image of your business for anyone who reads it. Make sure the plan creates a positive impression. Create a neat document with a clean, professional cover. Write clearly and concisely. Don't make the plan too long or it won't be read.

If you have a sample of your product, include it with the business plan. Logos, store designs, photos and descriptions of specialized equipment should also be included. Avoid being too flashy, but remember lenders and potential investors want your plan to show them why you are the best person to start and run the business.

When you complete your business plan, you should have a good "feel" for your advantages and disadvantages in the marketplace. You should know who your target market will be and how customers will learn about you, where your business will be located, how it will be financed, how clients will obtain and pay for your product or services, how you will repay your debts, and what you will do if your original plan does not go as you expected.

Sound like a lot? It is; but, the business plan and the planning and thought that go into it have the highest potential payoff of any activity associated with starting your business. Finally, even before you write a formal business plan, take a few hours and write a summary of the plan. The less complete your

summary is, (noted by the number of times you realize “I don’t know that”), the more homework you need to do.

However, consider this; most business experts and small business owners confess that only about 20-30% of a business plan's predictions actually come true. Fluctuations in the national, regional, and local economy, combined with the whims and needs of the marketplace, force most entrepreneurs to adjust their plans. Developing a business plan, though, gives you a better-than-average chance for success by forcing you to critically examine and logically examine your product or service, the marketplace, financial resources and the pitfalls of the venture.

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## **THE PAPER TRAIL: LEGAL NECESSITIES**

At this point, let's assume that you have completed your business plan and are ready to go "into business." You may now need to list yourself as a proprietorship, partnership or corporation with a number of agencies. In many cases you will need permits and licenses before you can present yourself as a representative of your firm and begin to create a product or service. Some types of businesses, such as restaurants, must have a variety of inspections and permits in order before they can open. In other cases, you may not be able to hire employees or rent a business location without proper licenses.

Your first step will be to contact local and state agencies to determine the appropriate licenses:

Caldwell: Tax Collector, 828-757-1310  
Watauga: Tax Collector, 828-235-8036  
State: 1-800-228-8443

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You will need to register your company name if you are doing business under a name other than your own. Contact the local register of deeds.

Caldwell: 828-757-1310  
Watauga: 828-265-8052

### **Taxation/Fee Requirements**

Your next step will be to contact the local office for the NC Department of Revenue to ask for checklists for filing taxation form:

Caldwell: 227 NW Main St., Lenoir, 828-757-5619  
Watauga: Courthouse Annex, Boone, 828-265-5404

If you will be hiring employees, your first step should be obtaining two booklets: "NC-30, Income Tax Withholding Tables and Instructions for Employers" is the guide for filing state forms. You can obtain a copy through the local office of the NC Department of Revenue. "Circular E, Employers Tax Guide" is the

guide for filing federal forms. You may be able to obtain a copy at a local post office, or by contacting the Internal Revenue Service at 1-800-424-1040.

**WARNING:** Tax laws are extremely complex with a variety of exceptions to the rules. Also, changes in taxes and filing procedures due to legislative action may occur without your knowledge. As noted above, contacting a professional accountant -- at least during the start-up phase -- may provide the necessary expertise to save time and money later.

## **Contacts**

There is a variety of local, state and federal legal responsibilities that you must fulfill before, during, and after you start your new business. Take the time to contact the appropriate authorities before you begin in order to avoid delays and possible penalties.

Some of the basic contacts you may need to make might be:

- **Registering the name of your company** with your local Register of Deeds
- **Contacting the local Tax Supervisor** to list property for taxes
- **Inspections of your place of business** by building and the local health department may be required if you are starting a restaurant, opening a day-care center, building a new facility, or adding an addition or renovating a current structure. Contact appropriate authorities before starting work. If work is not "up to codes" you may be required to demolish the work you have done and start over.
- **Zoning and sign ordinances** have become increasingly important as the counties have grown. Contact local building inspectors to ask about codes if you will be erecting a sign or building, or changing an existing structure.

### **A. LOCAL Governments**

#### **Caldwell County Government**

County Manager and County Administration  
PO Box 2200  
Lenoir, NC 28645  
828-757-1300  
Email: [bwhite@co.caldwell.nc.us](mailto:bwhite@co.caldwell.nc.us)

<http://www.co.caldwell.nc.us/>

Register of Deeds  
905 West Ave.  
Lenoir, NC 28645  
828-757-1310  
<http://rod.co.caldwell.nc.us/resolution/>

Tax Administration  
828-757-1340  
[mchandler@co.caldwell.nc.us](mailto:mchandler@co.caldwell.nc.us)

Health Department  
828-757-1217

Inspections  
828-757-1343

**Watauga County Government:**

County Administration  
842 West King St.  
Boone, NC 28607  
828-265-5364  
<http://wataugacounty.org/>

Tax Administration  
828-265-8036  
<http://wataugacounty.org/tax/index.html>

Health Department  
828-264-6635  
<http://wataugacounty.org/health/index.html>

Inspections  
828-264-4235

**B. STATE**

North Carolina Department of Revenue  
PO Box 25000  
Raleigh, NC 27640  
1-877-252-3052

<http://www.dor.state.nc.us/>

NC Department of Commerce  
301 N. Wilmington Street  
Raleigh, NC 27688  
919 733-7651  
<http://www.nccommerce.com/>

NC Secretary of State  
Corporation Division  
300 Salisbury St.  
Raleigh NC 27603  
919-733-4201  
[www.secretary.state.nc.us/corporation/](http://www.secretary.state.nc.us/corporation/)

North Carolina Employment Security Commission  
State Headquarters:  
700 Wade Ave.  
Raleigh, NC 27611

Local offices:  
Lenoir, NC 28645  
828-757-5622

North Carolina Department of Labor  
100 State Labor Building  
4 West Eden St.  
Raleigh, NC 27601  
(919) 733-7166  
(919) 733-4880 Health and Safety -- OSHA  
(919) 733-0252 Wage and Hour

North Carolina Department of Motor Vehicles

North Carolina Division of Motor Vehicles  
100 New Bern Ave.  
Raleigh, NC 27697  
(919) 733-7872

North Carolina Department of Administration  
Division of Facility Services (Child Day Care Licensing)

Day Care Licensing Commission  
1915 Blue Ridge Rd.  
Raleigh, NC 27617 (919) 733-4801

**C. FEDERAL**

Internal Revenue Service

U. S. Internal Revenue Service  
320 Federal Place  
Greensboro, NC 27401  
1-800-424-1040

Federal Wage and Hour Division

Federal Wage and Hour Division  
U. S. Department of Labor  
316 East Morehead St., Room 401  
Charlotte, NC 29202  
(704) 371-6120

## LOCAL ASSISTANCE

There are a variety of local resources available to the new and established entrepreneur.

### **Small Business Center (SBC) Caldwell Community College**

Donna M. Bean, Director  
Small Business Center  
Caldwell Community College and Technical Institute  
2855 Hickory Blvd.  
Hudson, NC 28638  
828-726-2383  
dbean@cccti.edu

The Small Business Center provides a focal point of education, counseling, advising, and referral for Caldwell and Watauga counties. The objective of the center is to increase the number of small businesses starting and operating in the region. The center also strives to increase the survival rate, the number of people employed, and the overall financial strength of small businesses in the county.

The Small Business Center network involves all levels of businesses and civic leaders, as well as organizations in the community. Your contact with the center may link you to bankers, accountants, attorneys, trade associations, state and federal agencies and local industrial groups.

The SBC cooperates with local Chambers of Commerce, the local economic development groups, and local and county governments.

The SBC Advisory Committee is drawn from local small business owners and community people interested in the growth and success of small businesses. The SBC also works cooperatively with federal and state governments, universities and colleges, and private enterprise in promoting assistance to small business firms.

The Small Business Center range of services:

1. One-To-One Counseling
  - a. Initial Consultation
  - b. Referral, if necessary
  
2. Seminars – Check out our current schedule online at [www.cccti.edu](http://www.cccti.edu)
  - a. Basics of Starting a Business

- b. Developing a Business Plan
  - c. Marketing
  - d. Financial Planning
  - e. Other topics
- 3. Resource and Information Center
    - a. Variety of reference and resource materials
    - b. Small Business Administration materials
  - 4. Network of Community Contacts
  - 5. Upgrading and Training for Employees

## **Chambers of Commerce and Visitors' Bureaus**

### **Caldwell County:**

Caldwell County Chamber of Commerce  
1909 SE Hickory Blvd.  
Lenoir, NC 28645  
828-726-0616  
<http://www.caldwellcochamber.org/main.asp>

### **Watauga County:**

Blowing Rock Chamber of Commerce  
1038 Main St.  
Blowing Rock, NC 28605  
828-295-7851  
<http://www.blowingrock.com/>

Boone Area Chamber of Commerce  
208 Howard St.  
Boone, NC 28607  
828-264-2225  
<http://www.boonechamber.com/>

The Chambers of Commerce and Visitors' Bureaus have statistical data about the county, manufacturer directories, maps, current county economic indicators, and lists of area professionals and businesses that can be of assistance to you and your business.

## **Cities and Towns Management**

**Caldwell County:**

City of Lenoir  
City Hall  
801 NW West Avenue  
Lenoir, NC 28645  
828-757-2200  
<http://www.cityoflenoir.com/home.php>

Town of Granite Falls  
30 Park Square  
Granite Falls, NC 28630  
828-396-3131  
<http://www.granitefallsnc.com/>

Town of Hudson  
550 Central St.  
Hudson, NC 28638  
828-728-8272  
<http://www.ci.hudson.nc.us/>

Town of Cahah Mountain  
1800 Connelly Springs Rd.  
Lenoir, NC 28645  
828-728-5053

Town of Gamewell  
2750 Old Morganton Rd.  
Lenoir, NC 28645  
828-754-1991

Town of Cedar Rock  
450 Cedar Rock Estate Dr., Suite A  
Lenoir, NC 28645  
828-757-4545

Town of Sawmills  
PO Drawer 10  
Granite Falls, NC 28630  
828-396-7903

Town of Rhodhiss  
PO Box 40  
Rhodhiss, NC 28690

828-396-8400

**Watauga County:**

Town of Boone  
729 West King St.  
Boone, NC 28607  
828-265-8000  
<http://www.townofboone.net/>

Town of Blowing Rock  
1036 Main St.  
Blowing Rock, NC 28605  
828-295-5200  
<http://www.blowingrock.com/>

Town of Beech Mountain  
Beech Mountain, NC  
828-963-6676  
<http://www.beechmtn.com/>

Contact town management offices to discover specific information about the town or to ask about licenses, zoning or other pertinent facts.

**Economic Development and Visitors' Organizations**

Caldwell County Economic Development Commission  
1909 SE Hickory Blvd.  
Lenoir, NC 28645  
828-728-0768  
<http://www.caldwelledc.org/home.php>

Watauga County Economic Development Commission  
895 State Farm Rd.  
Boone, NC 28607  
828-264-3082  
<http://wataugaedc.org/>

Boone Convention and Visitors Bureau  
208 Howard St.  
Boone, NC 28607

828-262-3516  
<http://visitboonenc.com/>

Economic development organizations have a variety of materials about population, business, economic development and industry recruitment in the area. They may have information about traffic counts, buying power, family sizes and other specific data that will help in planning and decision-making.

### **Cooperative Extension Service**

Caldwell County Extension Service  
120 Hospital Avenue NE  
Lenoir, NC 28645  
828-757-1290  
<http://www.ces.ncsu.edu/caldwell/>

Watauga County Extension Service  
971 West King St.  
Boone, NC 28607  
828-264-3061  
<http://www.wataugacounty.org/extension/>

This is an extension of North Carolina State University charged with Outreach Education in four areas:

1. Agriculture Production and Marketing
2. Home Economics
3. 4-H and Youth
4. Community and Rural Development

### **Libraries**

Caldwell Community College and Technical Institute  
Learning Resources Center  
2855 Hickory Blvd.  
Hudson, NC 28638  
828-726-2200  
<http://www.cccti.edu/LRC/lrc.htm>

Caldwell County Public Libraries:  
<http://www.co.caldwell.nc.us/depart/library/home.htm>

Hudson Branch  
828-728-4207

Granite Falls Branch

828-396-7703

Lenoir Branch  
828-757-1273

Watauga County Library  
140 Queen Street  
Boone, NC 28607  
Phone: 828.264.8784  
Fax: 828.264.1794  
<http://www.arlibrary.org/index.php?page=10>

Blowing Rock Public Library  
1022 Main St.  
Blowing Rock, NC 28605  
828-295-7000

Sugar Grove  
828-297-5515

Libraries have many useful information sources for small business owners. Books, audiotapes and videotapes about how to successfully start and run a small business are available. Many libraries now provide Internet access. Don't forget the outstanding Learning Resources Center at Caldwell Community College and Technical Institute. If local libraries do not have the resources you seek, you may want to visit college or university libraries in the area. Also, ask local librarians about lending programs in the public library system.

## **Staffing**

Local office of the NC Employment Security Commission:  
504 SE Wilkesboro Blvd.  
Lenoir, NC 28645  
828-757-5622  
[www.esc.jobs.lenoir@ncmail.net](mailto:www.esc.jobs.lenoir@ncmail.net)  
<http://www.ncesc.com/>

Watauga County JobLink

207 Winklers Creek Road  
Boone, NC 28607  
828-865-5925  
[www.wataugajobs.com](http://www.wataugajobs.com)

The Employment Security Commission (ESC) can serve as a resource for finding potential employees with skills you need, determining salary ranges for specific positions (useful when developing your business plan), screening job applicants and advising business owners about state and federal job assistance programs that may pay to train employees.

**Additional sources of assistance:**

Student Services  
Caldwell Community College and Technical Institute  
2855 Hickory Blvd.  
Hudson, NC 28638  
828-726-2200  
[www.cccti.edu](http://www.cccti.edu)

Vocational Rehabilitation

Caldwell County  
506 Wilkesboro Blvd.  
Lenoir, NC 28645  
828-757-5617  
<http://www.dhhs.state.nc.us/docs/divinfo/dvr.htm>

Watauga County  
207 Winklers Creek Rd.  
Boone, NC 28607  
828-265-5396

Small Business and Technological Development Center (SBTDC)  
SBTDC – Appalachian State University 828-264-2000  
SBTDC Hotline 1-800-258-0862  
<http://www.business.appstate.edu/departments/sbt/dc/parrish.asp>

The SBTDC is an inter-institutional program of the consolidated University of North Carolina. SBTDCs provide

assistance in the start-up, operation and expansion of small businesses

### **Legal Referral Service**

NC Bar Association Lawyer Referral Service  
1-800-662-7660  
<http://www.ncbar.org/index.aspx>

This service will direct you to attorneys in your area who will provide an initial consultation for a reduced cost.

### **K. Patents, Trademarks and Copyrights**

Small Business and Development Center  
The Ben Craig Center  
8701 Mallard Creek Road  
Charlotte, NC 28262  
704-548-1090

Patents and Trademarks Office  
Washington, DC 20231  
703-557-3080  
<http://www.uspto.gov/main/patents.htm>  
<http://www.uspto.gov/main/trademarks.htm>

Copyrights Office  
Library of Congress  
Washington, DC 20559  
202-707-3000  
<http://www.copyright.gov/>

### **Imports and Exports**

NC Department of Commerce  
International Division  
430 North Salisbury St.  
Raleigh, NC 27611  
919-733-7193  
<http://www.exportnc.com/>

US Export-Import Bank  
Public Affairs Office  
811 Vernon Ave., NW

Washington, DC 20571  
202-566-2177  
<http://www.exim.gov/>

Bonding  
Secretary of State  
919-733-0641

### **ADDITIONAL SOURCES OF INFORMATION**

Caldwell County has a large and diversified group of professionals who can provide invaluable information regarding the initial stages of beginning your business. Early consultation with the proper advisors could save you a lot of time and money.

Do not assume that you will have to pay for professional advice. Bankers, insurance agents and brokers, and government sources will provide advice and counsel free of charge. Attorneys and accountants may offer free initial consultations or charge a small sum for a half-hour or one hour initial meeting. The best way to find out if a professional charges for consultations is to call and ask.

#### **Professionals and the types of advice they offer are:**

##### **Accountant:**

Can set up a system of recordkeeping that is appropriate for your business and easy for you to follow daily, as well as have an accountant to work with at tax time. An accountant can develop essential systems for the control of assets and handling receivables. Accountants can also be consulted when choosing a form of business such as proprietorship, partnership or corporation, and can be especially helpful in areas of future tax planning.

Bankers and attorneys often know accountants who are willing to work with small businesses. Accountants are listed in the Yellow Pages. You should confer with several accountants and check their experiences and references before deciding to work with one. Fees are often based on daily and monthly rates and vary with the complexity and extent of service. Fees should be negotiated in advance.

##### **Attorney:**

Can help when:

- choosing a form of business
- drawing up partnership or incorporating agreements

- making sure papers are properly filed with city, county and state governments
- interpreting contracts and leases
- arbitrating disputes within the business and when the business is against others
- the business owner is unsure of legal rights and obligations.

Attorneys may be located through friends, other business owners, bankers, suppliers, consultants, trade associations or in the Yellow Pages. The North Carolina Bar Association sponsors the NC Lawyer Referral Service (1-800-662-7660).

**Banker:**

Has financial knowledge, loans, separate checking accounts for the business, and other funding or bank services, such as billing service and credit systems.

A banker might be contacted where the business owner has a personal bank account or near the business location for convenience. It is advisable to establish a continuing relationship with your banker, keeping him or her informed of the progress of the business.

Also, shop for a bank and banker as you would for any product or service. Some banks offer special checking, loan packages and other services to small businesses.

**Insurance Agent or Broker:**

Will evaluate insurance needs, including casualty protection, and set up packages for specific types of businesses. Also should be consulted about employee benefit programs.

Talk with several agents, compare coverage and costs of the insurance they offer, and select the program best suited to the companys' needs -- comprehensively and economically. Agents require complete data on business operations and must be continuously apprised of changes that might affect insurance coverage. Agents and brokers are listed in the Yellow Pages.

**Management Consultants:**

For small business owners, the most effective consultant should be one who has successfully worked in the industry, and, ideally, in the same type and size business the owner is starting or running. Beware of consultants who proclaim to "do it all." Insist on references and check them out.

Consultants may be discovered through counselors at the Small Business Center, trade associations, owners of your type of business, in markets similar to Caldwell County, and through professional publications.

## **ADDITIONAL BUSINESS ASSISTANCE AGENCIES**

Alcohol Beverage Control Commission  
3322 Garner Road  
Raleigh, NC 27610  
919-779-0700

Industrial Development Division  
NC Department of Community and Economic Development  
430 North Salisbury St., Suite 258  
Raleigh, NC 27603  
919-733-4151

NC Association of Minority Businesses  
PO Box 27035  
Raleigh, NC 27609  
919-781-1796

NC Technological Development Authority  
430 North Salisbury St.  
Raleigh, NC 27603  
919-733-4643

National Federation of Independent Businesses  
33 West Davie Street  
Raleigh, NC 27601  
919-755-1166

Office of Minority Business Development  
430 North Salisbury Street  
Raleigh, NC 27603  
919-755-2712

Science and Technology Research Center  
PO Box 12235  
Research Triangle Park, NC 27709  
919-549-0671

NC Association of Retail Merchants  
2400 Glenwood Avenue  
Raleigh, NC 27608  
919-787-9520

NC Bankers Association  
PO Box 30609  
Raleigh, NC 27622

Travel and Tourism  
NC Department of Community and Economic Development  
430 North Salisbury Street  
Raleigh, NC 27603  
919-733-4171

U.S. Department of Commerce Export Licensing  
PO Box 1950  
Greensboro, NC 27402  
919-377-4811

Women in Economic Development  
116 West Jones Street  
Raleigh, NC 27601  
919-733-7892

State Food and Drug Regulations  
Food and Drug Protection Division  
NC Department of Agriculture  
4080 Reedy Creek Road  
Raleigh, NC 27607  
919-733-7366

Firearms and Ammunitions License  
U. S. Internal Revenue Service  
Alcohol, Tobacco, Firearms Division  
316 E. Morehead Street  
Charlotte, NC 28202  
704-371-6125

County-by-county Directory of Advisory, Financial Resources and  
Regulatory Authorities

DATO-BIZ  
U. S. Small Business Administration  
230 Tryon Street  
Charlotte, NC 28202  
704-371-6563

Building Contractor's Licensing  
NC Licensing Board for General Contractors  
PO Box 17817

Raleigh, NC 27619  
919-733-9325

## **CONTINUING EDUCATION: FINDING YOUR WAY THROUGH THE MAZE**

The process of building a successful business is like trying to find your way through a maze and anywhere along the way you can make a wrong turn and confront a dead end. Fortunately, there are a lot of resources and people who can help you find your way. The keys, though, are asking the right questions, at the right time, and knowing how and where to find the right answers.

Owners and managers tend to be very knowledgeable about the functional areas of their business such as the skill, talent or opportunity that spurred them to start their venture unfortunately, they are misinformed in the areas that actually turn their idea or skill into a business. Acquiring management skills in marketing, finance, human relations, production, and other areas are critical if you hope to build your business into a stable, growing enterprise.

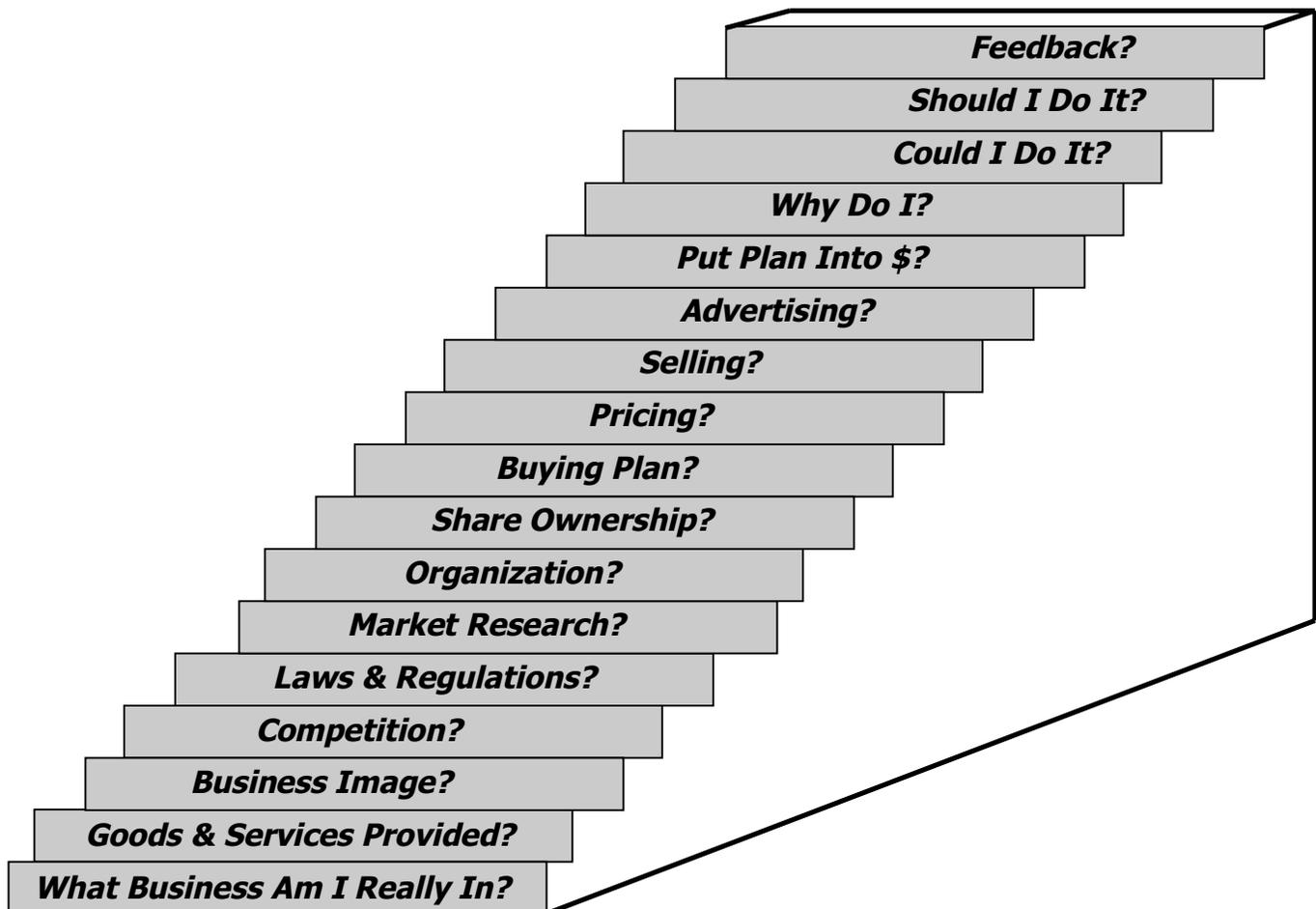
The first step in expanding your business skills is accepting the fact that running a business is an ongoing learning experience. You should target areas of business management in which your skills are not as strong as you would like and seek ways to strengthen your skills.

The Small Business Center should be your first contact for building business skills. Seminars, audio and videotapes, books, magazines, and, of course, one-to-one counseling are available. Also, join professional associations in your industry to make valuable contacts and meet people confronting the same challenges and concerns as you. Don't be afraid to talk to other small business owners. Remember, the only stupid question is the one you don't ask.

Finally, you must realize that as a small business entrepreneur, the maze does not end. Changing market forces, government regulations, fluctuating manpower needs, financial pressures, and personal difficulties all will combine to change the maze of running your business on a daily basis.

Good Luck! And contact us at the Small Business Center if we can be of service.

# Business Plan Development Steps To Decision



## ***PURPOSE***

The purpose of this book is to provide a simple yet basic outline of the process that must occur in planning for a business. It is not intended to be all-inclusive. The business owner will shape the final plan to suit his or her needs.

Either the prospective company owner or those who currently own a business can use this book & the process. The prospective owner may use this information to figure out what kind of business to start. They also could use it to better define an existing idea or to compare ideas that they may have. The person currently operating a business may use the booklet & process to rethink their current business. They may use it to determine where to go next with the business. They can also use it to look at where they have come with the business in order to begin to look to the future for the next steps & direction.

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Lenders, prospective clients, investors, etc may require a business Plan, in the formal sense. The elements included in this book are all required within a formal plan. The specific formats may change based on who the plan is to be submitted to.

The real value of the Business Plan is to the owner in that it provides a foundation for more detailed planning upon which much of the success of the business will depend. It cannot be emphasized enough that planning is the essential ingredient to the potential for success while minimizing risk.

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## **INTRODUCTION**

### **I. STARTING YOUR BUSINESS PLAN**

A good business plan provides a basis for gathering and organizing information to develop a goal, one that is a logical progression from a common-sense starting point to a profitable ending point. In making a plan, you will gain practice in figuring out problems about competitive conditions, promotional opportunities and situations that are good or bad for your business.

Remind yourself that you have the right to fail as well as the right to succeed. The decisions you make are the foundation on which you build and the foundation must be able to support your business as it grows. Take time and patience to draw up a satisfactory plan before you invest money that may be lost to unforeseen conditions.

Also understand that your business can only exist if it meets the needs of its customers. Deciding who those customers will be is critical.

You will find it helpful if you write down your answers to the questions on a separate sheet of paper so that you can study it in privacy and make changes as needed. Remember, the next step is to put the plan into action.

### **II. WHAT BUSINESS AM I IN?**

In making your business plan, the first question to consider is: What business am I really in? At the first reading, this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I am in." But hold on. Some owner-managers go broke and others waste their savings because they are confused about the limits of the business they are in.

Look at an example: Mr. OPQ on the East Coast maintained a dock and sold rented boats. He thought he was in the marina business. But when he got into trouble and asked for outside help, he learned that he was not necessarily in the marina business. He was in several businesses. He was in the restaurant business with a dockside cafe- serving when a boating party wanted a meal. He was in the real estate business-buying and selling lots up and down the coast. He was in the boat repair business-buying parts and calling in a mechanic as the demand arose.

The fact was that Mr. OPQ was trying to be "All things to all people." With this approach, he was fragmenting his slim resources.

Before he could make a profit on his sales and a return on his investment, Mr. OPQ had to decide what business he really was in and concentrate on it. After much study, he realized that his business really was "a recreation shopping center."

Decide on what business you are in and write your answer in the following spaces. To help you decide, think of the answers to questions such as:

A. What do I buy?

- B. What do I sell?
- C. Which of my lines of goods yields the greatest profit?
- D. Who will I sell to?
- E. What is the objective?
- F. Do I have enough background and experience to make this decision?
- G. Have I considered working for someone else to gain more experience?
- H. Who will be my competitors?**

## **MARKETING**

When you have decided what business you are in, you are ready to consider another important part of your business plan. Successful marketing starts with the owner-manager. You have to know the products and services or merchandise you sell and the wishes and wants of your customers you can appeal to.

The purpose is to get started and bring sales dollars into your business.

### **III. WHAT GOODS OR SERVICES DO I PROVIDE?**

#### **Is there a need for the product/service I can furnish?**

Why should customers buy from me?

#### **What market will I appeal to?**

Who are my potential customers? (Business, housewives, children? (By sex, age, income, etc.)

Where are my customers located? (Neighborhood, city-wide, larger area?)

Will I appeal to the mass market, or to the smaller more elective market?

How will I get my product/service to my customers?

What will this method of distribution cost?

### **IV. WHAT "IMAGE" WILL MY BUSINESS HAVE?**

A business has an image whether or not the owner is aware of it. Will the location and appearance of the premises (inside and out) suggest good quality, efficiency, trustworthiness, or the opposite?

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## **V. WHAT IS MY COMPETITION?**

Is the market already saturated? (If so, cutthroat pricing may be experienced.)

Do I know the number, type and size of my competitors?

Do I have more or something different to offer?

What advantages do I have over my competition (in location, experience, or ability to provide an extra service to customers)?

## **VI. MARKET RESEARCH CAN HELP**

Assistance in this research may be obtained at the Chamber of Commerce, Public Library and from trade associations. Discussions with managers of similar businesses on non-competitive locations can be productive. Also chats with potential customers may indicate whether they will do business with you.

**How big is the market I am entering? (Is it growing, static, or declining?)**

**Does the area need another business like the one I plan to open?**

**Have I checked the merits of the various shopping areas within the community, including shopping centers?**

## **BUYING**

### **VII. MY PLAN FOR BUYING**

I plan to buy merchandise or supplies from:

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<u>Item</u>	<u>Supplier</u>	<u>Address</u>	<u>Discount</u>	<u>Del. Time</u>	<u>Frtd/Del . Costs</u>	<u>Reorders</u>

**Have I located suitable and dependable suppliers?**

**Do my suppliers seem willing to work with me?**

**Do I know how much or how many of each item to buy to open my business?**

**Have I set up a model stock assortment/requirement to follow in my buying?**

**How many days or weeks does it take the supplier to deliver the stock to my location?**

**Who pays for delivery charges? (This cost can be a big expense item)**

**What is the supplier's policy on orders? That is, do I have to buy a gross, a dozen, or will he ship only 2 or 3 items?**

## **PRICING**

### **VIII. PRICING THE PRODUCT**

What you do about the prices you charge depends on the quality of service, product, or type of merchandise you sell. It depends also on your operating efficiency and your buying policy (see Buying Plan Section VII). It also depends on the ability & willingness of your customers to pay.

**Have I decided upon my price range?**

**Do I know what my competitors charge?**

**Do I know how to figure what I should charge to cover my costs?**

**Have I considered the effects of giving discounts to customers?**

**Do I plan to sell for credit?**

**If so, do I have the extra capital necessary to carry accounts receivable?**

**Have I made a policy for returning goods or unsatisfactory services?**

## **ADVERTISING**

### **IX. ADVERTISING**

When you have an image, price range, and customer services, you are ready to tell prospective customers why they should use your services.

When the money you spend on advertising is limited, it is vital that your advertising be on target. Before you can think about how much money you can afford for advertising, take time to determine what you want advertising to do for your business. The work blanks that follow should be helpful to your thinking. How will you attract customers?

**The strong points about my business are:**

**My business is different from my competition in the following ways (see Competition Section V):**

**My advertising should tell customers and prospective customers the following facts about my business:**

**How can I reach my customer? (see Marketing Section III-C)**

**Can I afford not to have expert advertising advice?**

### **X. SELLING TO CUSTOMERS**

To complete your work on marketing, you need to think about what you want to happen after you get a customer. Your goal is to provide your service, move stock, satisfy customers, and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he was satisfied by his previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card or other system of credit and collections is needed to attract and hold customers.

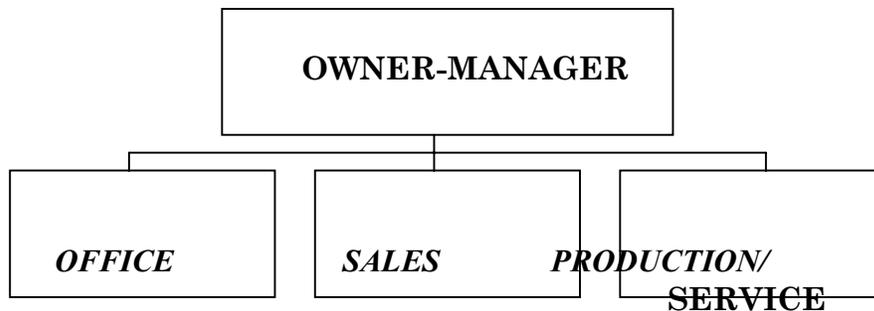
# ORGANIZATION

## XI. GETTING THE WORK DONE-ORGANIZATION

Organization is needed if your business is to produce what you expect it to produce, namely profitable sales dollars.

Organization is essential because you as the owner-manager cannot do all the work. You have to delegate work, responsibility, and authority. A helpful tool in getting this done is the organization chart.

Indicate under each block the functions to be covered. (Received goods, cleaning, office records, dispensing of materials and supplies, etc.) Also include your perspective of the cost of each function.



**Can I do all the work myself or do I need to include the services of a relative, or hire someone to help me?**

**What kind of work do I expect each person to do?**

**Do I know the prevailing wage scale?**

**Have I made plans for training new employees?**

This organization chart can be used for planning, time management, job/task description, & decision-making.

In training employees, you may want to emphasize that in a small business everyone has to pitch in and get the job done. Customers are not interested in job descriptions, but they are interested in being served promptly. Nothing is more frustrating to a customer than to be ignored by an employee.

## **XII. SHOULD I SHARE OWNERSHIP WITH OTHERS?**

**Do I know the good and bad points about doing it alone; having a partner, and incorporating my business?**

**If I need a partner with money or experience that I do not have, do I know someone who will fit? Is it someone I can get along with?**

## **XIII. WHAT LAWS WILL AFFECT ME?**

- A. Have I checked with the proper authorities to find what, if any, licenses to do business are necessary?
  
- B. Do I know what laws, zoning, and health regulations which apply to my business?

## **FINANCIALS**

### **XIV. PUT MY PLAN INTO DOLLARS**

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

A. What does it cost to open the doors? If you are starting a new business, list the following estimated *start-up costs*:

Fixtures & Equipment	\$
Starting Inventory	\$
Decorating and remodeling	\$
Installation of equipment	\$
Deposits for utilities	\$
Legal and professional fees	\$
Licenses and permits	\$
Advertising for opening	\$
<b>Total</b>	\$

1. Have I included in the above all the equipment and supplies I need, such as marketing machines, office supplies, inventory control books, and etc.?
2. Have I obtained prices for equipment and supplies to meet the operating needs of the business?
3. Have I compared the cost of renting or leasing equipment instead of purchasing?
4. Have I obtained prices for an inventory necessary for opening the business? (see Buying Plan Section VII)

#### XIV. PUT MY PLAN INTO DOLLARS (continued)

B. What will be my monthly *overhead*?

Complete the following list with actual or estimated costs.

Rent	\$
Utilities	\$
Office Supplies & Postage	\$
Telephone	\$
Legal & Accounting	\$
Dues & Subscriptions	\$
Insurance (prorated monthly)	\$
Freight/Delivery Costs	\$
Travel & Entertainment	\$
Other	\$
<b>Monthly Overhead Total</b>	<b>\$</b>

1. Have I verified the expenses for the chosen location?
2. Have I allowed for unexpected costs in addition to my estimate (Other)?

C. *What will be my labor costs?*

1. Have I completed an organization chart by functions to see that all the work can be done?
2. How many employees will I need to open?  
In six months?
3. Have I determined how much money I need for my personal use from the business?
4. Have I allowed for taxes, FICA, and other personnel benefits in planning?

**My estimated total monthly labor costs are:**

**XIV. PUT MY PLAN INTO DOLLARS (continued)**

D. Cost of Sale - What return do I expect from each sale? (see Pricing Section VIII)

This figure should be in %. It is obtained by dividing the cost by the sale price.

i.e. Cost of goods \$1.00 and sales price \$2.00 or cost of sales is 50%.

With the cost of sale in percent you are ready to proceed with the projection. In determining this figure for service, construction or a manufacturing business additional information may be needed and it is suggested you discuss this with a counselor or advisor.

E. The First Year Projection

Make your **projection** on a linear column pad for each of the first twelve-month periods using the suggested format.

**NOTE: Do A Projection For The First Full Year**

<b>I. Income</b>	<b>1<sup>st</sup> Month</b>	<b>2<sup>nd</sup> Month</b>	<b>3<sup>rd</sup> Month</b>	<b>Etc.</b>
<b>a. Sales</b>				
<b>b. Cash Income</b>				
<b>II. Expenses</b>				
<b>c. Material Cost</b>				
<b>d. Labor Cost</b>				
<b>e. Overhead</b>				
<b>f. Interest &amp; Principal</b>				
<b>III. Total Cash Out</b>				
<b>IV. Cash Flow</b>				

1. Fill in the amount of overhead in line (e) for each month of the year. (see Section XIV-B)
2. Fill in the labor figure in line (d) for each month of the year allowing for changes. (see Section XIV-C)
3. On the Sales line (a) fill in the amount of sales you project as possible in each month. This should be conservative and realistic allowing for seasonal changes as it affects your business.

**XIV PUT MY PLAN INTO DOLLARS (continued)**

4. On line (c) enter the material cost figure. Using the % figured under Section XIV-D multiplied by the sales figure.

i.e. If you estimate \$3,000 sales with a cost of sales at 40%, the material cost is \$1,200. Note: even though you may not purchase material during that month, the cost is shown in order to assure that money will be available when you are ready to purchase.

5. Enter on line (b) "cash in " the expected receipt of cash. If you allow no credit sales, the sales figure and "line (b)" figure should be the same. However, if you do business on credit, or if you are service, construction, or manufacturing business, you will have to estimate when the cash will be received. This will vary with the type of business and you may want to discuss this with a counselor.

F. How much money will you need?

Complete the projection for the first full year and determine the cash flow for each month. The total cash-in less the total cash-out is the cash flow and it can be positive or negative. Adding the negative cash flow totals together will provide a figure that indicates the money you need for working capital. My Working Capital requirement is

1. Are there negative cash flow months after I have a month, which shows a positive cash flow?
2. Does the total for the year show a negative or positive cash flow?
3. **THIS IS TIME FOR DECISION**  
You may want to discuss the results of your projection with your counselor at this point. Is the business feasible?
4. Have you counted up how much money of your own you can put into the business?
5. Do you know how much credit you can get from your suppliers?
6. If you must borrow money, include in your projection the amount you must pay back each month under interest and principle (line f). What does this do to the cash flow figures?
7. Do the figures still show that the business is feasible?
8. Have you talked with a banker about your plans?
9. Is he interested?
10. Have you checked with other sources of money?

## **XV. CONTROL AND FEEDBACK**

To make your plan work you need feedback. For example, the year end profit and loss statement shows whether your business made a profit or took a loss for the past twelve months.

**BUT**, don't wait twelve months for the score. To keep your plan on target, you need readings at frequent intervals. An income and expense summary compiled at the end of each month (similar to the projection) is one type of frequent feedback. Also you need management controls that help you insure that the right things are done each day and week. The record keeping systems and controls should be set up before the business opens, after you are in business it is usually too late.

Keeping records is really scorekeeping. If you attended a game where either no score was kept, or the score was several minutes late, you would probably be disgusted and leave the

game. Yet, many people don't know the current score of their own business because of inadequate records or because of not keeping records up-to-date.

Adequate records are necessary to prepare various tax returns. Banks or other organizations you may deal with require them. But primarily, they will tell you what your business has done, is doing, and will provide facts on which to do planning for the future.

## **RECORDS**

### **XVI. WHAT RECORDS SHOULD I KEEP?**

A good record keeping system must be simple to maintain & use, easy to understand, reliable, accurate, consistent, and designed to provide timely information on a timely basis.

Have a system of records that will keep track of income and expenses? What I owe other people? What other people owe me?

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Have a system to maintain payroll records and take care of tax reports and payments?

Have a system to maintain the records of the personnel that I hire?

Do I have an accountant to help me with tax records and to prepare financial statements?

How do I report Stock Control?

The purpose of controlling stock is to minimize out of stock items (affecting production, sales or service) and avoid excessive inventory. It should enable you to tell what needs to be ordered, what is on hand, what is currently on order as well as what has been used or sold. Inventory control is based on either perpetual or a periodic method of accounting. You may not need an extensive (and expensive) control system, however, you should be aware of the stock turnover particular for the high cost items. Your aim should be to achieve a high turnover rate for your inventory items and prevent short-ages of items that may cause delay in delivery of products or services to your clients.

Have I developed a system to keep track of inventory so that I will always have enough to fill the customers' needs?

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What will the system of inventory control cost me?

#### **List Equipment**

Keep a careful list of permanent equipment used in the business. Keep track of items useful for a year or longer and of the significant value. Show date purchased, name of the supplier, description of the item, check number by which paid, and the amount. If you own quite a number of items, prepare separate lists for automotive equipment, tools and manufacturing equipment, etc. These lists provide the basis for calculating depreciation and their possible replacement in case of loss.

#### **Insurance Record**

Most businesses will have several types of insurance. Each policy should be listed showing the type of insurance coverage, name of insurer, dates effective (expiration date), and annual premiums. Be sure that all necessary types of coverage are obtained. Ask your insurance agent or broker to check your coverage.

## ***CONCLUSION***

### **XVII. Conclusion**

This is not intended as a complete guide for your business, but it is intended to raise questions, which you can investigate and perhaps limit the problems you will encounter after opening.