

## PLANNING FOR A HEALTHY BUSINESS (Part 1)

### Ten Questions to Ask Yourself About Becoming a Business Owner

Answer Yes or No

1. Are you a good organizer?
2. Are you ready to put in the long hours necessary?
3. Will you stick it out even during the rough times? (Persistence)
4. Can you handle rejection and not take it personally?
5. Do you have the support and/or support system for your immediate family?
6. Do you have the business connections necessary to compete in the market space?
7. Do you have adequate financial resources and good credit?
8. Do you have the right kind of business experience?
9. Can you learn or hire the business skills you may be lacking? Are you a life long learner?
10. Do you like to make your own decisions?

### The Myths and Realities of Owning a Business

Answer True or False

1. Starting a new business can be a huge personal sacrifice for your family.
2. There are a lot of emotional ups and downs.
3. You have to “get it right” every time.
4. You do not need a BIG cash reserve to be successful.
5. After about a year you can relax and enjoy the profits.
6. It is easy to get loans for a great idea.
7. Successful entrepreneurs do it all themselves.
8. You will not have a boss.
9. You will have more freedom, control, and work-life balance.
10. Starting a business is risky.

### Are You Ready to Move Forward with Your Decision?

1. Can you differentiate your product/service from the others in your market space? What makes your product/service better than your competitions? What is your Unique Selling Point? (USP)

2. Will you prepare a small business plan?

3. Are you ready and able to take personal responsibility?

## What is Your Plan?

1. The Back of the Napkin Plan – The GO or NO GO Decision
  - a. What benefits do I expect to gain? (monetary/non-monetary)
  - b. Have I identified a real business opportunity? What makes me unique? (a WOW factor in a Micro-Moment)
  - c. How will I fund (or pay for) this idea?
  - d. How much money can I realistically make from this business?

## What questions do you have?

2. The Resource Plan – Looking at the Basics
  - a. Type of Business – Ownership
  - b. Location - Home/Office/Storefront/On-Line
  - c. What are you selling? Products/Services
  - d. Skills and Expertise
  - e. Equipment and Supplies
  - f. Marketing and Website
  - g. Staff and Support (Friends, Family, Business Connections)
  - h. Advisors/Mentors
  - i. Taxes/Fees/Insurance/Certifications

## Who can help me?

3. The Business Plan – Tell Your Story and Project Your Future
  - a. Taking all the research and putting it into a concrete plan
  - b. Collaborate with Bankers
  - c. 1 and 3 year Projections
  - d. Investigating Financial Support
    - i. Bootstrapping
    - ii. Friends and Family
    - iii. Peer to Peer/Incubator
    - iv. Local/State Development Organizations
    - v. Small Business Loans
    - vi. Angel Investors/ Venture Capital
    - vii. Crowdsourcing/Crowdfunding

## Am I financially ready to go into business?

4. Action Plan – What is your Strategy? Short Term and Long Term
  - a. Plan for the future
  - b. Plan for Change
  - c. Learn from the Past – Wins and Losses
  - d. Minimize Risk
  - e. Have a Plan B-C-D- or An Exit Strategy

How will you take action?

**S.M.A.R.T. Goals**

1. Specific – States goal precisely.
2. Measurable – Knows when the goal is complete.
3. Attainable – Resources necessary to complete the goal.
4. Relevant – The goal is applicable to your business.
5. Timely – The goal has a completion date.

**Important Take Aways!**

1. There is more than one way to plan.
2. The planning process helps to refine your ideas and prevent errors.
3. Types of plans need to change as your business changes
4. Make time to write a business plan
5. Engage stakeholders in the process
6. After you win the loan, you still have to plan strategically for a healthy business.

Are you ready to GO?

**TAXES AND REPORTING**

**Business Taxes –**

1. Income Taxes
  - a. Sole Proprietor
  - b. Partnership
  - c. LLC – Limited Liability Company
  - d. Non-Profit (501c3)
  - e. S-Corp – Small Business Corp – All profits are shown on the owner's personal income tax form
  - f. C-Corp – Corporate Income Tax
2. Self Employment Taxes – Must pay if you earn \$400 or more
  - a. Social Security 12.4%
  - b. Medicare Taxes 2.9% (Total is 15.3%)
3. Employment Taxes
  - a. Federal and State Withholding
  - b. Withhold part of Medicare/Social Security and match the rest (7.6%)
  - c. Federal and State Unemployment Tax (FUTA) (Separate from taxes)
  - d. State Disability (Employers pay)
4. Excise Tax (businesses that operate heavy vehicles)
5. Sales Tax, Meals Tax, Hotel Tax
6. Local Taxes – Real Estate, Personal Property, Licenses, Permits

**Tax ID Number**

1. EIN – Employer Identification Number
  - a. If you have employees, corporations, partnerships or sole proprietors
  - b. IRS – Ask for SS-4 Form

### **Federal Income Tax Forms**

1. Sole Proprietor – Profit and Loss – Form 1040, Schedule C
2. Partnership – Form 1065 – Schedule K-1
3. S-Corp – Form 1120S – Shareholders are issued Form K-1
4. Corporation – Form 1120
5. LLC – Must file a corporate, partnership or sole-proprietor

### **Employment Tax and Forms**

These taxes are paid monthly, quarterly or annually. Taxes vary on size of business.

1. Employers Annual Federal Unemployment (FUTA) Tax Return: Form 940
2. Quarterly federal Tax Return: Form 941

### **Other Forms**

1. Employee Withholding Forms – W-4
2. Wage and Deduction – Form W-2
3. Independent Contractors – Form 1099-Misc – Make over \$600 annually

### **State and Local Taxes**

1. State Income Tax
2. Permits
3. Licenses
4. Fictitious Name Permit (also known as DBA) – Need to register in city or town
5. Sales Tax
6. Meals Tax

### **Paying Your Tax Obligations –**

1. Individual as a Sole Proprietor, Partner, S-Corp Shareholder or Self Employed – Quarterly Taxes – April 15, June 15, September 15, January 15 (following year)
2. Corporate taxes are due on the 15<sup>th</sup> of March for those using calendar year. 75 days after corporate end of year.

#### **REMEMBER**

1. These taxes are due monthly or quarterly for most small businesses.
2. Do not use tax money for anything else.
3. You can separate the accounts for tax withholding and payment.
  - a. General Business Operations
  - b. Tax Account

### **Accounting Systems**

Put a good accounting system in place to help you keep track of business expenses and reports.

1. Business Expenses
  - a. Ordinary (industry standard)
  - b. Necessary (helpful and appropriate for trade)

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2. Check with an accountant or bookkeeper to see what you can deduct from sales to determine taxable net profit.
3. Two Important Business Reports
  - a. Profit and Loss – Income and expenses of a business in a given period of time
  - b. Balance Sheet – Assets, liabilities, and equity in business as of a certain date
4. Two Basic Accounting Methods
  - a. Cash – Income is not counted until cash or check has been received. Expenses are not counted until they are actually paid.
  - b. Accrual – Income is counted when the sale occurs and expenses are counted when they happen, not when check is written.

### **Why is a Business Accountant Important?**

1. Business Consulting - Insight
2. Personal Financial Advice – Retirement Plans/Investments
3. Organizational Advice – Other Professionals
4. Financial Advice – Business Loans
5. Audit Support
6. Reviewed or Audited Financial Statement Preparation

### **Five Key Points to Remember**

1. Get qualified advice.
2. Learn your business tax liabilities: income, employment, self-employment, sales, and social.
3. Set money aside to cover taxes and avoid co-mingling funds.
4. Have an accounting system in place to track income and expenses.
5. An accountant can help you manage your business.

## PERSONAL AND BUSINESS CREDIT (Part 2)

### What is PERSONAL CREDIT important?

As a new business owner, your personal credit is your foundation to build the business. Having the best credit possible may save significant time, money, and help launch your business. Remember that credit is money.

### Personal Credit Report Companies

1. Annual Credit Report ([www.annualcreditreport.com](http://www.annualcreditreport.com))
2. Experian
3. Transunion
4. Equifax

### Your Personal Credit Report

1. Review once a year
2. Check your score
3. Look at inaccurate information, issues or errors
4. Identify strategies for fixing the report
5. File disputes on errors
  - a. Provide documentation for the claim
  - b. Include tracking number
  - c. Send to creditor and credit bureau – Creditors have 30 days to respond
  - d. Request all repositories be updated
  - e. Request a new credit report to verify

### Ways to Improve Your Credit Score

1. Pay loans and bills on time
2. Minimize on what you owe on credit cards
3. Avoid judgments and tax liens
4. Comparison shop for financial services
5. Keep older accounts and pay them off monthly
6. Be careful opening new credit accounts as they can lower your score due to credit inquiry

### Why is your personal score important for a business loan?

#### Personal Guarantor Advantages

1. Indicates personal support for the business
2. Established credit
3. Ease start-up or cash flow
4. Better loan terms

#### Personal Grantor Disadvantages

1. May be required to pay for loan if business discontinues
2. Risk of losing personal assets
3. Spouse may be required to sign
4. Other implications with partnerships or owners

## What are the challenges of being a personal grantor?

### **Business Credit**

#### **Why do you need business credit?**

A small business credit report contains information provided by banks, lenders, investors, landlords, other businesses, and government agencies. A credit report contains an analysis of:

1. Credit Worthiness
2. Insurance Underwriting
3. Employment
4. Certain Licenses
5. Continued Credit Terms

#### **Do small businesses use Business Credit Reports?**

1. Borrower seeking credit
2. Report User
3. Reporter of information

#### **What is on a Business Credit Report?**

A business credit report includes information such as:

1. Commercial credit risk score
2. Potential for business failure indicators
3. Credit filings in existence for secured property
4. Business ownership information
5. Other businesses owned by the same organization
6. Public records of security interest filings (which provides notice to other creditors that property cannot be used as collateral for another loan)

#### **Business Credit Reporting Agencies**

1. Dun and Bradstreet
2. Experian
3. Equifax

#### **The Fair Credit Reporting Act (FCRA)**

The Fair Credit Reporting Act governs the collection, assembly, and use of consumer report information. The Act sets forth legal requirements for your business in all aspects of the credit reporting process, from furnishing credit information to an agency to how to use credit reports ordered from an agency.

For example, the law limits when you can request a credit report on a consumer. It governs how you may use credit scores.

Consumers (you or your customers) have protections under the FCRA. If you make a decision averse to a consumer based on a credit report, you must provide the

consumer an adverse action notice that lists the name of the credit-reporting agency that provided the report you relied upon when making your decision.

1. Fraudulent Alerts
2. Disputes
3. Identity Theft
4. Access to free reports
5. Policies and Procedures
6. Limitations on the use of the Report

### **Risks and responsibilities of Handling Personal Information**

Understanding the laws and risks associated with handling personal information is important. Employees should be trained on the proper procedures to ensure compliance. Noncompliance can include losing more than your business reputation.

### **Personal Credit Impact on Business**

1. Build business credit with personal liability.
2. Establish credit with vendors and suppliers.
3. Build credit with your local bank in the business name.
4. Maintain established vendor and supplier relationships.

## **BANKING SERVICES (Part 2)**

### **Business Banking Fundamentals**

1. Factors to Consider when deciding the types of services you need
  - a. Checking Accounts
  - b. Savings Accounts/ Certificates of Deposit
  - c. Account Access
2. Choosing the Right Bank
  - a. ATM usage and availability
  - b. Customer service and relationships
  - c. Accessibility – drive, walk, parking
  - d. Products and Services
  - e. Fees
  - f. Deposited funds availability
3. Checking Accounts
  - a. Small business or commercial checking
  - b. Payroll and operating accounts – “Zero Balance” – sweeps
    - i. Additional Banking Services
      1. Payroll Services
      2. Prevent potential fraud/forgeries
      3. Record Keeping
      4. Direct Deposit
    - ii. Cash Management Services
      1. Sweep Investment Accounts
      2. Other Sweep Accounts
      3. On-line Fund Transfer



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4. Lockbox Service
5. Positive Pay
4. Savings Account / Certificate of Deposit
  - a. Savings Accounts – Limits of withdrawals and types
  - b. CDs
5. Business Account Access
  - a. Deposit Sales with Remote Scanner
  - b. On-Line Access
    - i. Business Debit Card
      1. Owner and Others
      2. Convenience and Risk
    - ii. Merchant Process Services
      1. Credit Cards
      2. Debit Cards
      3. Gift Cards
      4. On-line Payment and Sales
6. Reconciling Accounts
  - a. Deposit Accounts
  - b. Remote Deposit Scanner
  - c. Interest
  - d. Loans
7. Protecting Your Account from On-Line Theft
  - a. Strong passwords and change frequently
  - b. Ensure computers have the latest operating system and anti-virus
  - c. Avoid public wireless hotspots
  - d. Think about suspicious e-mails and phone calls
  - e. Consider a dedicated computer for all on-line banking and cash management
8. Commercial Lending
  - a. Financing receivables and purchased inventory
  - b. Line of Credit
  - c. Term loans for fixed assets
  - d. SBA Loan Guarantees
  - e. Business Credit Cards – Owner and Others/Convenience and Risk
  - f. Ask about – Loan details and loan types
9. Wealth Management and Retirement Planning
  - a. Simple IRA
  - b. 401(k)
  - c. Simple Employee Pension - SEP IRA
  - d. ROTH IRA
  - e. Health Savings Plan

Separate your personal and business checking – NO co-mingling!

## RECORD KEEPING FOR SMALL BUSINESSES (Part 2)

### **Reasons for Keeping Good Records**

1. Details Tracking
2. Planning
3. Legal Compliance (Contracts, Leases, Licenses, Permits, Payroll, Personnel)
4. Tax Preparation (Federal, State, Local)
5. Business Operations (Customer Records, Sales Records, Correspondence, Inventory)

### **What records do you keep?**

### **Common Record Keeping Tools**

1. Paper Based
  - a. File Folders (Hanging, Cabinet, Accordion)
2. Ticklers (Quarterly Taxes, License Renewals, Insurance, Upcoming Bills)
3. Computer Systems
4. Cloud Computing
  - a. Accounting
  - b. File Hosting

### **What type of system do you use?**

### **Business Software**

1. POS – Point of Sale
2. Inventory – Inventory Purchases and Sales
3. On-line Options – E-Bay, Etsy
4. Manufacturing Based – Inventory Features in Business Accounting Software
5. E-Commerce Based – Volusion
6. Industry Specialized
7. Multiple Users

### **3 Common Business Software Options**

1. E-Mail – Constant Contact, Mail Chimp
2. Spreadsheets – Microsoft Excel, Google Sheets
3. Accounting Software – QuickBooks, Peachtree

### **Business Software Training**

1. Tutorials and Free Trials
2. YouTube.com, Lynda.com
3. Community Colleges – Bristol Community College,
4. SCORE (www.score.org), MSBDC (www.msbdc.org), Women’s Business Centers, Veteran Business Outreach Centers, MA Export, Accountants, Bookkeepers and Consultants
5. HarborOne U

## MARKETING YOUR BUSINESS (Part 3)

### Micro-Moments -

Video - People want to know something, do something, go somewhere or buy something. Where is your product or service positioned in a micro moment?

### Time to Define -

1. Define Your USP (Unique Selling Point)
2. Define Your Business - Why, How, What
3. Define Your Competition Direct, Indirect and Replacement
4. Define Your Customer - What do their profiles look like
5. Define their Problem

### Two Types of Brand

1. Personal Brand - Helps to grow your business brand
  - a. How do friends and family view you?
  - b. What is your on-line and off-line perception?
  - c. Headshot
  - d. Personal Profile
  - e. LinkedIn and Facebook
  - f. Always add headshot, banner and complete profile information
  - g. Set yourself apart from your competition
  - h. Develop a strong brand following
2. Business Brand
  - a. What is your brand?
  - b. Do your logo, colors and content reflect who you are?
  - c. Do your customers and clients understand what you do?
  - d. Logo
  - e. Business Profile
  - f. Always add logo, banner and complete profile information
  - g. Have consistency across all you on-line and offline networks

[Canva.com](https://www.canva.com) for creating banners and social media posts for personal and business profiles.

### Step One in Marketing

1. 4 P's of Marketing
  - a. Product
  - b. Price
  - c. Placement
  - d. Promotion
2. 4 C's of Marketing
  - a. Customer/Consumer (value)
  - b. Cost
  - c. Convenience
  - d. Communication

### **Getting Started**

1. Name – Look at domain names that end in .COM
2. Create Logo
3. Website
  - a. Design
  - b. Content
  - c. Pictures
  - d. Video
  - e. Podcasts
  - f. Infographics
  - g. Social Networks
  - h. Testimonials
4. Marketing Materials
5. Business Cards

### **Your Website is KEY**

Today, websites are no longer an option; they are a necessity. The way people confirm you are a legitimate business is through your website. You create a website for one of two reasons:

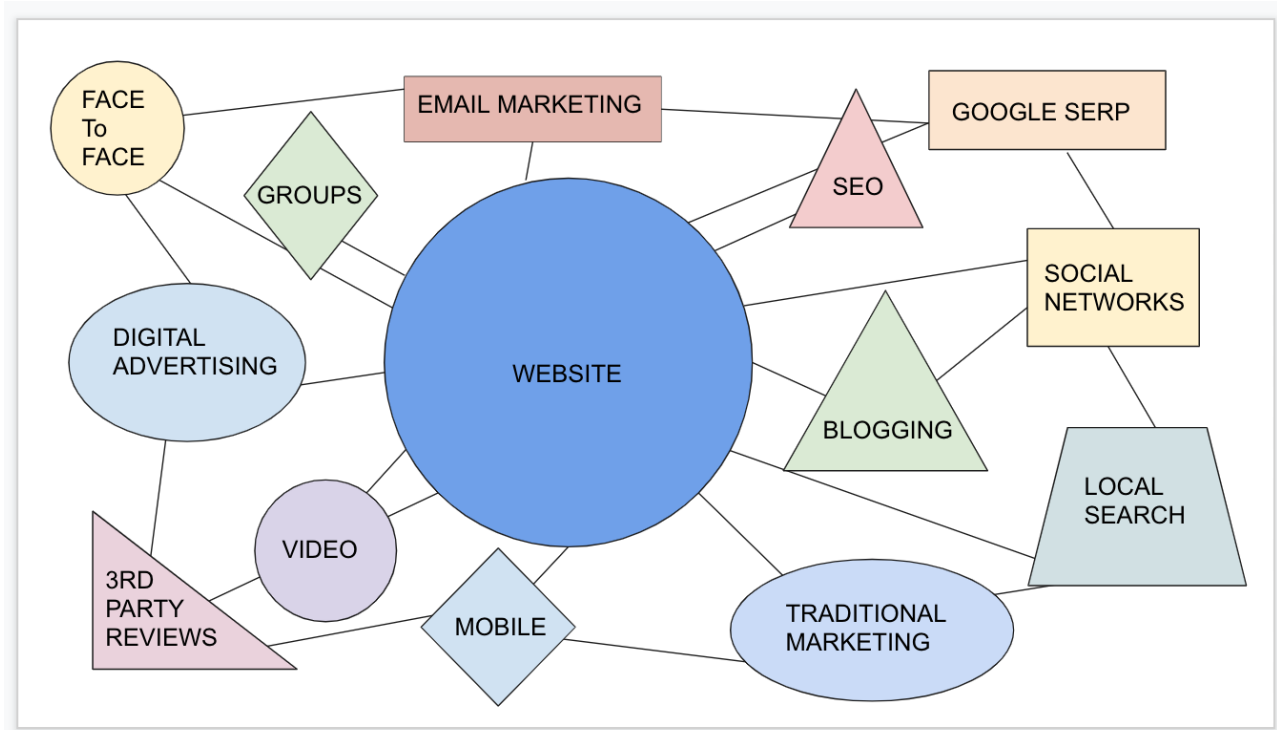
1. Searchable - To be found on the web
2. Verifiable - Not necessarily searchable but people can find with a domain address
3. Buy it - Shopping cart on the website

### **Website Builders**

You can build your website yourself or you can have them professionally created. If you are doing it yourself, here are a few website building platforms you can use.

1. [wordpress.org](http://wordpress.org)
2. [wix.com](http://wix.com)
3. [squarespace.com](http://squarespace.com)
4. [site123.com](http://site123.com)
5. [bigcommerce.com](http://bigcommerce.com) (strictly for shopping carts)
6. [networksolutions.com](http://networksolutions.com)

Note - All of these websites platforms have blog and shopping cart capabilities



## MARKETING WHEEL

### All the Moving Pieces

It is important to have a web presence for your business. It takes more than a website to be found on the web. There are tools that when used in combination, can help drive business to your website:

1. **Face-to-Face:** Meeting with a person – one on one – allows time for you to learn about another individuals business as well as teach them about yours.
2. **Groups and Organizations:** Join a group or organization that will allow you to network with local businesses or industry specific groups.
3. **Mobile:** Make sure your website has a responsive theme – meaning it will adjust to different devices – smartphones, iPads, laptops or desktops.
4. **E-mail Newsletter:** A great way to capture e-mail addresses of clients and customers as well as send them information about products and services.
5. **On-Line or Digital Advertising:** Opportunities exist on-line through Google Adwords, Facebook, and Twitter along with targeted advertising through cookies.
6. **Traditional Marketing:** There are still traditional ways of advertising from flyers, newspaper ads, and mailings to radio, TV and billboard advertising.
7. **Social Networks:** Engaging with your customers on LinkedIn, Facebook, Twitter, Pinterest, and others allow you to interact with your fan base.

8. **Blogging:** You can tell stories and give resourceful tips about happenings in your business, industry or local venues.
9. **Local Search** - making sure your Google My Business is in place so that you have the ability to come up in a local search.
10. **Third Party Review Sites:** Google, Facebook, Yelp, TripAdvisor, Yahoo, and any site that gives reviews. It's important to follow what your customers are writing about you on-line and responding in an appropriate time.
11. **Search Engine Optimization:** Adding keywords and descriptions to your pages can help get your website to the first page of Google.
12. **Video** - 82% of the content we consume today is via video. Consider adding video to your website or on social media. When you post to YouTube it can be searched on Google. If it is within Facebook Watch or IGTV then it is only searchable within the network.
13. **Google SERP** - Do you understand how people search for your product and/service? Are you coming up in the search. Most people never get beyond the second page. Also, search standing are based on how you show up on a mobile device, not a laptop. Check your website on your mobile device. Are you showing up?

### **Important Social Media Sites for Customer Engagement and Connections**

1. LinkedIn – Business Network – Your Personal Professional Business Portfolio
  - a. Resume
  - b. Ability to connect with business professionals, customers and clients
  - c. Highlight work you have done
  - d. Recommendations and Endorsements
  - e. Good for personal and business brand
  - f. Download mobile app
  - g. This is where you connect with business associates
2. Facebook- Social Network – Connect with family, friends and clients
  - a. Personal Information
  - b. Have fun, engage with friends
  - c. Connect your business page to your personal page
  - d. Great network for personal and business Brand
  - e. Download mobile app along with Messenger, Instagram, and Page Manager.
  - f. Watch for new platform - groups, Watch, Marketplace and Games will take priority.
3. Twitter – Social Network – Think of it as a live news feed
  - a. Share information
  - b. Have conversation
  - c. Use #hashtags
  - d. Great for both business and personal brand
  - e. Suggestion: Use as a personal account with business name handle
  - f. Download app
4. YouTube – Online Videos
  - a. Create videos to promote your business

- b. Second largest search engine to Google (Owned by Google)
  - c. Opportunities for videos to go viral
  - d. Great for personal and business brand
  - e. Download app
5. Instagram – Mobile Network – Share Pictures and Videos
- a. Download application to smartphone
  - b. Take pictures from phone
  - c. You can post to Facebook, Twitter, Tumblr and Foursquare
  - d. Great for personal and business brand
  - e. Download app
  - f. Stories are trending! They are the most popular.
  - g. Shoppable posts
6. Pinterest – Social Network - Pinning pictures on idea or resource boards
- a. Create boards to showcase things you like, resource or products and services from your business
  - b. Personal accounts do better if you are a small brand
  - c. Create boards about your business as well as personal favorites
  - d. Large women demographic
  - e. Great for personal and business brand
7. Snapchat – Mobile Network – Instant pictures and Video
- a. Download application to smartphone
  - b. Pictures and Video that disappears instantly or within 24 hours
  - c. Large millennial demographic
  - d. Great for personal and business brand

There are many more social networks; we are focusing on those that have the largest following and engagement.

What networks do you presently use?

### **Mobile**

Today, having mobile device knowledge will help you engage and react with customers and clients in real time. Applications (Apps) can also make your job easier. Apps that can help:

1. Social Network Apps
2. Drop Box
3. Microsoft 365
4. Google Docs
5. ZOOM
6. TripAdvisor
7. Opentable
8. Hotels
9. OneNote
10. Your Bank App
11. AAA
12. Amazon
13. Yelp

14. Pandora
15. Mint
16. News

### **E-Mail Newsletters**

Capture e-mail addresses from those interested in your product or service

1. Constant Contact
2. MailChimp

These companies provide databases and e-mail templates for you to send large amounts of e-mails to your customers and clients. Using these systems allows you to send information that gets through spam filters.

### **Blogs**

A great way to tell stories, give tips and offer resources about your products and services. The websites listed earlier all have blogging platforms, which is a feed of continuous stories. It adds pages to your website, allows for better search engine optimization and creates engagement with your customers and clients.

### **Digital Advertising**

Social isn't free any more. If you want to be seen, you need to pay for some of your posts or ads.

1. Facebook Ads – Inexpensive and very targeted
2. Google Smart Adwords and Adwords Express – Search advertising for local business
3. Targeted Ads – Follow who has clicked on your ads or posts with cookies

### **Networking**

You can't sit behind your computer and expect to meet the world. You need to get out and do face-to-face networking as well as join a few organizations. If you are a local business, joining the area Chamber is a great way to meet other business owners and possible prospects.

### **Third Party Reviews**

Today, customers and clients are looking for reviews of your product and service. As much as testimonials are good, people want to see objective opinions about your business. Register and monitor your reviews and make sure you respond in an appropriate fashion. Review sites include:

1. Google
2. Yahoo
3. Bing
4. Yelp
5. Tripadvisor
6. The Knot
7. Facebook

### **Traditional Advertising**



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It hasn't gone away and it is always good to mix traditional advertising with digital advertising:

1. Mailers and Postcards
2. Flyers
3. Television Ads
4. Radio Ads
5. Billboards
6. Newspaper/Magazine
7. Events and Fundraisers

### Resources

[canva.com](https://www.canva.com) - For the not so graphic designer in you - create lots of marketing images and campaigns

[hootsuite.com](https://hootsuite.com) - If you would like to schedule social media posts

[tinyurl.com](https://tinyurl.com) or [bit.ly](https://bit.ly) - link shorteners

[What is your marketing strategy?](#)

## FINANCIAL MANAGEMENT (Part 4)

### Financial Basics for a Small Business

1. Start Up Financing
2. Financing for a Growing Company
3. Financing Working Capital
4. Financing Fixed Assets

### 10 Basic Bookkeeping Steps

1. Obtain Business Accounting Software
2. Open a Separate Business Checking Account
3. Reconcile Your Checking Account
4. Track Sales
5. Deposit All Sales
6. Write Business Checks for Business Expenses
7. Obtain a Separate Business Credit Card
8. Pay Business Expenses First
9. Generate and Use Profit and Loss Statements
10. Pay Yourself with Owner's Draw

### Cash Flow

Balance of cash received less the amount of cash paid out over a period of time.

### Cash Flow Projection

A financial statement using assumptions to forecast:

1. Company cash flowing in and out
2. Future cash flow during a specific time
3. Project whether cash receipts (in flows) will be sufficient to cover projected cash disbursements (out flows).

### Why? What will it do?

1. Set sales and expense goals.
2. Determine breakeven point.
3. Plan equipment purchases for replacement or expansion.
4. Determine cash needed to purchase inventory for seasonal cycles.

Let's look at worksheets. (BoHo Beads)

1. Start-Up for Equipment and Supplies
2. Identifying Expenses

### **Profit and Loss (P&L)**

Measures revenues and expenses over a period of time. Tracks profitability. This is the most important report from your accounting software.

+ Sales

- Cost of Goods Sold

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= Gross profit

- Overhead

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= Net Profit

**Net profit** pays for

1. Owner's Draw (sole proprietor)
2. Future expansion and equipment
3. Principal loan re-payment
4. Income Taxes

### **Business Financing**

Financing is getting the money you need to start, operate and grow your business.

1. Equity Financing – Funds that stay in the business permanently (small business- venture capital (large business)).
2. Debt Financing – Borrowed funds that are paid back.
3. Working Capital – Money for daily operations, paid back in short-term - inventory/overhead expenses. Line of Credit.
4. Fixed Asset Financing – Used for purchasing equipment, vehicles and real estate.

**What do you need to do?** - As a small business looking for start-up or growth funds.

1. Invest Your Own Money – “skin in the game”
2. Earn the Right to Borrow – demonstrate ability to manage debt.
3. Show Profitability – do you have a healthy bottom line?
4. Understand and Retain Working Capital – especially when looking to grow.
5. Be Lean on Fixed Assets – Can you purchase used or leased equipment?
6. Match: Current Assets = Line of Credit / Fixed Assets = Long Term Loans for life of the asset
7. Understand your Financial Statements
8. Understand Your Collateral Options
9. Understand Loan Types and the Risks – SBA Loans VS Credit Cards
10. There are NO Grants
11. Shop Around for a Loan
12. Get Expert Advice – SBA Advisors: SCORE, MSBDC, Center for Women and Enterprise, Commercial Loan Officers

## **Loans**

### **Steps for Getting a Loan**

1. Business Plan and Profit Plan (Cash Flow Sheet)
2. Know what you can afford
3. Study your Financial Statements
4. Check Your Credit Report
5. Establish Collateral Options
6. Show your Equity Contributions
7. Research Your Financial Options

## **Loan Package**

### **What the lender expects of YOU**

1. Business Plan
2. Business Financials – Cash Flow, P&L
3. Personal Financial Statements
4. Personal and Business Tax Returns
5. Source and Amount of Equity Contribution 10-30% of total budget
6. Credit Report
7. Collateral
8. Purchase Agreements, Appraisals, Contracts, Estimates

## **LENDER**

### **What the lender will review**

1. Source and Amount of Equity
2. Credit Report
3. Collateral
4. Purchase Agreement, Appraisals, Contracts and Estimates

## **Qualify for a Loan**

### **Help make for a better loan process**

1. Good Credit Score
2. Equity Contribution (what are you putting in?)
3. Repayment Ability
4. Loan to Value Ratio

## **Start-Up Financing**

1. Equity
2. Sweat Equity
3. Business Credit Card
4. Friends and Family

## **Key Ways to Finance a Business**

1. Personal Lines of Credit – Credit Card/Home Equity
2. Business Lines of Credit
3. Business Term Loans

### **Where to Look for a Loan?**

#### **Banks and Regional Lending Organizations**

1. Banks
2. Regional Lending Organizations:
  - a. Community Development Financing Institutions
  - b. SBA
  - c. City or Town Economic Development Departments
  - d. Community Development Corporations (SEED)
  - e. Micro Enterprises Development Organizations (Accion)

### **CASH FLOW MANAGEMENT (Part 5)**

#### **3 views of Cash Flow**

1. Cash Flow Projection Sheet
2. Profit and Loss
3. 3 Year Projections

#### **Overview of Business Plan from Application to Excel Sheet**

#### **Final Wrap-Up**

1. Research
2. Business Plan
3. Lawyer, Accountant, Marketer
4. Personal Financials
5. Personal Credit
6. Equipment and Supplies
7. Monthly Expenses
8. Client List
9. Skin in the Game
10. Projections
11. Additional Funding
12. Don't be afraid to ask for help!

#### **Worksheets**