



# LOAN PACKAGE DEVELOPMENT FOR NEW BUSINESS

HENDERSON STATE UNIVERSITY  
SMALL BUSINESS DEVELOPMENT CENTER

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*A partnership program with the  
U. S. Small Business Administration and  
the University of Arkansas at Little Rock*

## **Introduction**

The purpose of this workbook is to assist you in developing a professional loan package. Enclosed you will find the tools needed to accurately complete your loan package, including a checklist, SBA forms, cash management templates, and other tools to help you gather important documents and assist in the decision-making process of your business venture.

Worksheets included in this workbook are:

1. Small Business Development Loan Checklist
2. Statement of Personal History
3. Personal Financial Statement
4. Management Resume
5. Project Cost Worksheet
6. Projected Sales Revenue Worksheet
7. Projected Cost of Goods Sold Worksheet
8. Projected Labor Expense Worksheet
9. Projected Operating Expense Worksheet
10. Writing an Executive Summary

The information requested in the enclosed workbook is for accurate preparation of your small business loan application. Please take some time in completing these worksheets. Your proposal may be reviewed by someone you have not spoken with directly. Therefore, it is important that you include enough information for them to get a good impression and understanding of your proposed venture. Be sure to include any special factors that may improve your chance for success. If you have any questions or concerns in completing these forms, please contact us at (870) 230-5184.

When the workbook is complete and you have gathered all required documents, please mail the information to the consultant. If you prefer, you may call to schedule an appointment. The consultant will review the information and notify you when the packet is complete or when more information or clarification is needed to complete the loan package.

Arkansas SBDC offers training on various topics to existing and potential business owners. Visit the statewide training schedule for the seminars near you. <http://asbdc.ualr.edu/training>

## **Check List of Required Documents for SBA/Bank Financing New Business Venture**

1.  Application for Loan: SBA form 4, 2114
2.  Statement of Personal History: SBA form 912\*  
Each member of the small business or the development company requesting assistance must submit this form in TRIPLICATE for filing with the SBA application. This form must be filled out and submitted by:
  1. By the proprietor, if a sole proprietorship.
  2. By each partner, if a partnership.
  3. By each officer, director, and additionally by each holder of 20% or more of the ownership stock, if a corporation, limited liability company, or a development company.
3.  Personal Financial Statement: SBA form 413\*  
(Everyone who owns 20% or more of the business must provide a Personal Financial Statement that has been prepared no more than 60 days before it is submitted. Husband and wife may submit a joint statement.)
4.  Detailed one (1) year projection of Income & Finances
5.  A list of names and addresses of any subsidiaries and affiliates, including concerns in which the applicant holds a controlling (but not necessarily a majority) interest and other concerns that may be affiliated by stock ownership, franchise, proposed merger or otherwise with the applicant.
6.  Certificate of Doing Business  
(Submit if sole proprietor and general partnership. If a corporation, stamp corporate seal on SBA form 4 section 12.)
7.  Articles of Incorporation (for corporations only)
8.  Articles of Organization (for LLCs only)
9.  Signed Personal Federal Income Tax Returns of principals for previous three (3) years.
10.  Personal Resume including business experience of each principal.\*
11.  Brief history of the business and its problems: Include an explanation of why the SBA loan is needed and how it will help the business.
12.  Copy of Business Lease, value of business property owned, or note from property owner giving terms of proposed lease. (All locations)
13.  Business Plan or narrative that tells what your business will be about.  
(A sample business plan is available from our office. Be sure the purpose of the loan is easily identifiable)

Credit: If you have any current or prior credit problems include a written explanation for any derogatory information. Before applying get a copy of your credit report if you are unsure of credit rating.

\*Forms provided in this workbook. ALL forms and exhibits must be signed and dated by applicant or principal.



**United States of America**  
**SMALL BUSINESS ADMINISTRATION**  
**STATEMENT OF PERSONAL HISTORY**

**Please Read Carefully - Print or Type**

Each member of the small business or the development company requesting assistance must submit this form in TRIPLICATE for filing with the SBA application. This form must be filled out and submitted by:

1. By the proprietor, if a sole proprietorship.
2. By each partner, if a partnership.
3. By each officer, director, and additionally by each holder of 20% or more of the ownership stock, if a corporation, limited liability company, or a development company.

Name and Address of Applicant (Firm Name)(Street, City, State, and ZIP Code)	SBA District/Disaster Area Office	
	Amount Applied for (when applicable)	File No. (if known)
1. Personal Statement of: (State name in full, if no middle name, state (NMN), or if initial only, indicate initial.) List all former names used, and dates each name was used. Use separate sheet if necessary.  First _____ Middle _____ Last _____	2. Give the percentage of ownership or stocked owned _____ Social Security No. _____ or to be owned in the small business or the development company	
	3. Date of Birth (Month, day, and year) _____	
	4. Place of Birth: (City & State or Foreign Country) _____	
	5. U.S. Citizen? <input type="checkbox"/> YES <input type="checkbox"/> NO If No, are you a Lawful Permanent resident alien: <input type="checkbox"/> YES <input type="checkbox"/> NO If non- U.S. citizen provide alien registration number: _____	

Name and Address of participating lender or surety co. (when applicable and known)	
6. Present residence address: From: _____ To: _____ Address: _____  Home Telephone No. (Include A/C): _____ Business Telephone No. (Include A/C): _____	Most recent prior address (omit if over 10 years ago): From: _____ To: _____ Address: _____

**PLEASE SEE REVERSE SIDE FOR EXPLANATION REGARDING DISCLOSURE OF INFORMATION AND THE USES OF SUCH INFORMATION.**

**IT IS IMPORTANT THAT THE NEXT THREE QUESTIONS BE ANSWERED COMPLETELY. AN ARREST OR CONVICTION RECORD WILL NOT NECESSARILY DISQUALIFY YOU; HOWEVER, AN UNTRUTHFUL ANSWER WILL CAUSE YOUR APPLICATION TO BE DENIED.**

**IF YOU ANSWER "YES" TO 7, 8, OR 9, FURNISH DETAILS ON A SEPARATE SHEET. INCLUDE DATES, LOCATION, FINES, SENTENCES, WHETHER MISDEMEANOR OR FELONY, DATES OF PAROLE/PROBATION, UNPAID FINES OR PENALTIES, NAME(S) UNDER WHICH CHARGED, AND ANY OTHER PERTINENT INFORMATION.**

7. Are you presently under indictment, on parole or probation? <input type="checkbox"/> Yes <input type="checkbox"/> No (If yes, indicate date parole or probation is to expire.)	
8. Have you ever been charged with and or arrested for any criminal offense other than a minor motor vehicle violation? Include offenses which have been dismissed, discharged, or not prosecuted (All arrests and charges must be disclosed and explained on an attached sheet.)  <input type="checkbox"/> Yes <input type="checkbox"/> No	
9. Have you ever been convicted, placed on pretrial diversion, or placed on any form of probation, including adjudication withheld pending probation, for any criminal offense other than a minor vehicle violation?  <input type="checkbox"/> Yes <input type="checkbox"/> No	
10. I authorize the Small Business Administration Office of Inspector General to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, and the Small Business Investment Act.	

**CAUTION:** Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your loan, surety bond, or other program participation. A false statement is punishable under 18 USC 1001 by imprisonment of not more than five years and/or a fine of not more than \$10,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

Signature _____	Title _____	Date _____
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<b>Agency Use Only</b> 11. <input type="checkbox"/> Fingerprints Waived _____ Date _____ Approving Authority _____ <input type="checkbox"/> Fingerprints Required _____ Date _____ Approving Authority _____ Date Sent to OIG _____	12. <input type="checkbox"/> Cleared for Processing _____ Date _____ Approving Authority _____ 13. <input type="checkbox"/> Request a Character Evaluation _____ Date _____ Approving Authority _____ (Required whenever 7, 8 or 9 are answered "yes" even if cleared for processing.)
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PLEASE NOTE: The estimated burden for completing this form is 15 minutes per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. OMB Approval 3245-0178. **PLEASE DO NOT SEND FORMS TO OMB.**



## **NOTICES REQUIRED BY LAW**

The following is a brief summary of the laws applicable to this solicitation of information.

### **Paperwork Reduction Act (44 U.S.C. Chapter 35)**

SBA is collecting the information on this form to make a character and credit eligibility decision to fund or deny you a loan or other form of assistance. The information is required in order for SBA to have sufficient information to determine whether to provide you with the requested assistance. The information collected may be checked against criminal history indices of the Federal Bureau of Investigation.

### **Privacy Act (5 U.S.C. § 552a)**

Any person can request to see or get copies of any personal information that SBA has in his or her file, when that file is retrievable by individual identifiers, such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. Disclosures of name and other personal identifiers are, however, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. In making loans pursuant to section 7(a)(6) the Small Business Act (the Act), 15 USC § 636 (a)(6), SBA is required to have reasonable assurance that the loan is of sound value and will be repaid or that it is in the best interest of the Government to grant the assistance requested. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC § 636(a)(1)(B). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC §§ 634(b)(11) and 687b(a). For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

When this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local, or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. See 56 Fed. Reg. 8020 (1991) for other published routine uses.



**PERSONAL FINANCIAL STATEMENT**

**U.S. SMALL BUSINESS ADMINISTRATION**

As of \_\_\_\_\_, \_\_\_\_\_

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name	Business Phone
Residence Address	Residence Phone
City, State, & Zip Code	
Business Name of Applicant/Borrower	

ASSETS	(Omit Cents)	LIABILITIES	(Omit Cents)
Cash on hand & in Banks .....	\$ _____	Accounts Payable .....	\$ _____
Savings Accounts .....	\$ _____	Notes Payable to Banks and Others .....	\$ _____
IRA or Other Retirement Account .....	\$ _____	(Describe in Section 2)	
Accounts & Notes Receivable .....	\$ _____	Installment Account (Auto) .....	\$ _____
Life Insurance-Cash Surrender Value Only .....	\$ _____	Mo. Payments \$ _____	
(Complete Section 8)		Installment Account (Other) .....	\$ _____
Stocks and Bonds .....	\$ _____	Mo. Payments \$ _____	
(Describe in Section 3)		Loan on Life Insurance .....	\$ _____
Real Estate .....	\$ _____	Mortgages on Real Estate .....	\$ _____
(Describe in Section 4)		(Describe in Section 4)	
Automobile-Present Value .....	\$ _____	Unpaid Taxes .....	\$ _____
Other Personal Property .....	\$ _____	(Describe in Section 6)	
(Describe in Section 5)		Other Liabilities .....	\$ _____
Other Assets .....	\$ _____	(Describe in Section 7)	
(Describe in Section 5)		Total Liabilities .....	\$ _____
<b>Total</b>	\$ _____	Net Worth .....	\$ _____
		<b>Total</b>	\$ _____

Section 1. Source of Income	Contingent Liabilities
Salary .....	As Endorser or Co-Maker .....
Net Investment Income .....	Legal Claims & Judgments .....
Real Estate Income .....	Provision for Federal Income Tax .....
Other Income (Describe below)* .....	Other Special Debt .....

Description of Other Income in Section 1.

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\*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

**Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).**

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

**Section 5. Other Personal Property and Other Assets.** (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

**Section 6. Unpaid Taxes.** (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

**Section 7. Other Liabilities.** (Describe in detail.)

**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. **PLEASE DO NOT SEND FORMS TO OMB.**



**ESTIMATED START-UP COSTS**

Balance Sheet Items:

Land	\$	
Building		
Furniture & Fixtures		
Counters, display stands, shelves, tables		
Window display fixtures		
Storage shelves and cabinets		
Outside sign		
Autos		
Machinery & Equipment		
Cash register		
Computer		
Tools		
Machines		
Other (specify)		
Starting Inventory, Merchandise		
Starting Inventory, Raw Materials		
Starting Inventory, Supplies		
Decorating & Remodeling		
Installation of Fixtures and Equipment		
Deposits (utilities, lease, etc.)		

SUBTOTAL \$ \_\_\_\_\_

Profit & Loss Statement Items:

Licenses and Permits		
Legal and Accounting Fees		
Other Professional Fees		
Advertising for Opening, etc.		
Promotions (door prizes, etc.)		
Printing		
Other (specify)		

SUBTOTAL \$ \_\_\_\_\_

TOTAL START-UP COSTS \$ \_\_\_\_\_

## Project Cost Worksheet

**Purpose**

Completion of this worksheet should provide the consultant with the total cost of starting the venture.

**Directions**

In Column 1, show the amount you expect to borrow for the category listed. In Column 2, show the amount you will contribute for the category listed. Column 3 will then be the total start up needs for a particular category. If a category does not apply, skip it.

<u>Category</u>	<u>Provided by Loan</u>	<u>Provided by Applicant</u>	<u>Category Total</u>
1. Land Acquisition	_____	_____	_____
2. Land Improvements	_____	_____	_____
3. Building	_____	_____	_____
4. Building Improvements	_____	_____	_____
5. Leasehold Improvements	_____	_____	_____
6. Equipment	_____	_____	_____
7. Furniture/Fixtures	_____	_____	_____
8. Vehicles	_____	_____	_____
9. Franchise Fee	_____	_____	_____
10. Merchandise Inventory	_____	_____	_____
11. Working Capital	_____	_____	_____
12. Other-Explain Below	_____	_____	_____
PROJECT TOTALS	_____	_____	_____

Explanation of Item 12:

Explain the source of assets you will be contributing to the business:

# ESTIMATE YOUR 12-MONTH OPERATING BUDGET

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The operating budgets for your business are summaries of the business' projected sales and expenses, cash flow, and balance sheet. They are the road maps by which you project and chart the business' future, compare actual performance to your expectations, and adjust the business' operations as needed to stay on course.

Be conservative and realistic as you develop your operating budgets. It is much better to outperform your projections than to try to explain why you didn't meet them — especially if you must explain that to your banker.

Some types of businesses may not achieve a profit in the first year. Extend your profit or loss projection up to the point where your projected figures show an annual profit. For example, a fish farm takes as much as nine months to grow its first "crop" of fish for market. Production costs have been incurred all that time, so expenses may exceed total sales in the first year. If they do, the result is a net loss for the year.

The projected profit or loss statement should include all the normal costs associated with the day-to-day operation of your business. Some of these expenses are fixed — that is, they continue whether or not the business has sales. Others are variable — they are controllable and, sometimes, directly dependent on the business' sales volume. Be sure to allow for miscellaneous expenses — all the things you have not thought of or anticipated.

It is important that you obtain reliable estimates wherever possible. For example, public utility companies can give you estimates on monthly bills for your proposed location. Your insurance agent can give you advice on the types of coverage you need and estimated costs for that coverage.

Once you have completed the projections, study them for any changes you may want to make. For example, if your profit margin is below industry standard, can you increase your price? You might consider operating out of your home. Do you need to decrease your salary?

Use the worksheets which follow to project the expected sales and expenses of your business in its first year of operation. Detailed worksheets are provided for estimating sales, cost of goods sold, labor-related expenses, and operating expenses.

# HOW TO PREPARE THE PROJECTED SALES REVENUE WORKSHEET

Month	Write in the months for your projected twelve-month calendar	12-Mo. Total
+ Sales: Product 1 + Sales: Product 2 + Sales: Product 3 + Other Sales <hr style="border: 0; border-top: 1px solid black;"/> + <b>Gross Sales</b>	<p style="text-align: center;">Enter your projected sales by month for each product of service</p> <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">Sum each month's total sales</p>	<p>Sum your twelve- month totals and enter in this column</p>
- Returns <hr style="border: 0; border-top: 1px solid black;"/> = <b>Net Sales</b>	<p>List your projected amount of product returns, by month</p> <hr style="border: 0; border-top: 1px solid black;"/> <p>Subtract the projected monthly returns from the projected gross sales to yield Net Sales</p>	

# PROJECTED SALES REVENUE WORKSHEET

Month													12-Mo. Total
+ Sales Product: 1													
+ Sales Product: 2													
+ Sales Product: 3													
+ Other Sales													
<b>+ Gross Sales</b>													
- Returns													
<b>= Net Sales</b>													

Sales Revenue Assumptions:

1. The sources of information for my sales projection are: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
2. If the total market demand for my product/service =100%, my projected sales volume represents \_\_\_\_\_% of this total market.
3. The following factors might lower my sales projections: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## HOW TO PREPARE THE PROJECTED COST OF GOODS SOLD WORKSHEET

<b>Month:</b>	Write in the months for your projected twelve-month calendar	<b>12-Mo. Total</b>
+Beginning Merchandise Inventory	Enter the beginning balance of inventory each month	Sum your twelve-month totals and enter in this column
+Net Purchases	Record each month's projected purchases of inventory	
+Freight In	Enter freight charges for inventory purchases	
=Total Merchandise Available for Sale	Sum beginning inventory, purchases, and freight costs to arrive at value of total merchandise available for sale	
- Ending Merchandise Inventory	Enter your projected amount of inventory on hand at the end of each month	
<b>=Cost of Goods Sold</b>	Subtract ending inventory from total merchandise available to get Cost of Goods Sold	

*NOTE: This worksheet does not include direct labor costs as part of total cost of goods sold. Labor costs would properly be part of cost of goods sold of manufacturers and some other types of businesses.*



# HOW TO PREPARE THE PROJECTED LABOR EXPENSE WORKSHEET

Month =	Write in the months for your projected twelve-month calendar	12 Mo. Total
+ Owner's Salary	Enter amount of owner's monthly salary from business	Sum your twelve-month totals and enter in this column
+ Employee 1	Enter each employee's monthly wages. To compute, multiply hourly wage by estimated hours per week times 4.3 weeks per month.	
+ Employee 2		
+ Employee 3		
+ Employee 4		
<b>= Total Wages</b>	Sum owner's salary and all employees' wages, by month	
+ FICA	Multiply "Total Wages" by FICA rate *	
+ FUTA	Multiply "Total Wages" by FUTA rate *	
+ SUTA	Multiply "Total Wages" by SUTA rate *	
+ Worker's Comp Ins.	Enter projected cost of worker's compensation insurance	
+ Employee Benefits	Enter monthly costs of any additional benefits (health/life insurance, etc.)	
<b>= Total Labor-Related Expense</b>	Sum all labor-related expense, by month	

\* FICA = social security and medicare tax  
 FUTA = federal unemployment tax, based on first \$7,000 of wages per employee  
 SUTA = state unemployment tax, based on first \$8,000 of wages per employee

# PROJECTED LABOR EXPENSE WORKSHEET

Month =		12 Mo. Total
+ Owner's Salary		
+ Employee 1		
+ Employee 2		
+ Employee 3		
+ Employee 4		
<b>= Total Wages</b>		
+ FICA		
+ FUTA		
+ SUTA		
+ Worker's Comp Ins.		
+ Employee Benefits		
<b>= Total Labor-Related Expense</b>		

Labor Expense Assumptions:

The sources of my cost estimates in the following areas are:

Payroll Taxes: \_\_\_\_\_

Employee Benefits: \_\_\_\_\_

Worker's Compensation Insurance: \_\_\_\_\_

Hourly Wage Rate: \_\_\_\_\_

# HOW TO PREPARE THE PROJECTED OPERATING EXPENSE WORKSHEET

Month =	Write in the months for your projected twelve-month calendar	12-Mo. Total
+ Total Wages	Enter total wages, by month, from Projected Labor Expense Worksheet	Sum your twelve-month totals and enter in this column
+ Labor-Related Exp.	Enter total labor-related expense, by month, from Projected Labor Expense Worksheet	
+ Commissions	Enter total monthly commissions paid to sales staff	
+ Advertising		
+ Auto/Truck		
+ Bad Debts	Projected bad debt expense on customer sales	
+ Bank Charges	Estimated bank fees on business checking accounts, bank credit card charges, etc.	
+ Depreciation	Estimated monthly depreciation expense on fixed assets (e.g., building, equipment) owned by business	
+ Freight Out/Postage		
+ Insurance	Projected business insurance costs (e.g., liability, building and property, business interruption, etc.)	
+ Legal/Accounting		
+ Rent		
+ Repairs/Maintenance	Projected facility upkeep or repairs per month	
+ Supplies		
+ Taxes/Licenses	Projected property taxes, privilege license fees, etc.	
+ Travel/Entertainment		
+ Utilities/Telephone		
+ Miscellaneous	Estimated amount for unplanned or unknown costs, by month	
<b>= Total Operating Exp.</b>	Sum of all operating expenses, by month	

NOTE: Enter projected monthly costs for each category of operating expense listed on the left; additional comments are offered for some cost items.

# PROJECTED OPERATING EXPENSE WORKSHEET

Month =													12-Mo. Total
+ Total Wages													
+ Labor-Related Exp.													
+ Commissions													
+ Rent													
+ Utilities/Telephone													
+ Freight Out/Postage													
+ Repairs/Maintenance													
+ Advertising													
+ Supplies													
+ Insurance													
+ Auto/Truck													
+ Legal/Accounting													
+ Taxes/Licenses													
+ Bank Charges													
+ Bad Depts													
+ Depreciation													
+ Travel/Entertainment													
+ Miscellaneous													
<b>= Total Operating Exp.</b>													

Operating Expense Assumptions:

The sources of my cost estimates in the following areas are:

- Rent \_\_\_\_\_
- Utilities/Telephone \_\_\_\_\_
- Advertising \_\_\_\_\_
- Insurance \_\_\_\_\_
- Legal/Accounting \_\_\_\_\_
- Depreciation \_\_\_\_\_

## Writing A Business Plan

Every business can benefit from the preparation of a carefully written business plan. The purpose of the business plan is to:

1. Help you think through the venture and ensure you have considered all your options and anticipated any potential difficulties.
2. Convince lenders and investors that you are in control of the project and that their money will be safe with you.
3. Serve as an operating guide as you turn your idea into a viable business.

The following pages provide a suggested outline of the material that should be included in your business plan. The final product should be tailored to fit the circumstances and personality of you and your business.

### Business Plan Outline

- 1. Cover:** Name, address, and phone number of business. Give your plan a businesslike appearance by typing on high quality paper and putting it in a vinyl or cardstock binder or a three-ring binder.
- 2. Title Page:** Repeat the business name, address and phone number, and add the name and addresses of the principal owners. Also show the dates of issue of the plan and type "copy number \_\_\_\_" so you can number and control the copies.
- 3. Executive Summary:** A brief (one-page) statement of the business plan objectives. Address the following questions and add additional information that will help you achieve your goals. (You may choose to write this page last.)
  - What is the purpose of this plan? Will it be used as: An operating guide? A financing proposal?
  - What business structure have you chosen (i.e., sole proprietorship, partnership, corporation, s-corporation)?
  - Who are the principals and what are their proportions of ownership?
  - Why will the venture be successful?

For a financing proposal:

- Who is requesting the funds and how much is needed?
- What will the money be used for?
- How will the funds be repaid?
- What collateral will be offered to secure the loan?
- Why does a loan or an investment make sense? Impact on local economy, Job creation, Increased tax base, Investment in the future of the community.

- 4. Table of Contents:** A single page showing major topics and page references.

**5. Description of the Business:** Answer as many of the following questions as are appropriate:

- What business are you in?
- Type of business: primarily merchandising, manufacturing, or service?
- What is the nature of the product(s) or service(s)?
- What will be special about your business?
- What market do you intend to serve? What is the total market, and what is your expected share?
- How can you serve the market better than your competition?
- Present status of the business: start-up, expansion of a going concern, or take-over of an existing business?
- If you will be doing any contract work, what are the terms? Reference any firm contracts and include them as supporting documents.
- Do you have any letters of intent from prospective suppliers?

Note: If yours will be a seasonal business, make sure seasonality is reflected in your narrative and financial projections with appropriate footnotes.

**6. Business Location:**

- What is your business address and why did you choose this location?
- Will the building be leased or owned?
- What are the terms and length of the lease contract?
- What renovations will be needed and at what cost?
- Describe the neighborhood (e.g., stable, changing, improving, deteriorating).
- What other kinds of businesses are in the neighborhood?
- How much can your business expand before you will be forced to move or add on to the present building?

**7. Licenses and Permits:**

- Is your business name registered with the secretary of state?
- State how you will be affected by local zoning regulations.
- What other licenses or permits will you be required to obtain?

**8. Management:**

- What is your business and management experience?
- What education have you had, including both formal and informal courses, that contributes to your management abilities?
- Are you physically suited to the job?
- Do you have direct operational and/or management experience in this type of business?
- Describe your organizational structure and include a brief description of who does what. (Include an organizational chart if necessary.)
- List proposed salaries and wages.
- What other management resources will be available (accountant, lawyer, SBDC)?

**9. Personnel:** Write a paragraph or two about your personnel needs.

- What are your anticipated personnel needs?
- What skills must your employees have?
- Can you use part-time help to meet changing business volume?
- Will you have to train people and at what cost?

**10. Insurance:** Describe your potential business risks and tell what insurance coverage you will purchase to protect yourself.

**11. The Market:** Generally explain who needs your product or service and how you plan to reach them.

- What is the present size and growth potential of the market?
- What percent of the market will you have now and in the future?
- Describe age, sex, occupation, lifestyle, income, etc. of your various market segments.
- How will you attract and keep your segment of the market? Product quality, price, public relations, and personal selling.
- What features or services will you offer that will justify your price?
- How will you handle credit sales? Extend your own credit or accept major credit cards.

**12. Competition:** Briefly describe your competition and tell how their operations are similar and dissimilar to yours. What is your unique selling proposition and how will you use it to control your market?

**13. Financial Data:**

- Source and application of funds statement.
- Capital equipment list.
- Current balance sheet and income statement (less than 90 days old).
- Break-even analysis.
- Projected income statement: Detail by month, first year; Detail by quarter, second year; Notes of explanation and assumptions.
- Cash flow projections: Detail by month, first year; Detail by quarter, second year; Notes of explanation and assumptions.
- Projected balance sheet
- Notes of explanation and assumptions

**14. Supporting Documents:**

- Letters of reference.
- Letters of intent from prospective suppliers or customers.
- Copies of all leases, contracts, or agreements, deeds, or other legal documents.
- Any other information that might help your case or answer potential questions.