ENTREPRENEUR CURRICULUM

Business Plans for Capital & Growth

For more information, visit:
https://whcusa.com/contact/

WHC

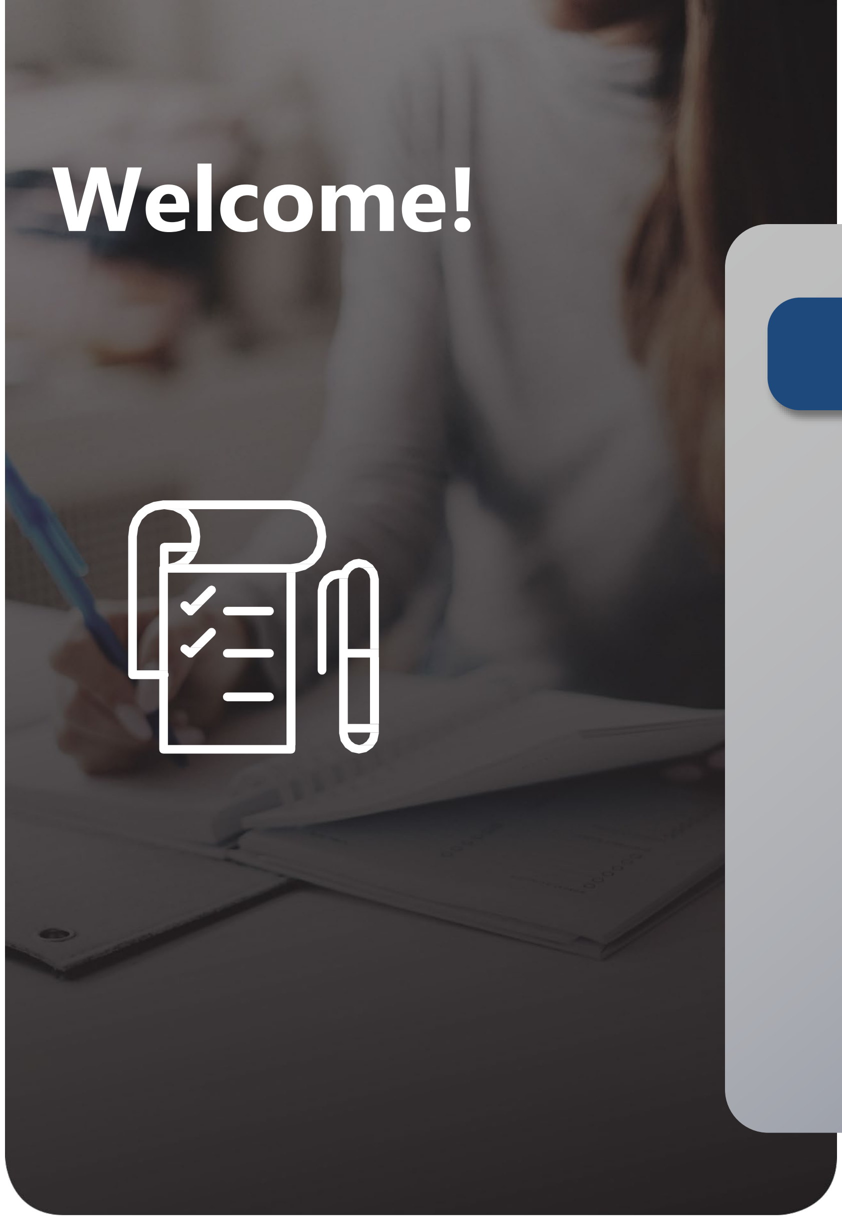
Agenda

Learning Session

Facilitator: Will Holmes

1. Welcome
2. Key Sections of the Plan
3. Before You Start Writing
4. Free and Recommended Resources
5. Q&A

Welcome!



Writing the Business Plan for Capital & Growth

During this 2-hour session, the Facilitator (Will Holmes) will welcome the Participants and program partners. We will discuss sections of the business plan, cashflow projections, business model and pricing, scaling your company, value proposition, competition, SWOT, effective communication with a lender, credit and essential documentation.

Resources and links will be listed throughout the presentation. Contact info for free support will be given. For dedicated support from WHC, visit whcusa.com/contact. A copy of this presentation will be made available.

Please keep your mics on mute and submit questions for the Q&A.

About Will

Will Holmes, Founder, WHC
https://whcusa.com/contact/

Founder of WHC
Established in 2006
Staff of 18

Founder of Baltimore Professionals & Entrepreneurs
Established in 2011
6,044 members

Chairman of the Board of Directors of the Baltimore City Chamber of Commerce
Elected 2019
400+ Members, representing 23,000 employees

Chairman and CEO Baltimore Economic Leadership League
Lending and Membership start January 2022

About Will

Will Holmes, Founder, WHC
https://whcusa.com/contact/

Clients

- Goldman Sachs 10,000 small businesses
- Johns Hopkins Carey Business School
- Morgan State University
- University of Baltimore Merrick School of Business
- Anne Arundel Economic Development Corporation
- Baltimore County Maryland
- Department of Defense, United States of America
- StartUpAfrica
- SoundExchange
- The Harbor Bank of Maryland
- Baltimore Means Business

Partners

- City of Baltimore
- Maryland
- SBA U.S. Small Business Administration
- Loyola University Maryland
- AFRO News The Black Media Authority
- Federal Reserve Bank of Richmond, Richmond • Baltimore • Charlotte
- Minority Business Development Agency, U.S. Department of Commerce
- America's SBDC Accredited Member Maryland
- National Urban League

About Will

Will Holmes, Founder, WHC
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Awards

- The Governor of Maryland
- The Comptroller of Maryland
- The Mayor's Office of the City of Baltimore
- The Baltimore City Chamber of Commerce
- United States Senator Chris Van Hollen
- United States Senator Ben Cardin
- Baltimore County Executive Kevin Kamenetz
- The Mayor's Office of Employment Development
- The University of Baltimore Merrick School of Business
- The Greater Baltimore Leadership Association
- National Association of African Americans in Human Resources
- Network for Teaching Entrepreneurship
- Men Impact Change
- Baltimore Urban Alliance
- American Cancer Society

About Will

Greatest Accomplishment

POLL- 3 Questions About You

Business Owners, tell us:

1.Why do you want to write a business plan?
*To get capital
*To plan the growth of your business
*Both

2. How long have you been in business?
*Under 5 years
*Over 5 years

3. Do you plan to write your business plan or pay someone else to do it?
*Write it myself
*Pay someone else

KEY SECTIONS OF THE BUSINESS PLAN

Resources

Download a business plan template from:

https://www.liveplan.com/

https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan

https://www.score.org/resource/business-plan-template-startup-business

We do recommend asking the lending institution which version/ format they prefer and what documentation should accompany the plan.

Different Audiences?

Have different versions of the plan.

1.Lender
*The lower the risk, the better.
*Will they pay us back?
*Does this plan make sense and will this business actually have adequate revenue to pay us back?

2. Investor
*How much money do you need now to make me 5x to 10x my investment later?
*If I invest more now, will you be able to make me more money faster?
*How will this impact the market and what other ways can this idea make money?

3. Partner
*Is this business stable enough for me to invest my time and money?
*Will this be the best use of my time and resources?
*How much more money/impact can I make by partnering than I would on my own?

Executive Summary, Projections & Conclusion Emphasis:

Low Risk

High Return

Reasonable Risk
Highest Return

INTRODUCE THE COMPANY

PRODUCT/ SERVICE

TEAM

UNFAIR ADVANTAGE & GROWTH STRATEGY

HOW MUCH DO YOU NEED?/ WHAT IS THE ASK?

EXECUTIVE SUMMARY

Briefly tell your reader what your company is and why it will be successful. Include your mission statement, your product or service, and basic information about your company's leadership team, employees, and location. You should also include financial information and high-level growth plans if you plan to ask for financing.

BE AWARE OF AUDIENCE AND VERSION!

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COMPANY DETAILS

THE PROBLEM YOU SOLVE

COMPETITIVE ADVANTAGE

STRENGTHS

COMPANY DESCRIPTION

Use your company description to provide detailed information about your company. Go into detail about the problems your business solves. Be specific, and list out the consumers, organization, or businesses your company plans to serve.

Explain the competitive advantages that will make your business a success. Are there experts on your team? Have you found the perfect location for your store? Your company description is the place to boast about your strengths.

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YOUR VALUE PROPOSITION

INDUSTRY

TARGET MARKET

COMPETITON

YOUR ADVANTAGE

MARKET RESEARCH & ANALYSIS

You'll need a good understanding of your industry outlook and target market. Competitive research will show you what other businesses are doing and what their strengths are. In your market research, look for trends and themes. What do successful competitors do? Why does it work? Can you do it better? Now's the time to answer these questions.

STRENGTHS IN YOUR BUSINESS

WEAKNESSES THAT YOU RECOGNIZE & WILL ADDRESS

OPPORTUNITIES IN THE MARKET

THREATS TO YOUR BUSINESS

LAWS/ REGULATIONS

SWOT ANALYSIS

SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats and is a structured planning method that evaluates those four elements of an organization, project or business venture. A SWOT analysis is a simple, but powerful, framework for leveraging the organization's strengths, improving weaknesses, minimizing threats, and taking the greatest possible advantage of opportunities.

BUSINESS STRUCTURE

MANAGEMENT TEAM

LEGAL STRUCTURE

ORG CHART

WHAT'S SPECIAL?

Tell your reader how your company will be structured and who will run it. Describe the legal structure of your business. State whether you have or intend to incorporate your business as a C or an S corporation, form a general or limited partnership, or if you're a sole proprietor or limited liability company (LLC).
Use an organizational chart to lay out who's in charge of what in your company. Show how each person's unique experience will contribute to the success of your venture. Consider including resumes and CVs of key members of your team.

WHAT DO YOU SELL?

BENEFITS FOR CUSTOMER?

INTELLECTUAL PROPERTY

R&D

FUTURE GROWTH

SERVICE OR PRODUCT LINE

Describe what you sell or what service you offer. Explain how it benefits your customers and what the product lifecycle looks like. Share your plans for intellectual property, like copyright or patent filings. If you're doing research and development for your service or product, explain it in detail.

CUSTOMER NEED & YOUR VALUE PROPOSITION

MARKETING CHANNELS

CUSTOMER LIFECYCLE

METRICS

STRATEGY

PAST SUCCESSES

MARKETING & SALES

There's no single way to approach a marketing strategy. Your strategy should evolve and change to fit your unique needs. Your goal in this section is to describe how you'll attract and retain customers. You'll also describe how a sale will actually happen. You'll refer to this section later when you make financial projections, so make sure to thoroughly describe your complete marketing and sales strategies.

HOW MUCH DO YOU NEED?

WHAT IS THE ASK?

WHAT IS THE PURPOSE?

DEBT OR EQUITY?

FUTURE PLANS

FUNDING REQUEST

If you're asking for funding, this is where you'll outline your funding requirements. Your goal is to clearly explain how much funding you'll need over the next five years and what you'll use it for.

Specify whether you want debt or equity, the terms you'd like applied, and the length of time your request will cover. Give a detailed description of how you'll use your funds. Specify if you need funds to buy equipment or materials, pay salaries, or cover specific bills until revenue increases. Always include a description of your future strategic financial plans, like paying off debt or selling your business.

BE AWARE OF AUDIENCE AND VERSION!

STABLE

CONSERVATIVE MARKET SHARE

CONSERVATIVE GROWTH

DETAILED EXPENSES

MULTIPLE REVENUE LINES & GREAT ROI

FINANCIAL PLAN AND PROJECTIONS

Supplement your funding request with financial projections. Your goal is to convince the reader that your business is stable and will be a financial success.

If your business is already established, include income statements, balance sheets, and cash flow statements for the last three to five years. If you have other collateral you could put against a loan, make sure to list it now. Provide a prospective financial outlook for the next five years. Include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, be even more specific and use quarterly — or even monthly — projections. Make sure to clearly explain your projections and match them to your funding requests.

This is a great place to use graphs and charts to tell the financial story of your business.

BE AWARE OF AUDIENCE AND VERSION!

PRODUCT/ SERVICE

TEAM

UNFAIR ADVANTAGE & GROWTH STRATEGY

HOW MUCH DO YOU NEED?/ WHAT IS THE ASK?

GREAT INVESTMENT

SUMMARY/ CONCLUSION

Re-emphasize what your company is and why it will be successful. Re-emphasize your mission statement, your product or service, and extraordinary information about your company's leadership team, employees, and location. You should reference key trends and financial projections that show that this company is ready for a specific amount capital to do what is outlined in the plan.

BE AWARE OF AUDIENCE AND VERSION!

CREDIT HISTORIES

RESUMES

LETTERS OF REFERENCE

PAST CONTRACTS

LEGAL DOCUMENTS

SUPPORTING FINANCIAL DOCUMENTS

APPENDIX

Use your appendix to provide supporting documents or other materials were specially requested. Common items to include are credit histories, resumes, product pictures, letters of reference, licenses, permits, patents, legal documents, and other contracts.

BEFORE YOU START WRITING YOUR PLAN, CONSIDER THE FOLLOWING:

“Honey, I want a new kitchen.”

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12 Month Cash Flow Forecast

- Magic
- Best Tool for Explaining Growth
- Milestones for Capacity Building
- Different Ways to Make Money
- Healthy Spending Budget
- Conservative/ Multiple Revenue Lines
- Taxes/ Fees/ Insurance
- Low Risk= Happy Lenders
- Great Return= Happy Investors & Partners

Cash Flow Forecast - 12 Months

Month:	Pre-Start	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Receipts														
Cash sales	0	0	10,020	10,855	12,525	14,195	15,865	18,370	21,710	24,215	26,406	28,808	33,066	216,035
Collections from credit sales	0	0	0	251	418	501	501	585	752	752	1,002	1,002	1,166	6,930
New equity inflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans received	0	16,700	0	0	8,350	0	0	8,350	0	0	8,350	0	0	41,750
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	0	16,700	10,020	11,106	21,293	14,696	16,366	27,305	22,462	24,967	35,758	29,810	34,232	264,715
Payments														
Cash purchases	0	401	326	166	131	237	166	149	149	166	113	113	167	2,284
Payments to creditors	0	1,203	978	499	392	713	499	446	446	499	339	339	503	6,856
Salaries and wages	0	6,304	5,120	2,620	2,058	3,728	2,620	2,336	2,336	2,620	1,780	1,780	2,631	35,933
Employee benefits	0	3,152	2,560	1,310	1,029	1,864	1,310	1,168	1,168	1,310	890	890	1,315	17,966
Payroll taxes	0	1,051	853	437	343	621	437	389	389	437	297	297	438	5,989
Rent	0	5,253	4,267	2,183	1,715	3,107	2,183	1,947	1,947	2,183	1,483	1,483	2,192	29,943
Utilities	0	1,021	830	425	333	604	425	379	379	425	288	288	426	5,823
Repairs and maintenance	0	584	474	243	191	345	243	216	216	243	165	165	244	3,329
Insurance	0	1,021	830	425	333	604	425	379	379	425	288	288	426	5,823
Travel	0	1,240	1,007	515	405	734	515	460	460	515	350	350	518	7,069
Telephone	0	1,043	847	434	341	617	434	387	387	434	295	295	435	5,949
Postage	0	438	358	182	143	259	182	162	162	182	124	124	183	2,499
Office supplies	0	949	770	394	310	561	394	352	352	394	268	268	396	5,408
Advertising	0	6,938	5,635	2,883	2,265	4,103	2,883	2,571	2,571	2,883	1,959	1,959	2,895	39,545
Marketing/promotion	0	5,439	4,418	2,261	1,776	3,217	2,261	2,016	2,016	2,261	1,536	1,536	2,270	31,007
Professional fees	0	1,751	1,422	728	572	1,036	728	649	649	728	494	494	731	9,982
Training and development	0	26	21	11	9	16	11	10	10	11	7	7	11	150
Bank charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner's drawings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax payments	0	25,050	0	4,175	0	0	0	0	0	0	0	0	0	29,225
Capital purchases	0	0	0	0	10,000	0	0	10,000	0	0	21,325	0	0	41,325
Other	0	0	0	0	0	0	0	0	0	0	0			0
Total Payments	0	62,864	30,716	19,891	22,346	22,366	15,716	24,016	14,016	15,716	32,001	10,676	15,781	286,105
Cashflow Surplus/Deficit (-)	0	(46,164)	(20,696)	(8,785)	(1,053)	(7,670)	650	3,289	8,446	9,251	3,757	19,134	18,451	(21,390)
Opening Cash Balance	0	0	(46,164)	(66,860)	(75,645)	(76,698)	(84,368)	(83,718)	(80,429)	(71,983)	(62,732)	(58,975)	(39,841)	(747,413)
Closing Cash Balance	0	(46,164)	(66,860)	(75,645)	(76,698)	(84,368)	(83,718)	(80,429)	(71,983)	(62,732)	(58,975)	(39,841)	(21,390)	(768,803)

WHC

12 Month Cash Flow Forecast

- Tell A Story/ Prepare for Growth
- Savings Plan
- Investing/ Retirement Plan
- Repayment Plan for Loans
- Reinvestment in the business
- Projections and Actual Versions
- Meet monthly with someone who will hold you accountable
- Why do you need this money and how much do you need?

Cash Flow Forecast - 12 Months

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Collections from credit sales	0	0	0	251	418	501	501	585	752	752	1,002	1,002	1,166	**6,930**
New equity inflow	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Loans received	0	16,700	0	0	8,350	0	0	8,350	0	0	8,350	0	0	**41,750**
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Receipts	**0**	**16,700**	**10,020**	**11,106**	**21,293**	**14,696**	**16,366**	**27,305**	**22,462**	**24,967**	**35,758**	**29,810**	**34,232**	**264,715**
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Bank charges	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Owner's drawings	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Loan repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Tax payments	0	25,050	0	4,175	0	0	0	0	0	0	0	0	0	**29,225**
Capital purchases	0	0	0	0	10,000	0	0	10,000	0	0	21,325	0	0	**41,325**
Other	0	0	0	0	0	0	0	0	0	0	0			**0**
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12 Month Cash Flow Forecast

- Understand how you make money and what must happen for you to succeed. These are your conservative assumptions.
- Consider that everything gets more expensive over time. If you aren't growing your business is dying.
- Profitability is how much you keep!

Cash Flow Forecast - 12 Months

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Tax payments	0	25,050	0	4,175	0	0	0	0	0	0	0	0	0	**29,225**
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Total Payments	**0**	**62,864**	**30,716**	**19,891**	**22,346**	**22,366**	**15,716**	**24,016**	**14,016**	**15,716**	**32,001**	**10,676**	**15,781**	**286,105**
Cashflow Surplus/Deficit (-)	**0**	**(46,164)**	**(20,696)**	**(8,785)**	**(1,053)**	**(7,670)**	**650**	**3,289**	**8,446**	**9,251**	**3,757**	**19,134**	**18,451**	**(21,390)**
Opening Cash Balance	**0**	**0**	**(46,164)**	**(66,860)**	**(75,645)**	**(76,698)**	**(84,368)**	**(83,718)**	**(80,429)**	**(71,983)**	**(62,732)**	**(58,975)**	**(39,841)**	**(747,413)**
Closing Cash Balance	**0**	**(46,164)**	**(66,860)**	**(75,645)**	**(76,698)**	**(84,368)**	**(83,718)**	**(80,429)**	**(71,983)**	**(62,732)**	**(58,975)**	**(39,841)**	**(21,390)**	**(768,803)**

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12 Month Cash Flow Forecast

- We're not getting younger. Plan for investments, retirement, savings, big purchases.
- Business Owner or Self Employed?
- What's your exit strategy?
- Focus on making profit and the growth of your business. Get past your fears and delegate tasks to others. Use customer money to pay the team. Be ruthless and make decisions based on numbers.

Cash Flow Forecast - 12 Months

Month:	Pre-Start	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Receipts														
Cash sales	0	0	10,020	10,855	12,525	14,195	15,865	18,370	21,710	24,215	26,406	28,808	33,066	216,035
Collections from credit sales	0	0	0	251	418	501	501	585	752	752	1,002	1,002	1,166	6,930
New equity inflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans received	0	16,700	0	0	8,350	0	0	8,350	0	0	8,350	0	0	41,750
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	0	16,700	10,020	11,106	21,293	14,696	16,366	27,305	22,462	24,967	35,758	29,810	34,232	264,715
Payments														
Cash purchases	0	401	326	166	131	237	166	149	149	166	113	113	167	2,284
Payments to creditors	0	1,203	978	499	392	713	499	446	446	499	339	339	503	6,856
Salaries and wages	0	6,304	5,120	2,620	2,058	3,728	2,620	2,336	2,336	2,620	1,780	1,780	2,631	35,933
Employee benefits	0	3,152	2,560	1,310	1,029	1,864	1,310	1,168	1,168	1,310	890	890	1,315	17,966
Payroll taxes	0	1,051	853	437	343	621	437	389	389	437	297	297	438	5,989
Rent	0	5,253	4,267	2,183	1,715	3,107	2,183	1,947	1,947	2,183	1,483	1,483	2,192	29,943
Utilities	0	1,021	830	425	333	604	425	379	379	425	288	288	426	5,823
Repairs and maintenance	0	584	474	243	191	345	243	216	216	243	165	165	244	3,329
Insurance	0	1,021	830	425	333	604	425	379	379	425	288	288	426	5,823
Travel	0	1,240	1,007	515	405	734	515	460	460	515	350	350	518	7,069
Telephone	0	1,043	847	434	341	617	434	387	387	434	295	295	435	5,949
Postage	0	438	358	182	143	259	182	162	162	182	124	124	183	2,499
Office supplies	0	949	770	394	310	561	394	352	352	394	268	268	396	5,408
Advertising	0	6,938	5,635	2,883	2,265	4,103	2,883	2,571	2,571	2,883	1,959	1,959	2,895	39,545
Marketing/promotion	0	5,439	4,418	2,261	1,776	3,217	2,261	2,016	2,016	2,261	1,536	1,536	2,270	31,007
Professional fees	0	1,751	1,422	728	572	1,036	728	649	649	728	494	494	731	9,982
Training and development	0	26	21	11	9	16	11	10	10	11	7	7	11	150
Bank charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Owner's drawings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax payments	0	25,050	0	4,175	0	0	0	0	0	0	0	0	0	29,225
Capital purchases	0	0	0	0	10,000	0	0	10,000	0	0	21,325	0	0	41,325
Other	0	0	0	0	0	0	0	0	0	0	0			0
Total Payments	0	62,864	30,716	19,891	22,346	22,366	15,716	24,016	14,016	15,716	32,001	10,676	15,781	286,105
Cashflow Surplus/Deficit (-)	0	(46,164)	(20,696)	(8,785)	(1,053)	(7,670)	650	3,289	8,446	9,251	3,757	19,134	18,451	(21,390)
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Resources

Watch this video on how to use the 12-month cash flow projections to plan the growth of your business and tell your story in numbers:

Use passcode dwq?H&0B for Instructional Video

Download this 12-month cash flow template from SCORE:

https://core.score.org/resources/12-month-cash-flow-statement

A FEW MORE POINTS TO EXAMINE BEFORE YOU WRITE YOUR PLAN:

- Your Customer
- Your Mission/ Need You'll Fill in the Market
- How Will You Scale Your Business Model?
- Pricing
- Organizational Structure & Technology
- Goals, Metrics & Return on Investment
- Value Proposition
- Growth Strategy
- Personal Credit & Business Credit
- Essential Documentation to Access Capital
- Free Resources

After we cover these topics, we'll have Q&A!

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Where is your customer's focus right now?

Source: Mazlow's Hierarchy of Needs

Self-Actualization	Being creative, having fun with life, being content, being genuine and feeling like you have a real meaning to your life!
Esteem Needs	A strong positive self image and some genuine self esteem. Having belief in yourself and that you can make it!
Social Needs	Feeling love and compassion for others. Feeling belongingness and welcoming others into your life!
Safety Needs	Feeling secure and safe. Being in a safe environment and protected from harm.
Basic Needs	The basics like food and water. Shelter, sleep and even air!

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Choosing Your Mission

Your Expertise/ How do you want to hit your money goal?

Self Assessment/ Money Goal
Cashflow Projections
Work/ Life Balance

Chaos in Your Target Industries/ Market/ Community

Market Research
Surveys
Interviews/ Focus groups

Issues That People Will Pay/ Support You to Fix Now

Market Research
census.gov
bls.gov

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Choosing Your Mission

7 Considerations

1. What do you know/ do better than anyone?
2. What is your unfair advantage? Moat? Stand out? Relationships?
3. What is your target industry or target issue? Marketing Dems?

Choosing Your Mission

7 Considerations

4 Where is there chaos in your target area? Void? Need?

5 Who has money and wants to fix the chaos? Whom do you target?

6 What do they want to fix right now? Pay attention. Maslow's.

7 What services can you guarantee? The overlap of circles?

Assessing Needs in the Market

B2Customer

Immediate Needs
Their Timeframe
Their Budget
Ownership of Interaction
Size of Market
Timing
Abilities/ Products
Profit Potential
Your Infrastructure

What else?

B2Business

Immediate Needs
Their Timeframe
Their Project Budget
RFP or Direct
Payment Terms
Timing/ Budget Cycle
Your Products/ Services
Profit Margin
Operations/ Fulfillment

What else?

B2Government

Acquisitions Forecast
Contract Opportunities
Federal & State Budgets
Proposal Process
Contract Size/ Terms
Fiscal Year
NAICS
Your Pricing
Your Capabilities

What else?

Considerations

Short Term Goals
Long Term Goals
Target End Result
Return On Investment
Capital Required
Timing
Level of Effort
Work/ Life Balance
Brand Management
Surveys/ Focus Groups

What else?

https://www.census.gov/programs-surveys/acs
https://www.census.gov/en.html
https://www.bea.gov/

https://www.bls.gov/
https://finance.yahoo.com/
https://www.usa.gov/budget

https://business.defense.gov/Small-Business/Acquisition-Forecasts/
beta.SAM.gov (fedbizopps and fpds moved here for some functions)
https://procurement.maryland.gov/

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Resources

Check out these audio clips and videos on marketing and selling B2B, B2G & B2C:

- Podcast Audio
- Podcast Audio
- Video: Presentation- Selling B2G, B2B & B2C
- 2 Videos: Panel of Experts- Selling B2G, B2B & B2C | Panel of Experts- Selling B2G, B2B & B2C

Resources

Marketing Research

First, you need to know as much as possible about your target customer's buying habits, income levels, demographics, location and how they receive information. After you talk to potential customers and ask them directly, use these links to help broaden and strengthen your market research data:

Business to Consumer (B2C)

https://www.pewresearch.org/
https://www.census.gov
https://www.bls.gov
https://www.livingfacts.org/
https://trends.google.com/trends/
https://www.google.com/
https://www.facebook.com/business/insights/tools/audience-insights
https://www.pickfu.com/

Resources

Marketing Research

Business to Business (B2B)

https://www.paychex.com/employment-watch/#!/
https://adpemploymentreport.com/
http://www.nfib-sbet.org/
https://www.yelp.com/
https://www.trade.gov/export-solutions
https://www.franchise.org/franchising/franchise-industry-research
https://smallbiztrends.com/small-business-statistics
https://nrf.com/retails-impact

Resources

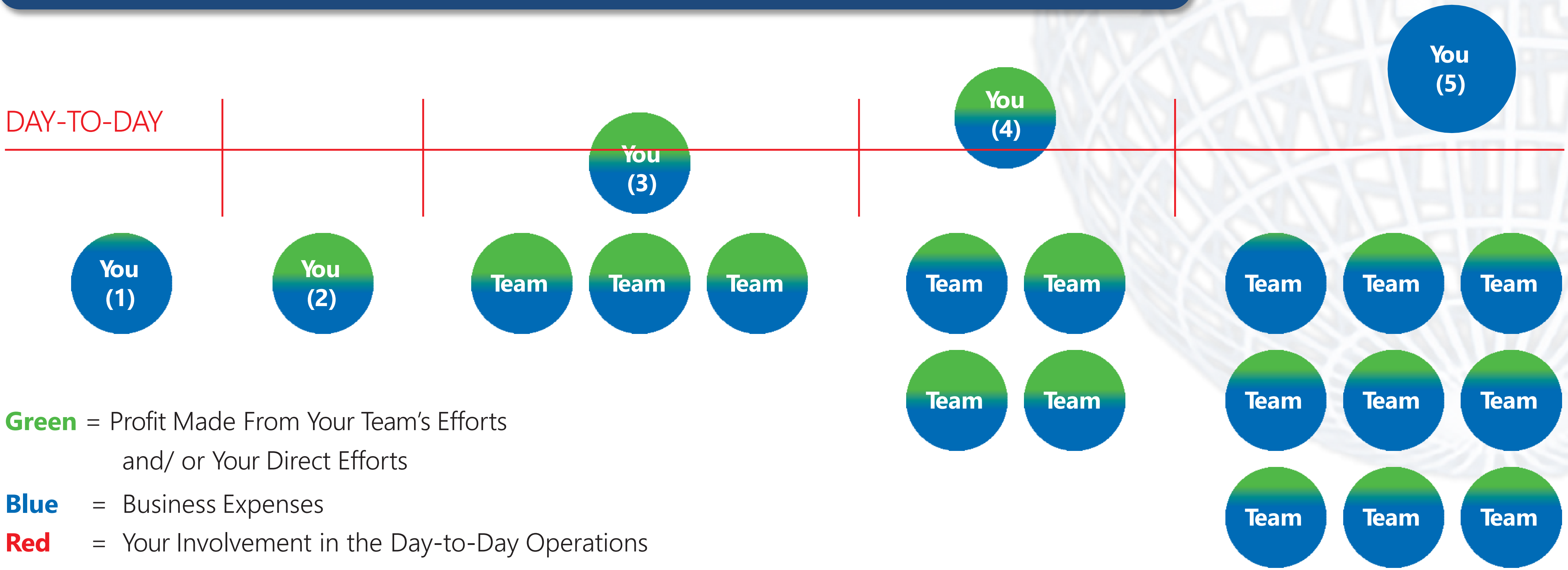
Marketing Research

Business to Business (B2G)

https://business.defense.gov/Small-Business/Acquisition-Forecasts
beta.SAM.gov (fedbizopps and fpds moved here for some functions)
https://procurement.maryland.gov/

Different Business Models to Support Your Revenue Goal

Which model supports your desired lifestyle and your access to capital?



Are You Charging Enough?

Are you charging enough? Are you including ALL the costs associated with making this cupcake? Do you know your REAL cost per item?

Obviously, there is the cost of the ingredients. But what about:

- Labor?
- Marketing? Sales?
- Utilities? Accountant?
- Rent? Technology?
- Recruiting & training?
- Reinvesting into the business?
- Paying yourself? Your profit?
- Your savings & investments?
- Retirement? Vacations?

Profit, Savings, Investments, Retirement, Your Salary

Next month's expenses

This month's expenses

Resources

Watch these videos on choosing your business model, leading your team and choosing the customers that support your model:

- Video: Presentation- Leading People and Planning for Growth
- 2 Videos: Panel Discussions- Leading People and Planning for Growth | Leading People and Planning for Growth

Key Business Functions

- Leadership
- Marketing
- Sales
- Finance/ Accounting
- Technology
- Operations/ Fulfillment
- Human Resources
- Legal/ Admin/ Security

Every business needs these functions, no matter how big or small. Some roles may be filled with technology.

You must segregate duties and put people in roles where they will thrive!

Let's discuss how these roles work together...

Leadership - You are Leadership. It's all on you. You set the goals and give assignments. You have to innovate to grow. Always thinking about how we can make it happen. Motivator. You must take responsibility for everything that happens around you.

Marketing- What's the purpose? You need Sales to get paid! Your marketing team needs to focus on generating sales, not likes. Pay attention. Don't waste money. Generate high quality, qualified leads.

Sales - They have a direct relationship to how much your customers will spend. There are different sales roles in different industries, but they need to know how to convert leads. Your technology should help manage the leads.

Finance/ Accounting - Make sure that AR is timely so we can pay people. Make sure AP is fast so we can get resources so we can make money. Help with accessing capital and ensures taxes and fees are paid correctly.

Technology - Your tech should not limit your business. It should support how you want to grow. How can we make it do what we need so we can make money faster?

Operations/ Fulfillment - Broad and all industries vary here. What is your fulfillment process? Simple or complicated? If we don't operate efficiently no one gets paid. Pricing.

HR - If they hire/train the wrong people the company is going to fail. HR needs feedback regularly. They should adhere to proper guidelines, laws and partner with accounting.

Legal - Save yourself a lot of trouble in the future. Find a business attorney and get your contracts and business entity in order early.

Admin - Hire a virtual assistant. Buy some time and get 10 hours of your life back and focus on being a leader, or go to sleep, or spend time with family. Go do what you want.

Security - Keep your self, data, property and team safe.

These functions needs to be addressed and covered in your revenue generation and pricing!

Goals and Metrics

Identifying Organizational Goals

Key Metrics

PROFITABILITY
Capital & Revenue
Sales & Marketing
Expenses & Cost Per _
Quality & Quantity
Reinvestment Costs
Cost Red. & Efficiency

How do you define Success? What do you measure?

Company

Annual
Quarterly
Monthly
Weekly
Daily

Reporting Tools?

Frequency? Ease?

How do you make

Course Corrections?

Departmental

Annual
Quarterly
Monthly
Weekly
Daily

Reporting?

Incentives?

Consequences?

Individual

Annual
Quarterly
Monthly
Weekly
Daily

Reporting?

Incentives?

Consequences?

Be Clear!
Be Intentional!
Long/ Short Term?
What's in it for me?
What's in it for them?
Use easy metrics!
End Dates on Goals?

PREPARING FOR CAPITAL

Understanding Your Value Proposition

1. What benefits do your customers experience?
2. What differentiates your business?
3. Why do your customers choose you?

WHC

PREPARING FOR CAPITAL

Knowing Your Customer & Industry

1. Know your customer's buying patterns & history
2. How big is the market & what is your share?
3. What does your competition do well?
4. What do your sales projections say?
5. How is your industry trending?
6. What's next in your industry?

PREPARING FOR CAPITAL

What is Your Growth Strategy?

1. What are your 1, 3, 5-year projections?
2. How will this funding help you grow?
3. How much of your money will you invest?
4. What needs to happen for you to grow?
5. What are your assumptions?

PREPARING FOR CAPITAL

How Will You Pay Back the Money?

1. How much do you need & why?
2. When can you start paying it back?
3. How will you pay it back?
4. Payments? Long term (loan) or short term (credit line)?
5. Do you need investors, partners or lenders?
6. What's in it for them? ROI? Risk?

PREPARING FOR CAPITAL

Building a Relationship with Funding Partners

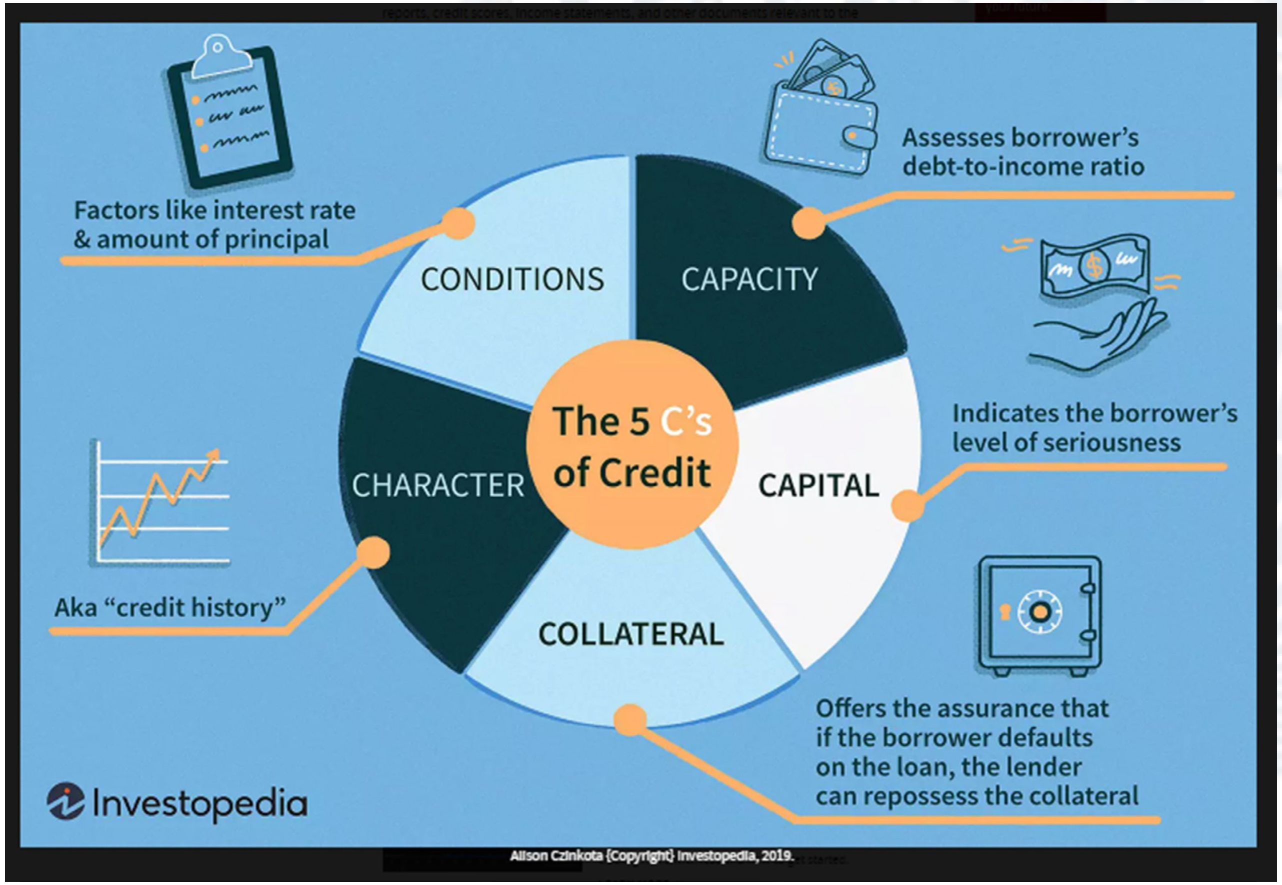
1. Which banks/ investors/ funders like your industry?
2. Meet with them to understand what they want.
3. Understand the checklist! (Tangible & Intangible)
4. Where are you now? What's missing?
5. Make a project plan for future meetings.

PREPARING FOR CAPITAL

Essential Documentation - The 5 Cs

Regardless of the type of financing needed, most banks or lending institutions will be interested in both your business and personal financials.

Great article on Investopedia:
https://www.investopedia.com/terms/f/five-c-credit.asp



Essential Documentation - The 5 Cs

1 The Five Cs of Credit: Character

Refers to credit history: a borrower's reputation or track record for repaying debts. This information appears on the borrower's credit reports. Generated by the three major credit bureaus—Experian, TransUnion, and Equifax—credit reports contain detailed information about how much an applicant has borrowed in the past and whether they have repaid loans on time.

These reports also contain information on collection accounts and bankruptcies, and they retain most information for seven to 10 years.

The general rule is the higher a borrower's credit scores, the higher the likelihood of receiving an approval. Lenders also regularly rely upon credit scores as a means for setting the rates and terms of loans. The result is often more attractive loan offers for borrowers who have good-to-excellent credit.

PREPARING FOR CAPITAL

1 **Payment history (35%)**
The first thing any lender wants to know is whether you've paid past credit accounts on time. This helps a lender figure out the amount of risk it will take on when extending credit. This is the most important factor in a FICO Score. Be sure to keep your accounts in good standing to build a healthy history.

2 **Amounts owed (30%)**
Having credit accounts and owing money on them does not necessarily mean you are a high-risk borrower with a low FICO Score. However, if you are using a lot of your available credit, this may indicate that you are overextended—and banks can interpret this to mean that you are at a higher risk of defaulting.

What's in my FICO® Scores?

FICO Scores are calculated using many different pieces of credit data in your credit report. This data is grouped into five categories: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%) and credit mix (10%).

https://www.myfico.com/credit-education/whats-in-your-credit-score

3 **Length of credit history (15%)**

In general, a longer credit history will increase your FICO Scores. However, even people who haven't been using credit for long may have high FICO Scores, depending on how the rest of their credit report looks. Your FICO Scores take into account:

How long your credit accounts have been established, including the age of your oldest account, the age of your newest account and an average age of all your accounts

How long specific credit accounts have been established

How long it has been since you used certain accounts

What's in my FICO® Scores?

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https://www.myfico.com/credit-education/whats-in-your-credit-score

PREPARING FOR CAPITAL

4 Credit mix (10%)
FICO Scores will consider your mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans. Don't worry, it's not necessary to have one of each.

5 New credit (10%)
Research shows that opening several credit accounts in a short amount of time represents a greater risk—especially for people who don't have a long credit history. If you can avoid it, try not to open too many accounts too rapidly.

What's in my FICO® Scores?

FICO Scores are calculated using many different pieces of credit data in your credit report. This data is grouped into five categories: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%) and credit mix (10%).

https://www.myfico.com/credit-education/whats-in-your-credit-score

PREPARING FOR CAPITAL

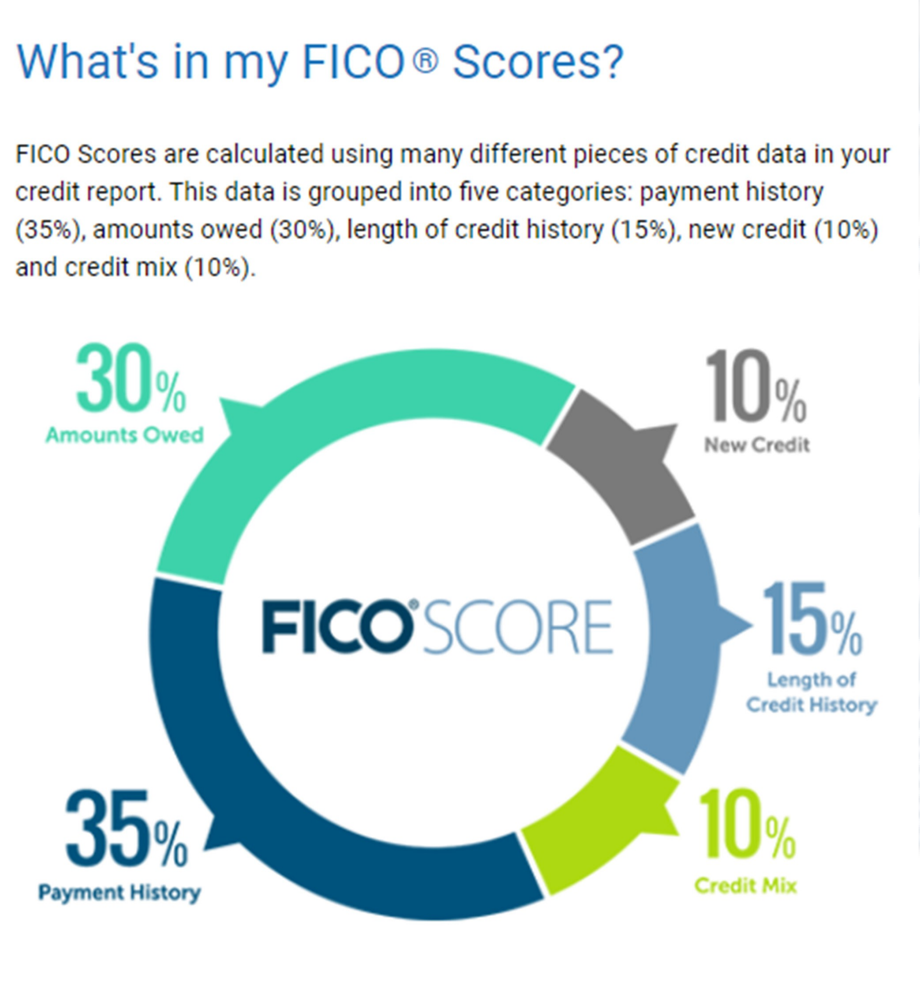
SIGN UP FOR THE CREDIT MONITORING SERVICES!

PERSONAL CREDIT

https://www.equifax.com/personal/
https://www.transunion.com/
https://www.experian.com/

BUSINESS CREDIT

https://www.dnb.com/
https://www.nav.com/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https://www.myfico.com/credit-education/whats-in-your-credit-score

Essential Documentation - The 5 Cs

2 The Five Cs of Credit: Capacity

Measures the borrower's ability to repay a loan by comparing income against recurring debts and assessing the **borrower's debt-to-income (DTI) ratio.**

Lenders calculate DTI by **adding together a borrower's total monthly debt payments and dividing that by the borrower's gross monthly income. The lower an applicant's DTI, the better the chance of qualifying for a new loan.**

Every lender is different, but many lenders prefer an applicant's **DTI to be around 35% or less** before approving an application for new financing.

Essential Documentation - The 5 Cs

3 The Five Cs of Credit: Capital

Lenders also consider any capital the borrower puts toward a potential investment. **A large contribution by the borrower decreases the chance of default.**

Down payments **indicate the borrower's level of seriousness**, which can make lenders more comfortable in extending credit.

Essential Documentation - The 5 Cs

4 The Five Cs of Credit: Collateral

Collateral can help a borrower secure loans. It gives the lender the assurance that **if the borrower defaults on the loan, the lender can get something back by repossessing the collateral.**

Often, the collateral is the object one is borrowing the money for: Auto loans, for instance, are secured by cars, and mortgages are secured by homes. For this reason, **collateral-backed loans are sometimes referred to as secured loans or secured debt.**

Essential Documentation - The 5 Cs

5 The Five Cs of Credit: Conditions

The conditions of the loan, such as its **interest rate and amount of principal**, influence the lender's desire to finance the borrower.

Conditions can refer to **how a borrower intends to use the money**. Specific reasons are preferred by lenders.

Lenders also consider conditions that are outside of the borrower's control, such as **the state of the economy, industry trends, or pending legislative changes.**

Essential Documentation

- Business registration documents (whichever applies to your business)
  - Articles of Incorporation/ Organization or Bylaws and/ or Operating agreement or Partnership Agreement
- Complete Loan Application, Personal Financial Statement/ ID
- 2- 3 years of Personal Taxes
- 2- 3 years of Business Taxes
- 6 Months of Personal Bank statements (most recent checking, savings, etc.)
- 6 Months of Business Bank Statements (most recent .checking, savings, etc.)
- Business Plan (projections, market research, competitive analysis, as well as any documentation you may have now that shows the monthly business income, expenses and pricing model)
- Collateral information (Car that is paid off, make model, equipment, business assets, cash, co-signer, etc.)
- If you will be using a vehicle as collateral, a clean copy of the car title as well as proof of insurance.
- Summary of the use of funds
- Management Resume and occasionally P&L and Balance Sheets prepared by a CPA

Resources

Watch these videos on preparing for capital:

- Video Presentation- Preparing for Capital
- Video Panel- Preparing for Capital

Free Resources

Governor's Office of Small, Minority & Women Business Affairs
https://gomdsmallbiz.maryland.gov/Pages/default.aspx

Maryland Department of Commerce
https://commerce.maryland.gov/

Maryland Department of Housing & Community Development Business Lending Unit
https://dhcd.maryland.gov/Business/Pages/default.aspx

Maryland Business Express
https://egov.maryland.gov/businessexpress

SCORE
https://www.score.org/

Maryland Small Business Development Center
http://www.mdsbdc.umd.edu/

Maryland Women's Business Center
https://marylandwbc.org/

For dedicated assistance, visit: https://whcusa.com/contact/

Recommended Resources

For dedicated assistance, visit: https://whcusa.com/contact/

Lending Resources for Small Businesses

Meridian Management Group
Tim Smoot tim.smoot@mmgcapitalgroup.com

CDFIs
Baltimore Community Lending https://bclending.org/
Latino Economic Development Center https://www.ledcmetro.org/
Maryland Capital Enterprises https://marylandcapital.org/

M&T
Jim Peterson jpeterson3@mtb.com

PNC
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Sharif Small sjsmall@sjsfinancialfirm.com
Catherine Wright catherinewright@wrightwaytax.com

Business Plans, Marketing, Technology & Strategy
WHC www.whcusa.com | grow@whcusa.com

Q&A

THANK YOU!!!!

For help with your business, schedule a call with Will Holmes:

https://whcusa.com/contact/