



BUSINESS PLAN WORKBOOK

A business plan gives the reader a brief overview of the project. It should contain the following elements:

1. Business Description _____
2. Legal Structure and Financial Team Description _____
3. Executive Summary _____
4. Management Description _____
5. Product or Service Description _____
6. Operation Plan and Facility Description _____
7. Staffing Description _____
8. Market Strategy Description _____
9. Other Details _____
10. Financial Forms _____
11. Other Business Plan Information _____
12. Start-up Checklist (attach exhibits) _____

Use the following pages to develop your business plan. Items which are listed in blue should be included in your business plan.

Note: You'll find helpful hints and resources (listed in red) scattered throughout this workbook and on our website, www.bayfieldcountyedc.com Click on the "Resources" tab on the Home page, and then look under the "Business Planning" column on the Resources page.

Now, to begin ...

What's in a Name?

By Richard E. Braun

Marketing starts with creating your business name, and with the use of two or three words and a logo you will create an image for customers that will remain for the life of your business. You want to be able to instantly capture your customer's attention without ambiguity or confusion so you want to be sure to seek plenty of feedback before a final version is selected.

Every time I visit a client's place of business I ask for a business card and get the same answer: "They're around here someplace." Eventually they find them and blow the dust off before giving me one. I always suggest that their business card should be right out in the open where everyone has access to them; I say "shower the world with them, let your cards be your walking, talking salespersons."

I also suggest doing a cost comparison for a thousand business cards compared to one newspaper advertisement, or one magazine advertisement, or one radio advertisement, or one television advertisement. I encourage the business owner to be creative and use both sides of the business card to get the most bang for their buck, for even with high technology address books in vogue, many people still use their business card collection as a mini-directory.

Tips: The simpler, more appropriate, and more descriptive a name you choose for your business, the less you will need to fix it in the minds of your prospective customers. Your logo should visually enhance the business name with additional identity and marketing appeal. For instance, colors can powerfully enhance the image you are trying to create.

You generally cannot register or use a business name that is already registered and doing business in Wisconsin. Use the TESS Electronic Search System to check and see if another company is using the name. You can also do a trademark registration for your business name by going to the U.S. Patent and Trademark Office's Web site, www.uspto.gov.

1. BUSINESS DESCRIPTION

Include the history of the business and a general overview including business name, type of business, product or service, business location and business goals. If acquiring an existing business, attach a copy of any purchase agreement.

What is the name of your business?

Where will your business be located?

Are you acquiring an existing business?

What are your business goals and mission?

Briefly describe the type of business.

What is your product or service?

Why do you want to be in this business?

2. LEGAL STRUCTURE and FINANCIAL TEAM DESCRIPTION

Include information on the legal structure of the business and business owners. If a corporation, attach a list of major stockholders and ownership percentages. If there are multiple owners and you have a written Partnership Agreement, attach a copy. If there is a board of directors, attach By-Laws.

Do you have a CPA and legal counsel for your business?

Have you selected the appropriate business structure and what is it?

Choosing a business structure (e.g., sole proprietor, partnership, LLC, corporation, or S Corp) is a key decision that should be carefully considered as there are legal and tax reporting ramifications. Be sure to discuss this with your CPA and/or legal counsel.

- ◆ *A sole proprietorship allows an individual to own and operate a business by him/herself. A sole proprietor has total control, receives all profits from and is responsible for taxes and liabilities of the business.*
- ◆ *A general partnership must have 2 or more persons engaged in a business for profit. The business is not a separately taxed entity. It is a conduit where the profit or loss flows through to the partners. The partners report their share of the partnership profit or loss on their individual income tax returns and income is taxed as personal income to the partners. Partnership agreements should be written and cover all terms of the parties' business relationship. Partners are jointly liable for all legal and financial obligations of the partnership and for all wrongful acts of any partner acting in the ordinary course of partnership business.*
- ◆ *A limited partnership differs from a general partnership in that at least one person acts as a general partner and has management authority and personal liability, and at least one person has the role of limited partner and is a passive investor with no management authority. All partners should enter into a written partnership agreement which covers all terms.*
- ◆ *A limited liability partnership (LLP) provides partners some protection against personal liability. Like a general partnership, all partners have equal rights in the management unless otherwise agreed. The LLP is not a separate entity for income tax purposes and profits and losses are passed through to partners and reported on the individual's tax return. All partners should enter into a written partnership agreement which covers all terms.*

- ♦ ***A limited liability company (LLC) is a hybrid business entity. It has a separate legal existence and generally offers liability protection to the owners who are called members. All members should enter into a written operating agreement which covers all terms. The company can be classified as either a partnership or a corporation for tax purposes. If the LLC is classified as a partnership, the profit or loss flows through to the owners/members. If it is classified as a corporation, it is treated like any other corporation.***
- ♦ ***A corporation is a separate legal entity owned by shareholders who enjoy protection from personal liability. Corporations are taxed on their earnings. Corporate shareholders pay individual income tax on corporate earnings when they are distributed as dividends.***
- ♦ ***An S corporation is a corporation that elects to be treated as a pass-through entity for tax purposes. All income passes directly to the shareholders who include the income on their individual tax returns.***

Have you registered the business structure with the Wisconsin Dept. of Financial Institutions?

To register your LLC or Corporate business structure in Wisconsin with the Department of Financial Institutions, go to <https://www.wdfi.org/corporations/>

- ♦ ***To file yourself, note there is a registration fee.***
- ♦ ***If your business ownership will be anything other than individual ownership, your legal counsel will assist you in establishing an operating agreement.***

While it is relatively straight forward to do business when you use the entity's exact business legal name, it is sometimes not practical to use the legal business name of the entity to do business and therefore, a "doing business as "(dba) name is used. For example, if you are a sole proprietorship it is likely that you will not want to do business as your personal legal name but rather will "advertise, promote and hold yourself out to the public" as a dba name instead i.e. John Smith (personal legal name) verses Smith Painting (dba name).

In Wisconsin, if a sole proprietor does business as (dba) a name other than his/her personal name, the person needs to register the dba name at the Register of Deeds at the county courthouse in the county the business resides in. If the business entity is an LLC, partnership or corporation and doing business as a name other than the complete legal name of the entity, they also need to register the dba name with the Register of Deeds at the county courthouse in the county the business resides in.

If applicable, have you applied for a Federal Employer Identification Number (EIN)?
Apply for a Federal EIN if needed (also known as Federal Tax Identification Number).

Refer to the six questions below. If you answer yes to any one of the questions then you need to apply for a Federal EIN.

- 1. Do you have employees?**
- 2. Do you operate your business as a corporation or a partnership?**
- 3. Do you file any of these tax returns: Employment, Excise, or Alcohol, Tobacco and Firearms?**
- 4. Do you withhold taxes on income, other than wages, paid to a non-resident alien?**
- 5. Do you have a Keogh plan?**
- 6. Are you involved with any of the following types of organizations?**
 - **Trusts, except certain grantor-owned revocable trusts, IRAs, Exempt Organization Business Income Tax Returns**
 - **Estates**
 - **Real estate mortgage investment conduits**
 - **Non-profit organizations**
 - **Farmers' cooperatives**
 - **Plan administrators**

Apply for the Federal EIN directly with the IRS on-line at [http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online)

If applicable, have you applied for a Data Universal Numbering System (D-U-N-S®) number? **DUNS is a free business profile with a unique nine-digit identification number for each physical location of your business. A DUNS number is required if you are applying for a Revolving Loan Fund (RLF) loan. Apply for your DUNS number on-line at fedgov.dnb.com**

If applicable, have you applied for a Wisconsin Employer Identification Number?
Apply for Wisconsin Employer Identification Number if needed.
If you have employees in Wisconsin you need a Wisconsin Employer Identification number. Go to www.dor.state.wi.us or call 608.266.2776.

If applicable, have you applied for a Wisconsin Sellers Permit?
Investigate and apply for a Wisconsin Sellers Permit if needed. Generally if you are selling items at retail to an end user you will need to obtain a Wisconsin

***Seller's Permit and will need to collect, report and submit sales tax to the state.
For more details and to apply for a Seller's Permit go to
<http://www.revenue.wi.gov/faqs/pcs/seller.html>***

Have you determined if any other licenses or permits are needed? If yes, have you applied for those licenses and/or permits?

Investigate if you are required to obtain any other licenses or permits to do business. Go to <http://www.dsps.wi.gov/Licenses-Permits> and see if this applies to the business type you are starting. Contact the county and city where you will have your business to verify if you have any special requirements.

Who is your accountant or bookkeeper, and have you decided on your accounting method?

- ◆ ***Cash Method – you count income or expenses at the time you actually receive a payment or pay a bill.***
- ◆ ***Accrual Method – you record income when you earn it and expenses when you incur them.***

Have you determined who your business will bank with?

Do you have an insurance agent who will help you acquire the necessary business coverage such as business liability, product liability, and workers compensation?

Who will be the business owner(s) or partner(s) and what percentage will they own?

If there will be multiple business owners, do you have a written legal partnership agreement?

If corporation, list stockholders and ownership.

Will your business have a board of directors?

You should consider how many and who the board members will be.

3. EXECUTIVE SUMMARY

Include resume and describe role of each executive.

Describe your job history, qualifications, skills and experience in managing such a business.

Are your financial resources sufficient to carry you while the business is developing?

Do you have other sources of income?

What is the role you expect to play in the company and how much time will you devote to building the business?

How much do you plan to personally invest in the business?

Do you know how to prepare and read a financial statement and balance sheet?

Do you have a will?

What happens to your business in the event of your divorce, disability or death?

What will happen if the business is not successful? What is your exit strategy?

If acquiring a business, have you seen the financials of the current business? You will need a 3 year history, including income tax returns.

If acquiring a business, do you have an independent appraisal of the business?

4. MANAGEMENT DESCRIPTION

Include a description of the management team and individual resumes.

Describe your management team qualifications and responsibilities.

Describe your key employees' qualifications and responsibilities.

5. PRODUCT OR SERVICE DESCRIPTION

Include a more detailed description of the product or service, market, potential customer base and any competition. If patents or proprietary features apply, describe them.

Describe your product or service.

Is there demand for the product or service? Who wants it and where are they located?

How much can you sell? What are your sales projections?

Is there competition for your product or service? If yes, who are your competitors?

What differentiates you from your competitors?

What are your competitor's strengths and weaknesses?

Are there proprietary features? Describe them.

Will you manufacture a product? If yes, will you be the manufacturer or if not, who will?

If manufacturing a product, briefly describe the process.

Are there services offered with your product? If so, describe them.

Is your product patentable or proprietary?

Patent information is available at www.uspto.gov

6. OPERATION PLAN AND FACILITY DESCRIPTION

Include a narrative on the operation plan for the production of goods and services, including facilities, raw materials, and equipment. If purchasing real estate, include a copy of the sales contract and appraisal if available. Attach lists for any equipment to be purchased.

Describe your facility or place of business. What is the ideal location for your business? What do you need in a building or space to do what you intend?

Will you buy a building or rent? What are the costs of rent or loan payments, utilities, phone, computer service, insurance, licenses and permits, etc.?

Is your planned location customer friendly and easily accessible? Is it attractive and does it have proper zoning for your business, sufficient parking and necessary amenities? Does it meet the needs of your business such as power requirements, high speed internet service or storage of inventory?

What furnishings will you need and how much will they cost?

What other equipment is needed to operate your business?

What is the cost of the equipment? Is it readily available?

What raw materials will be needed and what is the source for those materials?

What is the cost of raw materials? What are the suppliers policies on quantity, re-orders, and transportation costs? How long does it take to receive materials?

Are hazardous materials involved? If yes, can you obtain the necessary licenses and permits?

What amount of inventory do you need to carry? What amount and type of storage space will be required to house inventory?

Are your products subject to spoilage in inventory? If yes, what are the anticipated methods to manage this and costs of possible losses of inventory?

7. STAFFING DESCRIPTION

Include a narrative on labor needs and costs. Complete and attach the [Employment Information Table](#).

Will you have employees and how many? List the number of staff by department (e.g. production, sales and office).

How much will you pay these employees and is it competitive with area wages?
Wage information by occupation and location is available at www.acinet.org

Will employees have benefits? What are those costs and is it competitive with area benefits?

Are the employee skills you need available in the area or will employee training be necessary?

What are the anticipated costs of employee training and/or recruitment?

Are there special regulations, licensing, or other regulatory issues?

8. MARKET STRATEGY DESCRIPTION

Include a marketing plan and any marketing studies.

If selling a product, do you plan to sell through wholesale or retail outlets?

Have you test sold and marketed your product? If yes, what were the criticisms or comments?

How will you market your product or service? What media will you use and what are the costs?

Has anybody sold your product or service in the market(s) you intend to operate in? If so, are they still in business? Why or why not? What can you learn from their experience?

Do you have any commitments or contracts with major customers or prospective customers?

What are the anticipated costs to acquire customers and sell your product or service?

Where is your market and customer located?

What is your pricing strategy for your product or service?

Will you ship product and if yes, how and who pays the costs, you or the purchaser? Is that the industry standard?

What is the time needed for your suppliers to supply your business with the raw materials and the time needed to produce product for sale to a customer? Does the anticipated delivery date meet customer expectations and industry norms?

Are you relying on a sole supplier and what are the risks associated with your supplier(s)? Do you have alternate sources of raw materials to enable you to fill demand/orders if there is a supply issue? Do you have contracts with delivery obligations and penalty clauses?

OTHER DETAILS

Complete and attach the Sources and Uses Table. Attach any letters of private financing commitment. Include industry average ratios for the business if available.

What potential sources of financing do you have?

Have you met with the potential lender(s) and determined the cost and availability of funds?

What is a unit of product or service, e.g. number of products, average purchase, hours per job?

What are the direct costs of your product or service?

What are the known overhead costs of your product or service?

What other costs might you incur?

What is the break-even cost for your product or service?

What is the typical gross margin for a business like yours?

SOURCES AND USES TABLES - SAMPLE

Complete the following sources and uses tables.

PROPOSED SOURCES AND USES

SOURCE	USE	AMT	TER M (YRS)	RATE (%)	PMT. (mthly)	COLLATERAL	GUARANTOR
Bank	Building	\$200,000	20	5%	1320.00	Mortgage	Owner
RLF	Equipment & Working Capital	\$60,000	7	5%	850.00	GBSA	Owner
Owner	Working Capital	\$26,000					
Total project		\$286,000			\$2170		

SOURCES OF FUNDS

USES OF FUNDS	Bank name	RLF	Owner				Totals
Building	\$200,000						\$200,000
Equipment		\$40,000					\$40,000
Working Capital		\$20,000	\$26,000				\$46,000
TOTALS	\$200,000	\$60,000	\$26,000				\$286,000

9. FINANCIAL FORMS

Include 3 years of business financial statements including Balance Sheet, Profit and Loss Statement, and Cash Flow Statement, including a monthly cash flow for year one if a start-up business. If an existing business, submit the most recent 3 years of fiscal year-end financial statements. Include an interim statement if the year-end statements are more than 90 days old.

Complete and attach: Personal Financial Statement(s) for all principals of the business with 20% or more ownership. Identify assets being pledged to the project.

Forms are available on-line at www.bayfieldcountyedc.com under "Resources" on the Home page, and then in the "Business Planning" column on the Resources page.

10. OTHER BUSINESS PLAN INFORMATION

What other information is important to consider or include in your business plan?

11. START-UP CHECKLIST

Total project cost documented

Start-up funds

3 year annual projected budget, balance and income statements

Details of the assumptions used for financial projections

Written monthly cash flow projections

Most recent 3 years tax returns

Personal financial statement

Sources and Uses Table documenting use of funds

Company name

CPA/Accountant

Legal counsel

Legal business structure

Federal Tax I.D. #

State Tax I.D. #

DUNS #

Federal business license

State business license

Federal permits

State permits

Local permits

Bank accounts established

Business liability insurance

Product liability insurance

Workers comp insurance

Unemployment insurance

Business plan

FOR MORE INFORMATION PLEASE CONTACT:

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