

## Video: Your Plan

Subject	Notes
Autopsy	A deep review of what caused a failure or a problem in your business processes or results. Use results to identify opportunities for improvements.
Passion	Passion doesn't guarantee success, much more is needed. Passion is a component that most entrepreneurs already have. Must have: Personality, skills, and experience to execute your plan.
3 Pillars	All 3 Pillars must be equally strong <ul style="list-style-type: none"> <li>- You</li> <li>- Your Idea</li> <li>- Your Ability to execute</li> </ul>
Stats	400,000 business start each year Currently 470,000 business close each year
Risk	There is great risk in starting a business. Don't be afraid of the risk. You must understand, respect, and accept the risk.
Niche	Critical to success. Doesn't have to be completely new. Must fill a need that isn't being filled.
Competitive Advantage	Why will customers choose you or your product? What make you different? Why will a customer see value in your product or service?
No Niche	If you don't have a Niche you don't have a business.
Example Niche: Pizza	It's a commodity and been around forever. How can someone have a Niche in Pizza. Niche Idea: Better Ingredients. Customers perceived value in better ingredients = better pizza. Perception becomes reality.
Other Pizza Niches	No wait – Ready to go Slices Convenient – location and hot and ready 30-minute delivery or free
Steal a portion of the market	Bad idea – Starting a business thinking you can steal a portion of the market share. Without a Niche, there is no reason for a customer to buy your product.
Coupons and Price Reduction	This is not a Niche idea. See cash flow model training to see why coupons and lowest price results in failure.
Business Plan	Tests feasibility Tracks progress Create 1 <sup>st</sup> plan for you to honestly evaluate your business idea Expert on Product and Service

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	Expert on Competition
Expert on Competition	<p>How did other businesses start?          Who is running the businesses?          Must be an expert on competition before you start?          Must know their strengths and weaknesses.          Visit competitors.          Use their products          Dissect their products          Have friends and families give feedback on competitors          Research their employees          How do their customers perceive them?</p>
Financial Projections	<p>80% of businesses fail          82% fail because they run out of money          Must capture all your costs when creating a plan          Must have accurate sales forecasts          See cash flow model training for impacts on Cash Flow          95% of Entrepreneurs miss their sales forecast          Be conservative with forecasts.          Must be an expert on your projections.          Be honest with banks and investors.</p>
Hidden Costs:	<ol style="list-style-type: none"> <li>(1) Health Insurance: \$500 - \$1500 per month</li> <li>(2) Maintenance: Tools, facilities, equipment, cars, etc.</li> <li>(3) Costs to include in Plan: Office supplies, cleaning supplies, phones, utilities, vehicle maintenance, tools, tool replacement, training, packaging, software, upgrades, licensing, associations, permits, dues, uniforms, office equipment, tax preparation</li> <li>(4) Cost of customers: Sales calls cost money; from gas, to lunches, dinners, entertaining customers or simply dropping of donuts. Once you have a customer you still need to maintain the relationship.</li> <li>(5) Payroll Expenses: It's not just about the salary. Social Security, Medicare, Workers Compensation Insurance, State and Federal Unemployment tax (Can cost up to 30% of total wages and salaries)</li> <li>(6) Supplier Cost Increases: Suppliers can change their costs at any time. Plan for the increases or lock in guaranteed pricing. You can also source different vendors as backups to reduce the risks of price increases.</li> </ol>
Finance	Need to have the right capital and access to funding

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<p>Strategies for working with banks</p>	<ol style="list-style-type: none"> <li>(1) Credit History: Clean up your credit and make sure you have outstanding credit before you contact the bank. The bank will review your personal credit and this will affect your ability to borrow and your rates. You need to show 2 years history of operations and positive cash flow that proves you can repay the loan.</li> <li>(2) Experience: Demonstrate experience managing a similar business that was profitable. Either your own business or a business that you managed.</li> <li>(3) Business Plan: Polish up your business plan and make sure it's bullet proof. The bank will review your plan to identify potential risks.</li> <li>(4) Other resources: Find experts to help in your community (SBA, Small business development centers, Women's business Centers, Veterans Outreach Business Centers)</li> <li>(5) Small business Association (SBA): Work with the Small Business Association (SBA) – There are programs where the SBA works with banks to remove the risks the banks face with approving you for a loan.</li> <li>(6) Securing the loan: You will need to provide either business collateral, a personal guarantee, or cosigner to secure the loan.</li> <li>(7) Profitable business model: It's not about sales, it's about how profitable your sales are. Margin, Margin, Margin.</li> </ol>
<p>Other questions that you need to answer</p>	<p>Who will buy it?          Why will they buy?          Will they buy it again?          Why will they buy it again?          What happens when the competition wakes up?          How many can you sell?          How profitable will you be in year?          What is the impact on resources when sales increase:          -Employees          -Equipment          -Capital for larger purchase orders          -Building size          -Evaluate needs of entire plan with higher sales</p>
<p>Honesty</p>	<p>1+1=2          Don't lie to yourself and think it will be ok if your numbers tell you it won't.          You must use accurate numbers.</p>

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<p>Users Additional Notes:</p>	
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