Forest Products Business Planning Guide:

Business Plan Strategies for Start-up and Existing Business Owners

Colorado Wood Utilization & Marketing Program

Colorado State Forest Service

Dear Forest Products Business Owner,

The Forest Products Business Planning Guide is designed to assist startup and existing businesses develop a business plan. The workbook should be used to guide your thinking as you plan to start a new business, expand an existing business or strategically prepare you in your search for capital. Upon going through the different sections of the workbook, you will have a complete plan written, and be ready to present to a banker or an investor. You can also use this plan to grow your business.

Planning is an essential step in starting and/or expanding your business. While many of us plan in our heads, it is essential that we put our thoughts and ideas into a written plan. By doing this, it helps us identify omissions or flaws and enables others to critically review and analyze our plans. This is also an essential step in seeking investors. The business plan is like a road map that guides your business on an ongoing basis. If used correctly this working document will be continually revised, rewritten, and updated as new information and business changes occur i.e. new trend changes in the market place.

We also recommend that you as the business owner write the plan. The best and only person to write the plan should be the person who is going to implement it. Your plan puts in place your unique idea, business strategy, steps and financial strategies to better prepare and understand next steps to making your business succeed.

Good luck with your venture!

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and Randy Johnson
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Colorado State Forest Service
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MISSION, OBJECTIVES AND GOALS

In the previous section on entrepreneurship, it was pointed out that one of the commonalities of entrepreneurs is the vision of knowing where they are going. The entrepreneur has researched their project or idea and is convinced it will work (could this be considered self-confidence?). In other words, the entrepreneur has developed a mission; a mission statement; developed objectives and goals that they feel are attainable.

The mission can be defined, in general terms, as the long-term idea of what an organization is striving to become in the future. The mission may be defined as policy.

Objectives are the statements that guide the activities of the entrepreneur toward the overall goals. Objectives are more specific than goals. Objectives are measurable and quantifiable. For example, when an objective has been determined one might ask, "is the accomplishment of the objective cost effective?" An objective may also be considered the desired outcome of a business plan. The business plan can be considered an identifiable end.

A goal is the purpose toward which a project is directed. It gives the business or individual a basic sense of direction for the organization's activities.

Goals are divided into three categories: long-term, mid-range and short-term. Goals must be well defined and designed to obtain specific results. For example, "to provide quality service" is an ill-defined goal. It may be considered an overall objective or policy, but should not be considered a goal, because it is too vague.

Goal setting is part of the planning process and may even be considered the first step in that process. Long-term goals can be considered attainable in a time frame of about ten years; mid-range goals are set to be reached in from five to ten years; and short-term goals are considered reachable in one year. These time frames should only be considered as general, because goals may also be developed on a daily, weekly, monthly or annual basis.

Goals are influenced by values, opportunities, obligations to clients and competencies and resources. For example, the question must be asked, "Does the business have financial resources or can they be obtained?" "Does the entrepreneur have the experience necessary to begin establishing goals?" Goals are also influenced by external and internal environmental factors.

The external environmental factors include:

- Economic
- Social
- Political
- Technological (Dynamics)

- Demographic
- Ethnic
- Domestic
- International

The internal environmental factors include:

- Objectives of the business
- Financial environment
- Resources of the business

Your goals must relate to the mission statement of your business. While the context of goal setting has been presented on the organizational or business level, it can also be utilized on the personal level, based on the same criteria presented in this text.

An example of an objective of a company is:

> The Trees Inc will be increasing our sales by 30 percent by reaching out to other markets within Colorado.

An example of a goal is:

> To increase the knowledge of customers so they learn about my product and increase my company's sales by 30 percent.

Notice how the goal relates to the objective of the organization. Also, notice that it is a measureable goal.

Before the entrepreneur develops, objectives and goals there should be an assessment of the organization's strengths and weaknesses. There is an exercise called the SWOT analysis, a procedure used in planning.

Strengths Weaknesses, Opportunities, and Threats

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. This procedure helps the entrepreneur assess where the organization is currently and where it might go. It forces the entrepreneur to focus on the internal and external environments previously discussed. The SWOT analysis may be used to make a personal evaluation, and it would probably be wise to develop an analysis for both the organization and yourself.

The internal analysis involves strengths and weaknesses of the organization or individual. The external analysis examines opportunities and threats influenced by the environments. The ultimate objective of the analysis is to determine the fit between the organization's resources and competencies and its goals. The more relevant the fit, the more likely the entrepreneur or organization can select an effective planning strategy.

An example of a strength would be a large company with strong financial resources or a well-developed access to capital, while the example of a weakness would be the small company's lack of capital with no defined access to capital. An analysis of this situation would suggest that the entrepreneur would have a difficult time competing with the large company that advertises strenuously to attract customers. Obviously, this situation occurs more often than not, especially in the case of a large versus the small company. Conversely, a strength would be the quality of service a smaller company can provide as compared to the less personal service of a larger company. Typically, this would be one advantage that the small business has in competing with the larger company.

As the world moves to a more global economy, changes will accelerate and new opportunities are created not only on the local and national level but also globally. An example of an opportunity would be recognizing a hole – created by these external influences – which needs to be filled to satisfy a new consumer need and demand. This is a potential product or market opportunity. Because the concern with opportunities and threats are external influences, the entrepreneur must be aware of the trends in today's world.

External changes may also create threats to existing small business and new businesses just entering the market. For example, many small companies have traditionally supplied the large corporations competing in the world market. A potential threat could be that, in order to get lower prices to keep their pricing strategies competitive, these large companies would begin to purchase their supplies from foreign locations, rather than from the small local companies that had traditionally supplied them. In a case such as this, the analysis needs to answer the question of whether the entrepreneur can compete with the new suppliers globally.

The two SWOT exercise sheets, which follow, will help you determine the strengths, weaknesses, opportunities and threats to your business. As mentioned earlier, it is wise to do a personal SWOT as well. The entrepreneur should consider all the possibilities while remaining as objective as possible. Keep in mind that the analysis should be realistic.

After the SWOT analysis is completed, you should analyze for comparative advantages and methods for solving weaknesses and threats.

The two "Goals" pages that follow the SWOT exercises are designed to help you practice goal setting. Again, you should set business and personal goals.

S.W.O.T. Exercises

Strengths	Weaknesses	Opportunities	Threats

Strengths	Weaknesses	Opportunities	Threats

Goals

Annual

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________

Monthly

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________

Weekly

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________

GOALS

Long-Term

1. ____________________
2. ____________________
3. ____________________
4. ____________________

Mid-Term

1. ____________________
2. ____________________
3. ____________________
4. ____________________

Short-Term

1. ____________________
2. ____________________
3. ____________________
4. ____________________

QUICK TEST TO SEE IF YOU HAVE THE CHARACTERISTICS OF A BUSINESS ENTREPRENEUR

When you answer the following 15 questions, you will have an excellent idea of your potential for survival as a business owner. Please remember that this is NOT a "pass/fail" test but one, which indicates your chances for success in your own business.

Below you will find 15 situations, which relate to characteristics of entrepreneurs. You should respond to these situations from the perspective of the owner of a business with 7 employees, which has been running just over 6 months now and is starting to grow rapidly.

1. You've just encountered a problem you can't seem to solve. Do you:
   a. Continue trying to solve the problem by yourself,
   b. Ask for help in such a way that it's not obvious you're having difficulty,
   c. Ask for help openly so the problem will be solved even though somebody else may be the hero, or
   d. Assign the problem to someone else.

2. You've been working to complete a customer's job for 3 days now, and it seems like everything has gone wrong. It's now Friday afternoon, and the job must be completed Monday at noon. Do you:
   a. Plan to work Friday night and Saturday yourself until it's done,
   b. Assign a crew to work the weekend, and tell them to call you if they have problems,
   c. Plan to come in again Sunday to try to complete the job, or
   d. Plan to start the job again Monday morning and hope you'll get done by noon.

3. You find yourself in a putting contest ($1.00 entry fee), and you may putt only one golf ball. You can win $1.00 if you sink your putt from 6 inches, $2.00 if you sink it from 3 feet, $4.00 if you sink it from 15 feet, and $8.00 if you sink it from 40 feet. Do you putt from:
   a. 6 inches,
   b. 3 feet,
   c. 15 feet, or
   d. 40 feet.

4. A customer wants your assurance you can do a job for him (but you've never done a similar job before even though you've got the equipment). Do you:
   a. Give the assurance, believing honestly you'll be able to do the job,
   b. Give the assurance, knowing you'll give it a good try even if you may not complete it,
   c. Decline the job, since problems might arise you wouldn't be able to handle, or
   d. Decline the job so you'll be free to do jobs you've done before.

5. When solving a problem or otherwise performing work in your business, do you:
   a. Ask everyone around you for their opinion of what to do before proceeding,
   b. Ask supervisors only for their feedback and use their suggestions for improvement,
   c. Solve the problem independently without asking for help, or
   d. Ask for feedback but usually not utilize it.

6. Look at your accomplishments (and failures), do you see that you were:
   a. The recipient of a run of good (or bad) luck,
   b. At the mercy of machine breakdowns,
   c. In personal control of each situation, or
   d. Controlled by the country's economic situation.

7. When faced with a long-term commitment (an 18 month project) do you usually:
   a. Do whatever is necessary to complete the project on time,
   b. Make necessary time available to the project but then let other projects interfere,
   c. Concentrate for 6 months and then lose interest, or
   d. Work on the project whenever other projects don't seem more important.

8. When you are paid for your efforts, do you see money primarily as:
   a. A means to procure luxuries (boats, cars, houses, etc.),
   b. An indication of power and status in the community,
   c. A way of keeping track of your achievements ("keeping score"), or
   d. Having no relationship to your business achievements.

9. When you're presented with a work situation which will require long hours of work with reduced sleep, do you usually:
   a. Find all the drive and energy necessary to complete the task,
   b. Get very tired in the middle or toward the end of the project and "muddle through" to completion,
   c. Give the project to someone else because you will not work long hours, or
   d. Take on a larger project that you are able to complete.

10. Concerning job and career security, do you:
   a. Need strong assurance that you'll have a secure job as long as you want one,
   b. Deal well with low levels of ambiguity and uncertainty, but need some assurance that your job and career are secure,
   c. Tolerate modest to high levels of insecurity with self-confidence, or
   d. Have absolutely no need of assurance that you'll have a job tomorrow.

11. When you set performance standards for yourself, do you:
   a. Set low standards which can always be achieved,
   b. Set moderate standards which require some effort to achieve,
   c. Set high standards which require concerted effort to achieve, or
   d. Set extremely high standards which are usually not achievable.

12. When you've experienced a failure, are you:
   a. Depressed to the extent you'd rather not go through similar experience again,
   b. Disappointed but not discouraged, and learn well to avoid similar mistakes,
   c. Not disappointed but accept failure as "part of the territory", or
   d. Relieved that you've had a bad experience of "the odds" will mean you're now due for a success.

13. When given the opportunity to lead and take the initiative, do you usually:
   a. Reject the opportunity (to avoid possible failure),
   c. Accept the responsibility as long as you're promised lots of help,
   d. Accept the responsibility willingly, or
   e. Take over responsibility whether or not somebody else might already be performing an excellent job.

14. When you set business goals for the next year's performance, are they:
   a. Easily achievable with continued effort,
   b. Difficult to achieve unless an extra effort is made,
   c. Difficult to achieve without a sustained high effort, or
   d. Only achievable with a continued superior effort.

15. In looking at your career as an entrepreneur, which of the following do you feel has been most important to you?
   a. Your achievement of competence and efficiency,
   b. Your control over the use and scheduling of your own time,
   c. The ability to demonstrate your creativity and innovation, or
   d. The respect and admiration you gain by being "the boss."

(Turn to Page 180 for to see how you Rate)

LEGAL STRUCTURE, ORGANIZATION, & REGISTRATION

There are several issues that you should consider when determining the legal structure of your business:

- What extent will you be personally at financial and legal risk?
- Who will have the controlling interest in the business?
- How will the business be financed?

There are advantages and disadvantages to each legal structure. As a new business entrepreneur, you should examine all the characteristics and determine which is best suited to your needs. As you decide upon your legal structure, you should carefully evaluate both your present and future needs for operating your business. To avoid duplication of legal expenses, licensing and paperwork, analyze your various options and choose the business structure that will meet your long-term needs rather than choosing a business structure solely for its short-term convenience. While it is not a requirement, it may be valuable to consult an attorney.

Sole Proprietorship

A Sole Proprietorship is a business owned and operated by a single individual. There are few legal requirements to be met to establish a sole proprietorship. If an individual is operating the business under a name other than his/her own full first and last legal names, the business name must be registered as a trade name online with the Secretary of State at www.sos.state.co.us It is the most common form of legal structure for new small businesses.

Some Advantages — It is the least complicated form of legal structure. All profits and losses of the business are reported directly on the owner's personal income tax return. All decision-making and control remains in the hands of the single owner. As a result, the owner is able to respond quickly to business challenges and opportunities.

Some Disadvantages — The primary disadvantage of a sole proprietorship is that the proprietor is personally responsible for all the business liabilities and debts. If the business is unable to meet its financial obligations, creditors may pursue the personal assets of the owner. The sole proprietor is generally limited to financing the business by using his/her own assets and/or borrowing money. Borrowing money will require periodic loan payments regardless of whether the business is making money. Therefore, the fact that the owner's personal assets are at risk is an important factor.

If you and your spouse run your business together and share in the profits, your business may be considered a partnership. You should record your respective shares of partnership income or loss separately for self-employment taxes. Doing this may or may not increase your total tax. It will ensure that each spouse receives credit for social security earnings on which retirement benefits are based. IRS Publication #541, "Partnerships," is a useful guide regarding partnership filing requirements and the allocation of income to the partners. Married couples are encouraged to consult a competent tax professional to determine the exact tax implications of their business. The Colorado Department of Revenue will require that a husband and wife register the business as a general partnership if both are listed as owners of the business for state sales tax and employment taxes.

NOTE: The transfer of a business between spouses is considered a change in ownership and is treated in the same manner as the transfer or sale of a business between two unrelated individuals.

General Partnership
A General Partnership is a business owned by two or more individuals or other business entities. Although it is not required, it is strongly recommended that a general partnership prepare a written partnership agreement that outlines the business' structure and each partner's responsibilities. If the partnership owns real property, the partnership agreement should be filed in the county where the property is located with the office that keeps real estate records. Otherwise, there is no requirement to file the agreement with any state or federal agency. If the partners are operating the business under a name other than their own legal names, the business name must be registered as a trade name with the Colorado Secretary of State online at www.sos.state.co.us

Some Advantages — Partnerships have few legal requirements for formation. Partnerships are able to pool the financial, professional and managerial talents and resources of two or more individuals. A partnership is financed through the capital contributions of the partners and by borrowing money. The profits and losses of the business are reported annually on federal and state partnership returns. However, there are no partnership taxes. The partners are individually responsible for the taxes on their personal income tax returns. Profits and losses may be divided among the partners in whatever manner determined by the partners.

Some Disadvantages — The partners in a general partnership are personally liable for all business debts. Even if the partnership agreement specifies a defined split in profits, each partner is 100 percent responsible for all liabilities and debts. The personal assets of any one or all of the partners may be attached to cover the partnership's liabilities, regardless of which partner incurred the liability or debt.

Limited Partnership
A Limited Partnership is a business owned by two or more individuals or other business entities in which at least one of the partners has limited liability protection. There must be at least one general partner who remains personally responsible for all the partnership's liabilities. Limited partnerships are created by filing a "Certificate of Limited Partnership" with the Secretary of State.

Some Advantages — A limited partner's risk is limited to his/her financial - cash or property - investment in the business. The general partner(s) can retain personal control of the When you start your business, you must decide what legal structure it will have.

There are several choices of business formats in Colorado including sole proprietorship, general partnership, limited partnership, corporation, limited liability company, registered limited liability partnership, registered limited liability limited partnership and limited partnership association. www.coloradoSBDC.org

A limited partnership may raise capital by selling additional limited partnership interests in the business.

Some Disadvantages — The general partner(s) remain(s) personally responsible for all the liabilities and debts of the business. The limited partner(s) may not work in the business or participate in management without risking loss of limited liability status.

Corporation
A Corporation is a legal entity that exists separately from the people who create it. A corporation is owned by its shareholders and run by a board of directors elected by the shareholders. In a large corporation, the directors hire corporate officers to manage the day-to-day operations of the business. In a small corporation, the directors and the corporate officers are usually the same individual(s). Corporations are created by filing "Articles of Incorporation" with the Secretary of State and by adopting bylaws. There are certain formalities a corporation must adhere to, including:

- Procedures for annual shareholder meetings
- The election of the board of directors
- Maintenance of corporate records
- Adoption of bylaws
- Complete separation of personal and business finances, and
- Proper filings with the Secretary of State

Although many of the requirements may seem unnecessary for a small corporation, they are important to preserve the corporate form.

Some Advantages — A corporation is a legal entity separate from the owners. It is like a person with a life of its own. This creates a wall of separation that normally limits a stockholder's liability to the amount of investment in the corporation. If an owner dies or wishes to sell his/her interest, the corporation continues to exist and do business. This adds stability to its existence. Once a corporation has been established through the Secretary of State, no other business may register with the Secretary of State using the same name.

Some Disadvantages — While a corporation limits an owner's liability, the owner(s) and/or the corporate officers may still be held responsible if the "corporate veil" has been pierced. The "corporate veil" can be pierced in a number of ways, primarily by the personal actions or guarantee of an owner. Corporate profits may be subject to double taxation. A corporation must pay tax on income as a separate legal entity. If profits are distributed to shareholders, they are also subject to taxation as part of the individual shareholder's income.

S Corporation
An S Corporation is not a separate form of legal structure, but rather a special tax status granted by federal tax law to a corporation to tax the business' income like a partnership or a sole proprietorship. A corporation elects S Corporation status by filing with the IRS on Form 2553, "Election by a Small Business Corporation." Generally, the election must be filed within 75 days of incorporating. Otherwise, a corporation may not change its status until the beginning of each new calendar year. Form 2553 must to be filed by March 15 to be effective for the new tax year. Once elected, S Corporation status will continue until the shareholders revoke the choice or a corporation no longer meets the qualifications.

Some Advantages — An S Corporation has all the general advantages of "regular" corporations except it does not pay corporate income taxes. It divides the expenses and income among its shareholders. Individual shareholders report profits and losses on their personal income tax returns.

Some Disadvantages — To apply for S Corporation status the business must comply with the following restrictions:

- It must be a domestic corporation. It cannot be a financial institution using the reserve method of accounting for bad debts, an insurance company, a corporation that takes tax credits for doing business in a U.S. possession, or be a domestic international sales corporation (DISC).
- It may only have one class of stock issued and outstanding.
- It may not have accumulated earnings and profits at the close of each three consecutive taxable years if 25 percent of its gross receipts for each of the years are passive investment income. Passive investment income includes royalties, rents, dividends, interest, annuities, and sales or exchanges of stocks or securities.
- It may have a maximum of 75 shareholders. It may not have as a shareholder any person who is not an individual except certain qualifying trusts or certain qualifying exempt

Corporate Financing
A corporation may raise capital to begin the business by two different means: equity financing and borrowing money. Equity financing involves the issuance of shares of stock, which represent ownership in the business. Stock may be issued in exchange for cash, property, labor or services rendered. The primary advantage of equity financing is that the corporation is not required to repay the principal or interest. Instead, the shareholder acquires an interest in the business and may share in its future profits.

When issuing stock, a corporation should be aware that there are various types or classes of stock. Different classes of stock grant the shareholder different rights when profits are distributed. A corporation may also acquire capital by borrowing money. Debt financing is attractive to the investor because the corporation is legally obligated to repay the principal and interest. Interest payments are deductible to the corporation. However, debt financing may be difficult or impossible for a new corporation, which has little or no current earnings. A loan may require the personal guarantee of the corporate officer(s) who may then be held personally responsible for the repayment of the loan. A shareholder who is a working officer in the corporation is considered to be an employee and must be paid a "reasonable wage" subject to state and federal payroll taxes. If dividends are paid in lieu of wages, the entire dividend is subject to payroll taxes.

Articles of Incorporation

An attorney is not required to file Articles of Incorporation. However, if you decide not to use an attorney, you should educate yourself thoroughly regarding all aspects of a corporation. The following are basic definitions related to filing Articles of Incorporation and should not be considered comprehensive legal advice. For example, common stock and preferred stock are the two classes of stock that a corporation may issue. In addition, stock may have other attributes and combinations of attributes that define a stockholder's rights. Articles of Incorporation may include additional information regarding the management, structure, purpose and goals of the corporation that are not outlined here.

Corporation Name is the name you wish to call your corporation. The name must include the word corporation, company, incorporated or limited or an abbreviation of one of these words. The name may not be the same as any existing corporation. You may check on the name availability by going online at www.sos.state.co.us select business center, then under the business information column you can search business database to see if the name is being used. If it is not being used, go to file a document and you are creating a new record. Fill out the form for a profit corporation. When you complete the form online, you will be able to submit online with a charge card. The Secretary of State is located at 1700 Broadway, Suite 200, Denver CO 80202, and there phone number is 303-894-2200.

Cumulative Voting is the ability of a shareholder to vote the number of shares owned multiplied by the number of directors to be voted on. For example, if shareholder "A" owns 100 shares and 3 directors are being elected, shareholder "A" has 300 votes to cast for any one director or he can split up the votes and cast any desired number for any one or more of the candidates. Duration, the life of a corporation, is perpetual unless otherwise stated in the Articles of Incorporation. This means that a corporation will exist for an indefinite period of time, potentially forever, unless a specific number of years are stated. Most corporations are perpetual in duration. Preemptive Rights entitle each shareholder the right to maintain the same proportion of ownership if additional stock is issued. If a stockholder owns 25 percent of current outstanding stock, she/he would have the option to purchase 25 percent of new issues before the stock is offered to anyone else.

Common Stock normally has the following characteristics:

- The right to vote for the board of directors.
- The right to receive dividends when declared by the board of directors.

- The right to share in the distribution of assets, after creditors and preferred stock, if the corporation is liquidated.

Preferred Stock is normally associated with the following characteristics:
- Very limited voting rights.
- Preference over common stockholders for receiving dividends.
- A preference over common stockholders, after creditors, in the distribution of assets if the corporation is liquidated.
- The stock may be repurchased by the corporation at the option of the corporation.

Authorized Shares are the total number of shares that the corporation has the authority to issue. If there is more than one class, record the number of shares in each class. The number of authorized shares may only be changed at a later date by a vote of the stockholders as provided in the bylaws.

Par Value stock must have a stated value in the Articles of Incorporation. The stock cannot be issued unless par value is paid to the corporation. No Par Value (NPV) stock is issued at a value determined by the board of directors at the time of issue. Generally, the value is determined by whatever price the market will bear when the stock is issued.

A Registered Agent may be an individual or another corporation who represents the corporation. Although a post office box may be included, the registered agent must have a physical address on record at all times with the Secretary of State. The address may or may not be the corporation's place of business.

A Board of Directors must have one or more members and the number or method of determining the number must be specified in the bylaws. Directors must be at least 18 years of age.

Incorporators are the individuals who perform the initial steps of incorporation. They may or may not be involved in the corporation's activities after the formation of the corporation. Incorporators must be at least 18 years of age. Bylaws are the rules by which a corporation is managed and regulated. The bylaws are adopted and amended by the board of directors.

Shareholders must be U.S. citizens or resident aliens.
- It must have a tax year ending December 31.
- All shareholders must agree to elect S Corporation status.

While an S Corporation is not subject to double taxation as a regular corporation, it loses the ability to deduct the full cost of medical insurance as a business expense under current tax law. Corporate officers are still treated as employees. There are also differences in how business losses are carried forward, which may be positive or negative depending upon the individual situation. A competent tax advisor should be consulted before applying for S Corporation tax status. It is important to note that the corporation must file the “Articles of Incorporation” with the Secretary of State before it can apply to the IRS for S Corporation status. For more specific information about qualifying and applying as an “S” Corporation, contact the IRS, at 600 17th Street, Denver, CO 80202- 2490, 1-800-829-1040.

Limited Liability Company

The Colorado Limited Liability Company Act was adopted in 1990. An LLC combines the concepts of partnerships for tax purposes and corporations for liability purposes. LLCs are created by filing “Articles of Organization” with the Secretary of State. While similar, LLCs are NOT corporations. In an LLC, the owners are called members. The members may elect or hire a manager(s) to run the business. As in a corporation, the owner(s)/member(s) may elect themselves to be the manager(s).

Some Advantages — Members of an LLC are protected from personal liability in the same way as corporation shareholders, while the entity itself can have the flexibility of a partnership. The IRS has determined that LLCs may elect to be treated as partnerships or corporations for income tax purposes. A Colorado
LLC will be treated as a partnership if there are two or more owners, unless the LLC elects to be taxed as a corporation. However, state law allows the formation of an LLC by a single individual. In that case, the IRS will treat the LLC as a sole proprietorship. Because LLCs are a new form of legal structure and various questions remain unanswered, it is recommended that you consult a knowledgeable attorney if considering the formation of an LLC.

Some Disadvantages — LLCs are a recognized legal structure in all states. However, tax and liability treatment of an LLC is not uniform across state lines. There may also be limitations on the transferability of ownership in certain situations. In that case, the IRS may treat the LLC as a sole proprietorship or partnership.

Limited Liability Partnerships & Limited Liability Limited Partnerships

The Limited Liability Limited Partnership Act became law July 1, 1995. The intent of the law is to create a form of legal structure that is similar to S Corporations and Limited Liability Companies. Registered Limited Liability Partnerships (LLP) and Registered Limited Liability Limited Partnerships (LLLP) limit a partner’s personal liability in the business to their personal investment in the business, except in areas related to their personal professional conduct. LLPs and LLLPs will usually be taxed as partnerships but may elect to be taxed as corporations. Filing a “Registration Statement” with the Colorado Secretary of State creates both entities. The partners in LLPs and LLLPs are directly considered the operators of the business. There is usually no election of officers or managers as in corporations or LLCs.

Some Advantages — New businesses and existing general partnerships (currently registered with the Colorado Secretary of State) may register as a Registered Limited Liability Partnership. Existing limited partnerships (currently registered with the Colorado Secretary of State) may register as a Registered Limited Liability Limited Partnership and gain liability protection for all partners without a complete reorganization of the business. The liability protection is similar to the protection provided to the owners of a corporation. Once an LLP or LLLP has been registered with the Colorado Secretary of State; no other business may register with the Colorado Secretary of State using the same name. The intent of the law is to gain the benefits of the partnership form of business while limiting the personal liability of the owners.

Some Disadvantages — LLPs are primarily for businesses where all the owners belong to a single licensed profession, e.g. CPAs, attorneys, doctors, etc. It is a new form of legal structure and it is not a recognized form of legal structure in all states. Anyone considering the formation of a LLP or a LLLP should consult a knowledgeable attorney.

Limited Partnership Associations
The Colorado Limited Partnership Association Act created the new form of legal structure called the Limited Partnership Association (LPA) and became law on July 1, 1995. This new entity is created by filing “Articles of Association” with the Colorado Secretary of State.

Some Advantages — The main difference between a limited partnership association and a partnership or limited liability partnership is that the association has an indefinite life. Its existence terminates upon the affirmative vote of all of its members or as otherwise provided in the bylaws and by filing articles of dissolution with the Colorado Secretary of State. The association’s existence does not terminate upon the disassociation, death or bankruptcy of a partner. Under the Act, LLCs may convert to LPAs in the same fashion that they could convert to partnerships or limited partnerships under the Limited Liability Company Act.

Some Disadvantages — LPAs must have two or more persons as members of the business. This structure is very new and at this time, there are few interpretive guidelines.

Nonprofit Organizations
Nonprofit is a term that refers to an organization that uses all profits to further organizational goals instead of distributing the profits to shareholders, organizers or owners. (NOTE: Distribution of wages includes the payment of wages.) In Colorado, an organization may choose to be an Unincorporated Nonprofit Association or a Nonprofit Corporation.

Association vs. Corporation Clubs or other less formal groups that do not intend to seek any special tax-exempt status or to exist beyond the current members normally form nonprofit associations. If organized as an unincorporated nonprofit association, a constitution, articles of association or a written declaration of organization must be adopted by two or more persons, and the name must be registered online with the Secretary of State at www.sos.state.co.us To further clarify an association’s nonprofit status, additional optional documentation may be filed with the Secretary of State. However, organizations that want to become tax-exempt or exist beyond the current organizers should consider organizing as a Nonprofit Corporation. While not explicitly required, it will be easier to obtain tax-exempt status if organized as a corporation rather than as an association. A Nonprofit Corporation must file articles of incorporation with the Secretary of State in accordance with the Colorado Nonprofit Corporation Act and file annual reports in order to update the current name and address of its registered agent and its principal office address. Submitting the annual report also maintains the good standing of the entity with the Secretary of State. For the necessary forms to become a Nonprofit Corporation, contact the Secretary of State, 1700 Broadway, Suite 200, Denver, CO 80202, (303) 894-2200, www.sos.state.co.us Register to Solicit Contributions If a nonprofit intends to solicit contributions in Colorado, it must also register for charitable solicitations with the Secretary of State before it begins raising funds, and it must renew the registration annually. This is separate from the requirement to file an annual report with the Business Division of the Secretary of State's office. Be advised that the legal definition of "solicit" is quite broad, so it is generally safe for an organization to assume that if it holds itself out as a nonprofit eligible to receive tax-deductible contributions, it is required to register. It can do so online at www.sos.state.co.us by going to the Licensing Center, Charities and Fundraisers Registration section of the web site. Contact the Secretary of State, Licensing Division, Charitable Solicitations Section, 1700 Broadway, Suite 300, Denver, CO 80290, (303) 894-894-2200 ext. 6487, charitable@sos.state.co.us

Tax-Exempt Status After organizing, submit Form SS-4, Application for Employer Identification Number, to have the Internal Revenue Service (IRS) assign a Federal Employer Identification Number (FEIN) whether there are any employees or not. The FEIN is the basic federal tax ID number for the organization. Tax-exempt status requires an additional set of forms and paperwork. Tax-exempt status is granted by the Internal Revenue Service (IRS) to nonprofit organizations to determine their status for paying federal income taxes. Forming a nonprofit association or even a non-profit corporation does NOT automatically establish tax-exempt status. In addition, there are three types of tax-exempt benefits, and one does not automatically grant the other. The first step to becoming tax exempt is determining federal tax-exempt status. There are a number of ways under Internal Revenue Code 501(c) by which an organization may qualify for federal tax-exempt status. Generally, only organizations that have received federal tax-exempt status under 501(c)(3) qualify for Colorado sales tax-exempt status. 501(c)(3) status is issued only to religious, charitable, literary or educational organizations, organizations that promote national or international amateur sports competition and organizations for the prevention of cruelty to children or animals. Contributions made to 501(c) (3) organizations are tax deductible to the donor. Other organizations may become tax-exempt under other subsections of 501(c). Publication #557, "Tax-Exempt Status for Your Organization," is a useful IRS publication in determining an organization's tax-exempt status. Organizations that wish to become tax exempt under 501(c) 3 must file IRS Package #1023, Application for Recognition of Exemption. Organizations that wish to qualify for all other types of 501(c) nonprofit status should refer to Publication #557 for filing requirements. It may take six months or longer for the IRS to process an application and issue a Letter of Determination.

HOW TO DO A NAME SEARCH

To search for all businesses registered in Colorado, it is necessary to do a name search with Secretary of State. The Secretary of State has an online service where you can check to see if a name is being used. Visit the Secretary of State by going to www.sos.state.co.us Then Click on Business Center when the page changes the left hand column will have Search Business Database. The Secretary of State will provide information on trade names, corporations, limited partnerships, limited liability companies, limited liability partnerships or trademarks filed in the State of Colorado. Most forms can be completed and paid for with a credit card online.

If you are a sole proprietor or general partnership and will be doing business under a name other than your own legal name(s), you must register your trade name(s) with the Colorado Secretary of State online at www.sos.state.co.us Registration of the trade name does not grant exclusive rights to the use of the trade name. Sole proprietors and general partnerships gain exclusive rights to their name through the use of the name over a period of time or by filing a trademark in addition to registering with the Secretary of State. If you want to find out if a name is already being used, visit the Secretary of State's website at www.sos.state.co.us Under "Business Center" you will see "Search Business Database". By searching this database, you can find out whether or not a name is currently in use.

If your business will be a Limited Partnership, Limited Liability Company, Corporation, Registered Limited Liability Partnership, Registered Limited Liability Limited Partnership or a Limited Partnership Association, you must file with the Secretary of State, online at www.sos.state.co.us If you do business under an additional name, you must file a "Statement of Trade Name" with the Secretary of State. Corporations, limited partnerships, limited liability companies and limited liability partnerships organized outside Colorado must file for authority to do business in Colorado as a foreign entity. The Secretary of State will not accept paperwork from a business if another business is already using the same name under the same legal structure.

Secretary of State
1700 Broadway, Suite 200
Denver, CO 80202
(303) 894-2200
www.sos.state.co.us

Internal Revenue Service
All forms of legal structure, except sole proprietors with no employees, must obtain a Federal Employer Identification Number (FEIN). The FEIN is your federal tax ID number. You can obtain your FEIN by:

a) Filing a completed form SS-4 with the IRS EIN Operation unit for your state Philadelphia, PA 19255 & you'll receive your FEIN within four weeks;
b) Calling Tele-tin, (800) 829-4933 Monday through Friday 8am- 10pm (for your time zone) and you'll receive your FEIN immediately; or
c) Faxing your SS-4 to FAX-TIN number (215) 516-3990. FAX TIN is available 24 hours a Day 7 days a week. Be sure to include a cover sheet showing your FAX

number and you should receive your FEIN within four business days. The form can be obtained from the IRS, 1-800-829-3676 or through their website www.irs.gov under forms.

Sole proprietorship owners with no employees may use their social security number as a federal tax ID number or may file form SS-4 to receive a FEIN. The SS-4 and many other federal tax forms may be obtained from the IRS website located at www.irs.gov Department of Revenue Registering for a Sales tax License/Employees If you will have sales and/or employees, you must use form CR0100, "Colorado Business Registration." The CR0100 will open your sales tax license, state wage withholding and unemployment insurance accounts. You can download the form at www.taxcolorado.com or it can be obtained from the Colorado Department of Revenue at (303) 238-3278, or from the SBDC Hotline at (303) 592-5920. Completed forms may be sent by mail to the Colorado Department of Revenue, 1375 Sherman Street, Denver, CO 80261 or delivered in person at one of the local service centers:

- Colorado Springs, 4420 Austin Bluffs Pkwy.
- Denver, 1375 Sherman St. Room 160
- Fort Collins, 1121 W. Prospect Road, Bldg D
- Grand Junction, 222 S. Sixth St., Room 208
- Pueblo, 310 E. Abriendo Ave., Suite A4

Forms are also available through the Colorado Department of Revenue website located at www.taxcolorado.com or call (303) 238-3278. NOTE: Via mail, you will receive confirmation of your accounts in approximately 3-4 weeks. Local service centers will establish accounts while you wait.

Contact the IRS at:

1. 600 17th Street, Denver, CO 80202,
2. Call 1 (800) 829-1040 or
3. Visit their website at www.irs.gov

After a 501(c) (3) Letter of Determination is received from the IRS, apply to the Colorado Department of Revenue for a sales tax-exemption. A copy of the Letter of Determination, financial statements and documents confirming your organizational structure and function must accompany application Form DR 715. If the Colorado Department of Revenue determines the organization qualifies for Colorado tax-exempt status, a Certification of Exemption authorizing purchases for the organization without state or local sales taxes will be granted. A Letter of Determination from the IRS does not guarantee Colorado tax-exempt status. For additional information, contact the Colorado Department of Revenue, Taxpayer Services Division at (303) 238-7378 or visit www.taxcolorado.com. Some religious, charitable and educational nonprofit tax-exempt organizations may qualify for property-tax exemption. An organization must own real property to take advantage of this exemption. Federal tax-exempt status is not used to determine whether an organization qualifies for the property-tax exemption. Organizations that would like more information should contact the Colorado Department of Local Affairs, Division of Property Taxation at 1313 Sherman, Room 419, Denver, CO

80203, (303) 866-2371. Although nonprofit tax-exempt organizations may not pay income tax, they must still file tax returns. IRS Form 990 is used for federal income tax returns and DR 112 for state returns.

While there are a few exceptions, tax-exempt organizations are still responsible for all payroll taxes and all other employer responsibilities on employees and must collect appropriate sales tax when selling personal tangible products to the public. See the Employer Responsibilities and Sale Tax chapters of this Guide. Private Assistance for Nonprofits Colorado Non-Profit Association is a statewide "trade association" for non-profits in Colorado. Colorado Non-Profit Association is a diverse group of more than 1,100 nonprofit members. It provides information programs, publications and group purchasing services.

Colorado Non-Profit Association helps charitable and philanthropic nonprofits manage their organizations and resources. It represents the nonprofit sector and serves as a bridge between the public and private sectors. There bookstore sells a number of useful publications including "How to Form Your Own Nonprofit Corporation" and "Fiscal Sponsorship: 6 Ways to Do It Right." For more Information, contact them at: 455 Sherman Street #207, Denver, CO 80203, (303) 832- 5710, 1-800-333-6554 Community Resource Center (CRC) helps take start-up groups through the process of forming a nonprofit.

CRC provides direct training, consultation and empowerment services to nonprofits, including leadership training for directors. CRC also publishes the "Colorado Grants Guide" and the "Colorado Funding Report." For more information contact CRC at 655 Broadway, #300, Denver, CO 80203-0426, (303) 623-1540, visit their website at www.crcamerica.org or email info@crcamerica.org

Cooperatives

A cooperative is a legal organization that is formed by a group of individuals and/or businesses that desire to work together for their "cooperative" benefit. A cooperative has two unique characteristics. A cooperative allows a group of separate individuals or individual businesses to join together for a common purpose such as the bulk purchase of materials, for sharing office space or to sell common products.

While a cooperative has to cover its costs to stay in business, it can focus its resources on meeting the needs of its user-owners, called members. Business decisions are made based on what is in the overall best interests of the members. Each member maintains his/her status as an individual or individual business and the cooperative becomes a means to realize common business and personal goals.

NOTE: A cooperative is not a form of legal structure used to operate a single independent business. In a cooperative, each member generally has only one vote regardless of the amount of equity owned. This one-member, one-vote approach makes cooperatives very democratic. This can be viewed as an advantage or a disadvantage. Wealthy members can't buy control and all members have equal say in how the business is conducted. However, it does not take into account the amount of financial and/or time commitments made to the organization. In a non-cooperative business, people usually have voting power that is based solely on their equity investment. A cooperative may organize as an unincorporated association. This is the least formal method for organizing a cooperative. The only government requirement is the registration of a trade name with the Secretary of State online www.sos.state.co.us However, you must also adopt and have available for members a constitution, articles of association or a written declaration of organization. Most groups, however, organize as a corporation. Organizing as a corporation has three advantages.

- The personal liability of each member for losses suffered by the cooperative is limited to the member's equity in the cooperative.
- The cooperative exists independently of the original organizers. Transfer of ownership and control is simple. New members purchase a membership or a share of voting stock. When a person is no longer eligible to be a member, the cooperative repurchases that person's membership interest.
- Organizing as a corporation conveys the image of a solid, long-lasting venture to members and outsiders.

Out-of-State Businesses
Any out of state business that will have ongoing business in the State of Colorado must register with the Colorado Secretary of State. Doing business in Colorado is NOT defined by statute but commonly refers to any business with a physical location in Colorado and/or operation that will extend beyond 30 days.

NOTE: All wages and income earned from work and operations conducted in the State of Colorado are subject to Colorado income tax regardless of the residency of the individual or the business. Employers must withhold Colorado income tax from employee wages and make the required estimated income tax payments for the business. Refer to the Employer Responsibilities and the Income and Property Tax chapters of this Guide for more information on filing requirements.

When starting your own business, you must carefully choose the appropriate legal structure for your business. You should examine the characteristics of each structure along with the needs and desires you have for your business. All Legal structures are set up at the Secretary of State online at the Secretary of State website: www.sos.state.co.us.

1) Sole Proprietor — This is a single individual who owns and operates the business. There is no legal separation between the individual and the business. She/he benefits from 100 percent of the profits and is personally responsible for 100 percent of all the debts and liabilities of the business. If you and your spouse run your business together, you have the option of registering your business as a sole proprietor or a general partnership.

Colorado law allows a husband and wife to register as a sole proprietor when they register their ownership under one legal name only with the Colorado Secretary of State. The law allows the second spouse full responsibility for the business.

2) Married Couples — Couples are encouraged to consult a competent tax professional to determine the exact tax implications for themselves and their business. You and your spouse may run your business together and share in the profits. Be aware, though, that your business may be considered a partnership.

3) General Partnership — This is very similar to a sole proprietorship except that there are two or more individuals or entities who own the business. A general partnership offers the means for pooling all resources and sharing control of a business.

There is relatively little formality required to establish and run the business, and control remains with the partners. However, all partners remain 100 percent responsible for all the debts and liabilities of the business, regardless of any partnership agreement outlining work responsibilities and shares of profit.

4) Limited Partnership — This provides the ability to acquire additional capital while avoiding the need to borrow as the general partner(s) maintain(s) control of the day-to-day operations of your business. The general partner(s) is/are 100 percent responsible for all the debts and liabilities of the business. The limited partner's liability does not exceed his/her investment in the business. However, the limited partner may not be involved in the operations or management of the business.

5) Corporation — This is a legal entity separate from the owners of the business. There are significant formalities that must be observed to properly operate a corporation. The corporation provides a wall of liability protection between the business and the owners. It has the ability to raise capital by issuing stock. While the limited liability enjoyed by shareholders may appear attractive, most creditors will probably require a personal guarantee as collateral. The corporation must pay its own taxes in addition to the owners, and owners who work in the business are considered employees. A corporation may become an "S" Corporation through application to the IRS. This will eliminate the double taxation of a corporation, but may result in the loss of some tax deductions and reduce flexibility on the handling of business losses. It does NOT eliminate employer responsibilities for corporate officers.

6) "S" Corporation — This is not a separate form of legal structure, but rather a special tax status granted by the IRS to a corporation to tax the business' income like a partnership or a sole proprietorship. A corporation elects "S" Corporation status by filing with the IRS on Form 2553, "Election by a Small Business Corporation."

7) Limited Liability Company — This combines the benefits of liability protection in a corporation with a more simplified tax structure like a partnership. It is similar to an S Corporation without the IRS restrictions. However, limited liability companies are a relatively new form of business structure.

8) Limited Liability Partnerships and Limited Liability Limited Partnerships — These are new forms of legal structure in Colorado since July 1, 1995. They are similar to limited liability companies with principal benefits to all owners who are members of a single licensed profession. Anyone considering the formation of a limited liability partnership or a limited liability limited partnership is strongly encouraged to use an attorney.

9) Limited Partnership Association — This is a new form of legal structure in Colorado effective July 1, 1995. This structure is different from a partnership or limited liability partnership in that the association has an indefinite life. Its existence does not terminate upon the disassociation, death or bankruptcy of any of its partners. For more information about this structure, it is strongly recommended that you contact an attorney for specific liability protection.

10) Nonprofit — This is a term that refers to an organization that uses all profits to further organizational goals instead of distributing the profits to shareholders, organizers or owners. In Colorado, an organization may choose to be an unincorporated nonprofit association or a nonprofit corporation. Establishing tax-exempt status is a second process that is completed by filing either Package #1024, “Application for Recognition of Exemption under Section 501(a)” or #1023, “Application for Recognition of Exemption,” with the IRS.

11) Cooperative — This is a legal organization that is formed by a group of individuals and/or businesses that desire to work together for their “cooperative” benefit. It allows a group of separate individual businesses to join together for a common purpose such as the bulk purchase of materials, for sharing office space or to sell common products. As you decide upon your legal structure, you should carefully evaluate both your present and future needs for operating your business. To avoid duplication of legal expenses, licensing and paperwork, analyze your various options and choose the business structure that will meet your long term needs rather than choosing a business structure solely for its short-term convenience. While it is not a requirement, it may be valuable to consult an attorney. See the chapter on Choosing Advisors for suggestions on how to select an accountant, attorney and other professional advisors.

GETTING STARTED

OVERVIEW
The business plan is the summary of a business's history, strategies, successes, operations, and financial plans. Generally, the summary will cover three to five years. There are many styles of business plans and the one presented here is a suggested version. The small business owner would be wise to research other formats to determine what is best for their business.

The purpose of the business plan may be to acquire financing from a lending institution and to serve as an operational plan for the business owner. In either case, the business owner will gain valuable insight into the industry they have chosen when they prepare a business plan. If the document will be used to secure financing, it is the owner who must answer the lender's questions.

If the business owner feels the plan needs polishing, (more focus, detail or stronger presentation), the help of a professional may be necessary.

Please keep in mind that this is a workbook that should be supplemented with additional test or materials.

COVER LETTER
The Cover Letter presents the business plan to the financial institution or potential investor. It should be concise and summarize all relevant issues in the financial proposal. The letter must include the purpose of the financial request, the amount requested and what you will use investment for. It should also explain how the loan is going to be repaid and from what source. The intention of the letter is to make a favorable impression on the lender. Use the cover letter only when you are presenting your plan to investors.

EXECUTIVE SUMMARY
The Executive Summary is an overview of the entire business plan. It should be written after all the other sections have been completed. This section will give the first impression of how well the owner has researched their companies industry. The intent is to demonstrate that the business owner understands the market and targeted consumer needs.

GENERAL COMPANY DESCRIPTION
The General Company Description includes the company history (if it is an existing business) and focuses on success the company has accomplished. It should give a general description of the firm's operations. The description must incorporate the goals and objectives of the organization and identify the factors needed for success in the targeted industry.

PRODUCT/SERVICE PLAN

The Product/Service Plan describes the unique characteristics of your company's product/service. It should compare the company's product or services to the competitions. This competition must be a factual description of the product's advantages – its unique features and superiority – regardless of whether the competition's product has advantages. If there are competitive disadvantages, a description of how you will improve your product to compete with the competition is necessary. A description of benefits of the company's product to the customer should be included.

If the company is a manufacturing firm, a description of the production process must be included. The strategy for the purchase of raw materials and a list of suppliers, with an indication of their reliability, should be included. A diagram of the plan design could be included here or in the appendix, along with a description defining the plan space, needed or existing.

MARKETING PLAN

This section is very important to potential lenders. It indicates whether the business owner has researched their industry and understands their target market, and whether there is a viable market. The marketing plan includes:

1. Descriptions of the total market and the target market
2. Profiles of the targeted customers
3. The sizes of both the total market and target market
4. A description of the benefits of the product or service to the targeted customers
5. A description of the process of market research utilized by the company
6. The results of the data collected, including the results of any test marketing, which should also be included
7. An explanation of the market share and projected market share the company has or intends to attract. This section should be based on sound assumptions
8. Research showing that customers have a need for the product and are willing to pay for it
9. A description of the promotional strategies to be used by the company and why the firm believes the strategy will succeed
10. What types of media will be used in the advertising strategies with a discussion of their cost and budgets.
11. The price strategy of the firm's product and justification for the use
12. A description of the channels of distribution the company will use
13. The role of the company's sales force will have in the plan

COMPETITION PLAN

The Competition Plan Indicates who the competition is and where they are located geographically. It describes the strengths and weaknesses of the competition and compares the strengths and weaknesses of the company. The plan should include:

- The pricing and advertising strategies of the competition
- The companies strategies to counter them
- The secondary competition (any company that can take sales away from the company)
- A statement that lets the reader know that the owner understands the competition and can react effectively

MANAGEMENT PLAN
The Management Plan includes:

- A list of key management personnel, their backgrounds and experience (resumes may be incorporated here or in the appendix)
- All compensation packages and any other contractual agreements that have been given to management
- A list of all advisors or directors
- An organizational chart indicating the structure and identifying key positions, and a description of any vacant positions

FINANCIAL PLAN
The Financial Plan is a three-year history of balance sheets and income statements. It should also indicate:

- Financials for the current year
- Cash flow projections for three years (cash flow projections may be shown in worst-case and best-case scenarios). The projections must be developed on sound assumptions. These assumptions must be definitive and concise.
- An assumption page (Optional. The assumptions may be included above or below the cash flow projections. The assumption page validates the reasons for projections).
- The financial statement projections (balance sheet and income statement)

These projections should be for a minimum of three years, monthly for the first year, with quarterly projections for the second and third year.

If the owner is unfamiliar with financial statements, they should consider seeking professional assistance from an accountant.

Worksheets, to assist you with the development of the Business Plan, are included on the following pages. Complete the worksheets for Product, Marketing, and Management before completing the Business Plan worksheets. Worksheets for each section are included.

NOTE: **<u>The Executive Summary will be written after all sections are completed. Do not start this worksheet section until all workbook sections are complete.</u>**

Business Plan Worksheet & Exercises

COVER LETTER

a. **Purpose of financial request**

b. **Amount requested**

c. **Use of funds**

d. **Repayment of loan or financing**

e. **Source for repayment**

BUSINESS PLAN WORKSHEET
GENERAL COMPANY DESCRIPTION

a. **Type of company**

b. **Company history**

c. **Company accomplishments**

d. **Description of company operations**

e. **Goals and objectives**

f. **Factors that influence success**

BUSINESS PLAN WORKSHEET

EXECUTIVE SUMMARY

NOTE: The purpose of the Executive Summary is to motivate the reader to read the plan

a. **Summarize all relevant issues pertaining to your business plan**

b. **Highlight important elements included in business plan**

c. **The purpose of the executive summary is to motivate the reader to read the plan**

PRODUCTS AND SERVICES

PRODUCT DEVELOPMENT

Product development, whether in the initial stage of a business or in an existing business, is an essential element for success. The product development process provides data to the owner by defining the product or service, an estimate of profitability, benefits to the customer, whether or not there is a need for the product, distribution cost, and financial requirements.

The steps in product development are:

- An idea
- A business analysis
- Product development
- Test marketing
- Introduction to the market

IDEA GENERATION

An idea may be generated when the business owner observes a perceived need in the market. Suggestions for new products may come from friends or customers. Not all ideas feasible for product development and must be screened for potential.

Some questions that may be asked at this stage include:

- What are the unique characteristics of the product or service?
- Will there be any special advantages to marketing this product?
- Are there similar or competitive substitutes available?
- What will make this product superior?

ANALYSIS

An analysis of an idea will include probable benefits to the customer and the profitability of manufacturing or marketing the proposed product or service. Considerations must be given to market size, probable demand, profitability, production cost and distribution cost. A cost analysis will show whether the product can be produced efficiently and competitively. It will also determine whether the product will be profitable. If profitability cannot be shown, then the idea should be dropped.

Questions include:

- Are the perceived benefits of this product realistic?
- Are the estimates of profitability based on good assumptions?
- Are the materials used in the development of this product readily available?
- Will the development of the product be labor intensive? Capital intensive?
- Who is the customer and what is the size of the market?

- Is the customer the final customer?
- What costs are associated with distributing this product?

PRODUCT DEVELOPMENT
The objective of product development is to determine if the product will work. It also provides data supporting answers to many of the questions mentioned previously.

Questions included in this phase are:

- Can the product be produced at a reasonable cost?
- Does the product work?
- Is the product state-of-the-art?
- What legal protections are necessary (patents, copyrights, trademarks?)

Workable models are developed in the product development stage. The business owner or potential business owner must be objective at this phase. Be careful not to "fall in love with the project." Many owners have developed business plans for products or services that have not included objective views. Instead, they disregard the information that has been collected, convinced that the product will work.

TEST MARKETING
Test marketing will determine favorable or unfavorable reactions to the product. Products that receive completely unfavorable reactions must be re-evaluated or dropped from consideration. Products that indicate some favorable responses may be improved. For example, the packaging of the product may not suggest what is really is or does or the product's pricing may not get a favorable response.

MARKET INTRODUCTION
After the data has been analyzed and demonstrates that the product has gone through the test markets, consideration can be given to introducing the product to the market. Remember, even if the product has gone through the phase, there is no guarantee of success.

Questions here include:

- What channels of distribution will be best?
- What types of media will be used for the promotion and advertising of the product?

A review outline and worksheets are provided on the next several pages to assist with the development of the product/service section of your business plan.

Product and Services Outline

I. **PRODUCT/SERVICES**

   a. **Description of Product/Services**

   b. **Unique characteristics of product**

   c. **Advantages of product**

   d. **Is the product state-of-the-art?**

   e. **Competitive substitutes or similar products**

   f. **Superiority of product**

   g. **Benefits to customer**

II. **PRODUCTION**

   a. **Material readily available**

   b. **Suppliers available**

   c. **Production of product labor intensive, capital intensive**

   d. **Space needed to produce product/service**

III. **PRODUCTION COSTS**

   a. **Cost of material**

   b. **Cost of labor**

   c. **Cost of space**

   d. **Other overhead considerations**

IV. PROFITABILITY

a. Can product be produced at a profitable margin?

b. Is there a demand for product/service?

c. Market size

d. Market demand

V. MARKET INTRODUCTION

a. Channels of distribution

- Retail
- Wholesale

b. Who is the final consumer?

c. Promotion

d. Types of media for advertising

Product Plan Worksheets and Exercises

1. **DESCRIPTION OF PRODUCT/SERVICE**
   a. **Unique characteristics**

   b. **Advantages of product**

   c. **Is product state-of-the-art?**

   d. **Similar products**

   e. **Is the product competitive?**

   f. **Superiority of product**

   g. **Benefits to customer**

PRODUCT PLAN WORKSHEET

2. **PRODUCTION**
   a. **Materials available**

   b. **Suppliers available**

   c. **Production labor intensive? Capital intensive?**

   d. **Space needed**

PRODUCT PLAN WORKSHEET

3. PRODUCTION COSTS

a. Material cost

b. Labor cost

c. Space cost

d. Other overhead factors

e. Are cost assumptions reasonable?

PRODUCT PLAN WORKSHEET

4. **PROFITABILITY**

   a. **Are profit margins reasonable?**

      Based on assumptions?

   b. **Demand for product/service**

   c. **Results of test market**

   d. **Market size**

   e. **Market demand**

PRODUCT PLAN WORKSHEET

5. MARKET INTRODUCTIONS

a. Channels of distribution

- **Retail**
- **Wholesale**
- **Other**

b. Final consumer of product

c. Types of promotion

d. Type of media for advertising

MARKETING PLAN

Defined Marketing Terms

Channels of Distribution	**Physical movement of products and development of intermediary relationships to guide the movement of Product. Direct channel: No intermediaries. Indirect Channel: One or more intermediaries between the producer and user.**
Market Share	**The percentage of the potential market that a business may capture. It's a probable market.**
Projections	**Predictions of sales and expenses based on assumptions about market and economic conditions.**
Target Market	**The group of consumers to whom the firm decides to direct its marketing efforts.**
Total Market	**Total number of consumers in a given location who have the ability to purchase a product or service.**
Market Segmentation	**Segments or groups of customers who are similar to some degree.** **Example: parents and grandparents. Geographic segmentation includes the different areas of a city or state.**
Suppliers	**Businesses that supply other business with raw goods for materials or finished products for resale.**
Characteristics	**Profiles of consumers.**
Market Size	**The total market that may purchase services or merchandise from the business owner.**
Cost Strategy	**In the context of marketing, the consideration of the promotional, advertising, and selling costs of goods.**
Pricing Strategy	**Pricing policy of the business. Example: market penetration lowers the margin to reach as many consumers as possible. Market skimming is used to achieve the highest margin possible reaching only high-end consumers.**

Marketing

DEFINITION OF MARKETING
There are as many definitions of marketing as there are businesses. One definition is the process of planning for pricing, promotion and distribution of a product or service that will reach and satisfy customers and encourage them to return again to purchase that product or service in the future.

THE MARKETING CONCEPT
One of the most common mistakes that small businesses make is not understanding the marketing concept. Many small business owners will tell you that their best marketing tool is "word of mouth." This is only a very small part of the marketing concept. As mentioned before, marketing includes pricing, promotion, product or service and distribution. More importantly, planning for marketing must be an integral part of the process if a business is going to achieve success.

There is also the misconception that marketing is simply advertising. Again, this is only a part of the process. It is important for businesses to understand their entire marketing environment, including customers, geographic locations, different market segments, competition, economic factors, new media outreach (facebook, twitter, and LinkedIn) and other influences that will determine consumer demand to purchase a product or service. Marketing is included in every facet of the business.

Given the current nature of world technology, you can see that a business must stay on top of economic, political, social and cultural factors that influence its success. Because we live in a "market-driven" society, planning and developing a good marketing strategy is an essential ingredient of your overall plan. The tendency to think that a complete marketing strategy is only for "big business" is a misconception. When a small business is aware of the marketing environment and conditions, it can adapt and develop new strategies quickly. The greatest advantage a small business has over "big business," is the ability to adapt swiftly.

ECONOMIC INDICATORS
Economic factors of the business cycle, inflation, access to capital and the unemployment rate all play an important part when planning a marketing strategy. Understanding business cycles is essential for determining whether or not the economy is headed for a recession. Small businesses are highly affected by wide swings in the economy. More businesses will fail during recessionary periods, than at any other time, unless controls are in place.

Inflation creates problems for the small business owner because of the inflated prices of raw materials or inventory. Inflation may play a part in whether the company can gain easy access to capital. Access to capital is essential and can be difficult for the business owner to acquire in inflationary times. The unemployment rate must be considered when assessing economic factors because it may well determine the demand for your product or service. If the unemployment rate is low, the consumer will have surplus capital for goods; if not, the reverse is true. These indicators and many more, are normally accessible in your daily newspaper.

POLITICAL AND REGULATORY FACTORS
Government regulations and intervention have become major factors when making decisions and developing strategies for small business. Many regulations require the same level of compliance for small businesses as for large businesses. Regulations create higher costs, therefore causing a multitude of potential problems for the company.

SOCIAL AND ENVIRONMENTAL FACTORS
Environmental factors must be of concern for businesses today. The country has become very environmentally conscious and companies must be aware of that consumer attitude. Governmental environmental compliance regulations must also be considered. Not only is this awareness ethically correct, it may be to the business owner's advantage. Successful market niches are being created by business owners who develop environmentally sound products. It is good business to keep in touch with the attitudes and feelings of the consumer.

MARKET RESEARCH
Now that you have considered the marketing concept, we can begin the process of market research. Market research is the most critical phase for the development of a business. If you company is an existing business and has not developed marketing data, the conclusions reached may surprise you. For new businesses, developing your marketing data at the beginning may increase your chance of success.

The marketing research process is similar to finding answers for who, what, when, where, and why.

TYPES OF RESEARCH:

a. Surveys

b. Observations

The above methods will assist you in the data collection process. Surveys and observation methods will help you determine:

WHO	**Who is the customer or potential customer?** **Who are the suppliers and are they reliable?** **Who are the competitors?**
WHAT	**What kind of people are they?** **What preferences do they have?** **What types of advertising media will be the most effective?** **What are the needs of the consumer?**
WHEN	**When and how often will the consumer buy the product?**
WHERE	**Where does the consumer live?** **Where are my supplies?**
WHY	**Why will the consumer buy or not buy my product or service?**

The above list of questions will help you begin the process of your research. This is the first step in defining the problem.

A note for existing businesses: Be certain you are defining a problem and not a symptom. For example, decreasing sales is a symptom, not a problem.

TOTAL MARKET

The total market can be defined as the total number of consumers in a given location who have the ability to purchase your product or service. Statistics on a total market may be obtained from industry magazines, Small Business Development Centers (SBDCs), libraries, business associations, LMI Gateway (Colorado Department of Labor and Employment, CDLE), state or local economic development organizations, Small Business Administration (SBA) business associations, and local chamber of commerce's.

Data collected from these sources will help the small business owner define the total market's size, location, characteristics and potential needs (what may be perceived) or defined needs (known).

TARGET MARKET

One common mistake that small businesses make is the assumption that everyone in their location is part of their target market. While this may be true, a business cannot develop an effective marketing plan unless it has a clear and concise definition of the firm's targeted consumer. The target market is the specific consumer that the business wishes to sell its product or services. The targeted consumer may be defined by:

- Age group
- Income
- Location
- Segments
- Size

Again, you may refer to the who, what, where, when and why.

- **Who** will buy?
- **What** will attract them to buy?
- **Where** will they buy?
- **When** will they buy?
- **Why** will they buy?

MARKET SEGMENTS
Market segments, which are groups of customers who are similar to some degree, may be a part of your target market. Small business owners can have difficulty defining a segment. For example, if a furniture store wants to sell baby furniture to clients, they may target several segments, or groups. One segment would be parents of babies, another segment would be grandparents.

After the collection process of your research has been completed, you will begin the process of analyzing the data and making decisions about your target market. These decisions' include the size of your target market and what percent of that market you expect to attract.

MARKET SHARE
Market share is the percent of the market that a business expects to or currently attracts. Market share may be defined in terms of the total market or target market. As suggested above, you may now define what share of that market you attract or what share you expect to attract.

COMPETITION
Researching the competition will yield information that can assist the small business owner in the decision-making process. For example, if you determine that competition is aggressive, your product or service may be price sensitive to advertising. Understanding the competition will allow you to react when their strategies change.

You should research:

- **Who** is the competition?

- **Where** is the competition?

- **What** are their strengths and weaknesses?

Comparatively, what are your strengths and weaknesses?

- Why is the competition successful?
- If not successful, why not?
- What is the quality of their product?
- How does it compare to your product?
- Why will the customer prefer your product?
- What are the pricing strategies of the competition?
- How does it compare?

You should attempt to collect as much data as possible about the competition. The information will be of great value in the decision-making (conclusion-drawing) process.

INDUSTRY, TECHNOLOGICAL AND TREND ANALYSIS

Researching trends of the industry will help you determine the maturity of the market. If, for example, you find that the market is mature, your products will be price sensitive. They may also be price sensitive to the economic health of the particular region. It is essential that you research the industry trends to determine:

- Is this a new industry?
- Is this a mature industry?
- Are there opportunities in this industry?
- How big is the industry?
- Will the international market affect the industry?
- Is entry into this industry difficult?
- What is the future of this industry?
- Will there be future markets?

- Are the technology changes rapid (dynamic) in the industry?
- What are the risks if I enter this industry?
- What are my current risks?
- What will my financial risks be in this industry?
- What government factors will influence the industry?

Now that you have an idea of what to look for when developing your research package, let's look at an outline for marketing research. Please remember: Not every suggestion listed here will fit the scope of your business, nor does the suggestion list cover every item that you may wish to research.

Marketing Research and Analysis

Keep in mind that market research must be completed before starting the marketing plan. Some items will appear redundant.

1. TYPES OF RESEARCH

a. Methods used are:
- **Observation**
- **Survey**

b. Research potential customer
Research potential suppliers
Research competition

c. Frequency of repeat customers

d. Types of people who will purchase the product

e. Reasons for purchasing product
Reasons for not purchasing product

II. TOTAL MARKET

a. Market size

b. Location

c. Consumer needs
Potential needs
Defined needs

III. TARGET MARKET

a. Age group

b. Income

c. Location (geographic)

d. Segments

e. Ethnicity

f. Size

IV. COMPETITION

- **a. Who is the competition? (Don't forget secondary competition)**
- **b. Location (geographic)**
- **c. Strengths and weaknesses**
- **d. Pricing strategies**

V. INDUSTRY, TECHNOLOGICAL AND TREND ANALYSIS

- **a. New industry or mature industry**
- **b. Size of industry**
- **c. Industry opportunities**
- **d. Entry into the industry**
- **e. Industry future**
- **f. Technological change and risks**

Marketing Research Worksheet and Exercises

1. Type of research surveys, observations, etc.

MARKETING RESEARCH WORKSHEET AND EXERCISES

2. Potential Customer – Customer

MARKETING RESEARCH WORKSHEET AND EXERCISES

3. Suppliers

MARKETING RESEARCH WORKSHEET AND EXERCISES

4. Competitors

- **Location**

- **Strengths and Weaknesses**

MARKETING RESEARCH WORKSHEET AND EXERCISES

5. Customer Profile – Total Market

- **Age**

- **Gender**

- **Ethnicity**

- **Income**

- **Location**

- **Size**

- **Needs**

MARKETING RESEARCH WORKSHEET AND EXERCISES

6. Customer Profile – Target Market

- **Age**
- **Gender**
- **Ethnicity**
- **Income**
- **Location**
- **Size**
- **Needs**
- **Segments**
- **Most effective advertising**

MARKETING RESEARCH WORKSHEET AND EXERCISES

7. Industry, Technological and Tend Analysis

- **New Industry**

- **Mature industry**

- **Opportunities**

- **Size**

- **Ease of entry**

- **Future**

- **Technological changes**

- **Risks**

- **Financial risks**

- **Influences on industry**

Marketing Plan Outline

In this section, you will rely on the data collected from your marketing research to assist in the development of the marketing plan. The elements of the marketing plan are:

- Description of total market
- Description of target market
- Description of market segments
- Customer profile of each segment
- Market share
- Benefits to customer
- Promotional strategy
- Advertising
- Selling strategy
- Cost strategy
- Pricing strategy
- Distribution strategy

The element listed above should have been included in your market research. Review the marketing concept and write your marketing plan. Use the review outline and worksheet on the following pages. Remember, you may include other ideas or concepts. This outline is merely a guide.

Marketing Plan Worksheets and Exercises

I. DESCRIPTION OF TOAL MARKET

a. **Size**

b. **Location**

c. **Characteristics**

d. **Potential needs**

e. **Market trends**

II. DESCRIPTION OF TARGET MARKET

a. **Age group**

b. **Income**

c. **Gender**

d. **Location**

e. **Ethnicity**

f. **Size**

g. **Logic for selection**

III. DESCRIPTION OF MARKET SEGMENTS

a. **Logic for selection**

IV. CUSTOMER PROFILE OF EACH SEGMENT

a. **Age group**

b. **Location**

c. **Ethnicity**

d. **Size**

e. Gender

f. Income

V. MARKET SHARE

a. Projected

b. Logic and assumptions

c. Realistic?

VII. PROMOTIONAL STRATEGY

a. Forms of promotion

- Trade shows
- Newspaper
- Radio
- Television
- Direct Mail
- Electronic media: LinkedIn, Twitter, Facebook, Website

VII. PROMOTIONAL STRATEGY

a. Forms of promotion

- Trade shows
- Websites
- Media
- Newspapers
- Radio
- Television
- Direct Mail

b. Time line

VIII. ADVERTISING

a. Types of media
b. Logic for selection
c. Time line
d. Cost
e. Measurements for effectiveness

IX. SELLING STRATEGY

- **a. Personal selling**
- **b. Retail**
- **c. Wholesale**
- **d. Use of sales force**

X. COST STRATEGY

- **a. Advertising cost**
- **b. Promotional cost**
- **c. Selling cost**

XI. PRICING STRATEGY

- **a. Pricing policy**
- **b. Market penetration**
- **c. Select market**
- **d. Competitive pricing**
- **e. Credit and collection policy**

XII. DISTRIBUTION STRATEGY

- **a. Retail**
- **b. Wholesale**
- **c. Direct mail**
- **d. Catalog**

Notice that competition has been separated from the marketing plan. There are many who will argue that competition should be a part of the marketing plan. You have used a part of the competition data collected in the marketing plan. Now develop the Competition section using the following outline. If you choose to include competition in the marketing plan, present it after Roman Numeral II, Marketing Plan Outline.

COMPETITION

1. Who is the competition?

- **a. Secondary competition**
- **b. Location**
- **c. Strengths and weaknesses of competition**
- **d. Strengths and weaknesses of your business, comparatively**
- **e. Pricing strategies of competition**

f. **Comparative pricing of your business**
g. **How will you react to competitive strategies?**
h. **New competition entering the market**
i. **Is the competition aggressive? Permissive? Cutthroat?**

MARKETING PLAN WORKSHEET

1. DESCRIBE THE TOTAL MARKET

- **Size**

- **Location**

- **Characteristics**

- **Potential needs**

- **Market trends**

MARKETING PLAN WORKSHEET

2. DESCRIBE THE TARGET MARKET

- **Age group**

- **Income**

- **Gender**

- **Location**

- **Ethnicity**

- **Size**

- **Logic for selection**

MARKETING PLAN WORKSHEET

3. DESCRIBE THE MARKET SEGMENTSS

- **Logic for selection**

MARKETING PLAN WORKSHEET

4. DESCRIBE THE CUSTOMER PROFILE OF EACH SEGMENT

- **Age group**

- **Location**

- **Ethnicity**

- **Size**

- **Gender**

- **Income**

MARKETING PLAN WORKSHEET

5. MARKET SHARE

- **Projections**

- **Logic and assumptions**

- **Realistic**

MARKETING PLAN WORKSHEET

6. BENEFITS OF PRODUCT TO CUSTOMER

- **Quality**

- **Convenience**

- **Price**

MARKETING PLAN WORKSHEET

7. PROMOTIONAL STATEGY

- **Trade shows**

- **Electronic Media**

- **Newspaper**

- **Radio**

- **Television**

- **Timeline**

MARKETING PLAN WORKSHEET

8. ADVERTISING

- **Types of media**

- **Logic for selection**

- **Time line**

- **Cost**

- **Measure for effectiveness**

MARKETING PLAN WORKSHEET

9. SELLING STRATEGY

- **Personal selling**

- **Retail**

- **Wholesale**

- **Use of sales force**

MARKETING PLAN WORKSHEET

10. COST STRATEGY

- **Advertising cost**

- **Promotional cost**

- **Selling cost**

MARKETING PLAN WORKSHEET

11. PRICING STRATEGY

- **Pricing policy**

- **Market penetrations**

- **Select market**

- **Competitive pricing**

- **Credit and collection policy**

MARKETING PLAN WORKSHEET

12. DISTRIBUTION STRATEGY

- **Retail**

- **Wholesale**

- **Internet Mail**

- **Direct Mail**

- **Catalog**

- **Other**

Competition Worksheet and Exercises

1. WHO IS THE COMPETITION

a. Secondary competition?

b. Location

c. Strengths and weaknesses of competition

COMPETITION WORKSHEET AND EXERCISES

2. COMPARISIONS

a. Pricing strategies of competition

b. Comparative pricing

c. Reaction to competition strategies

d. New competition

e. Competition – Aggressive – Permissive – Cutthroat

BRANDING YOUR PRODUCT OR SERVICE

The brand is a distinguishing name and/or symbol (logo, trademark, or package design) intended to identify the origin of the goods or services – and to differentiate goods or services from your competitors. A brand signals to the customer the source of the product – and protects both the customer and producer from competitors who would attempt to provide products that appear to be identical.

By developing strong and consistent images, well-regarded brands generate hidden assets – or brand equity – that gives them distinct advantages. Brand equity is a form of wealth that is closely related to what accountants call "goodwill."

A brand can be considered a promise made to its customers and shareholders. Promises that are kept yield loyal customers and produce steady streams of profits. Brand equity is initially build by laying a foundation of brand awareness – eventually forming positive brand images – and can result in high levels of brand loyalty.

There are at least five general approaches to assessing the value of your brand:

1. Price premium that the name can support
2. Impact of the name on customer preferences
3. Replacement value of the brand
4. Stock market valuation (stock value less tangible assets)
5. Earning power of the brand
6. Overall preference (not explained by objectively measured attributes)
7. The set of consumer associations and behaviors that permits the brand to earn greater volume or margins that it could without the brand name.

Brand image is everything. It is the sum of all tangible and intangible traits – the ideas, beliefs, values, prejudices, interests, features and ancestry that make it unique. A brand image visually and collectively represents all internal and external characteristics – the name, symbol, packaging, literature, signs, vehicles and culture. It's whatever influences how a brand or a company is perceived by its target market – to a single customer.

Your branding image is one of the best, single marketable investments your company can make. Creating a positive brand image is a key component which lays a foundation to build on your company's future.

Branding Position

Positioning your product or service is an important strategy to reflect the "place" your company occupies in a market or segment.

Every product has some sort of position – whether intended or not. Positions are based upon consumer perceptions, which may or may not reflect reality. A position is effectively build by communicating a consistent message to consumers about the product and where it fits into the market – through advertising, brand name, and packaging.

Positioning is linked to market segmentation. You can't define a good position until you have divided the market into unique segments and selected your target segments. Research issues that need to be addressed are:

1. What is your current position?

    - What does the "space" look like – what are the most important dimensions in the category?
    - What are the other products in that space and where are they?
    - What are the gaps, unfilled positions or "holes" in the category?
    - Which dimensions are more important?
    - How do these attitudes differ by market segment?

2. What position do you want to have?

    - Finding an unmet consumer need – or at least one that's not being adequately met now by competition
    - Identifying a product strength that is both unique and important
    - Determining how to correct a product weakness and thereby enhance a product's appeal (e.g., legitimate "new and improved")
    - Changing consumer usage patterns to include different or additional uses for the product
    - Identifying market segments, which represent the best targets for a product

3. How do you create a new positioning?
    Creating a new positioning can come from two sources:
    - Physical product differences
    - Communications – finding a memorable and meaningful way to describe the product (e.g., calling 7-up the "uncola"). As Ries and Trout point out, "positioning is not what you do to a product; positioning is what you do to the mind of the prospect."

Colorado Forest Products™ Program

The Colorado Forest Products™ (CFP) program is a trademarked business membership and wood products certification and consumer education program that enhances the production, marketing and sales of wood products harvested from forest management activities on Colorado's public and private forestlands.

The Colorado Forest Products™ Program is designed to increase awareness about Colorado's forest and wood products industry by:

- Encourage the development of businesses utilizing wood from Colorado's public and private forests
- Reduce our reliance on imported wood products
- Provide greater access to Colorado's wood product markets
- Reduce the costs of forest management activities
- Retain and create jobs in our forest products business sector

By joining the Colorado Forest Products™ (CFP) program, businesses can be more visible and accessible to consumers and be recognized as a local source of products in the marketplace.

Members Receive:

- A trademarked digital membership logo for use on marketing materials, website and products packaging
- A no-cost listing of their business in the Colorado Forest Products™ database
- Access to technical and business assistance from the Colorado Wood Utilization and Marketing business consultants and staff
- Up-to-date information about news and events going on around the state

How Does CFP Work?
To join CFP, members must certify that at least 50 percent of all wood materials used in processing and manufacturing are derived from public or private forests in Colorado as a result of forest management activities.

There is no cost to join the program. To join the program or to learn more visit the website:

www.coloradoforestproducts.org

Making a Web Site Work

Identify your specific web site goals – Rank in order
____ Sell Products (ecommerce)
____ Generate Leads
____ Create Branding
____ Sell Advertising
____ Provide Customer Service
____ Provide Product Information
____ Secure Investment Capital
____ Solicit Referrals
____ Find Employees
____ Other___________________________________
____ Other___________________________________

Determine and understand your target audience
Who's doing the searching? ____
Who's doing the buying? ____
____ % Men ____ % Women
Target Customer Age ____
Target Customer Level of Education _________________________________
Target Customer Income Level______________________________________
Geographic Target
____ Market Locally ____ Market Regionally
____ Market Nationally ____ Market Internationally
Bandwidth? _________
Internet Experience? ________

Research the Marketplace
What are the keywords people are looking up? ___________________________
How many searches are done each month? _____________________________
What would it cost to be competitive? _________________________________
What services are the competitors offering? _____________________________
How are they competing with one another? ______________________________

Determine your site plan
How many sites should you create? ___________________________________
Determine back-end site functionality __________________________________
Determine your unique selling proposition _______________________________
Determine specific desired visitor action
Call you?
E-mail you?
Place an order?

Identify Effective and Cost-Efficient Web Marketing Tools

Conventional Web Marketing Tools

Is your website featured in the following, put “n/a” a check or leave it blank

____ Direct Mail
____ Print Advertising
____ Trade Shows
____ Radio
____ TV
____ PR

Web-based Marketing Tools

Burst e-mail to know clients and prospects
Burst e-mail to unknown specific groups
Site optimization to score well on search engines
Pay per inclusion
Pay per click marketing
Banner Advertising and Linking
Affiliate Programs

Unpaid Web Marketing Tools

Is your website featured in the following, put “n/a” a check or leave it blank.

____ Complete Corporate Integration
____ Sales People
____ Fax Cover Sheets
____ Office Signage
____ Voice Mail Recordings
____ Message on hold information
____ Invoices
____ Business Cards
____ Seminar Information
____ Collateral Materials
____ E-mail addresses
____ Promotional items
____ Corporate Apparel

Create a High-Conversion Web Site – Some Homepage tips

Use this checklist to grade your sites homepage or to remember when doing your planning.

- ____ Is your company name and logo clearly identifiable?
- ____ Is it clear what specific benefits you provide to your target audience?
- ____ Do you have a unique selling proposition and does it address the needs and wants of your target audience?
- ____ Does the language reflect the keywords or other methods visitors have used to get to your website?
- ____ Is it clear what specific action your target audience should take?
- ____ Do the graphics convey a message consistent with the goals of your target audience?
- ____ Is your address, city, state, zip, phone, and other company information available?
- ____ Is the site navigation in logical order?
- ____ Is the site navigation 100% clear?
- ____ Does your site have a “splash page” (get rid of it!!)
- ____ Is your site built in frames? (get rid of it)
- ____ Is the text on your home page really text?
- ____ Is your site information printable?
- ____ Does your site download in 8 seconds or less?
- ____ Does your site have sound?
- ____ Does your site instruct people to bookmark it?
- ____ Is all this visible without having to scroll on a 600 x 800 resolution?

BUSINESS MANAGEMENT

You and your investors will need to know something (often a great deal) about how your management team will be set up. We have included below a "business skills matrix" which we borrowed with appreciation from the Oregon Small Business Development Center Network. You have reached the first organizational plateau now, and you should be pleased with what you have accomplished so far:

Identify Owners and Key Employees

- Who are the owners and what titles do they hold in this business venture (Vice President of Finance, Director of Sales, etc.)?
- Who are the key employees and what are their titles?
- When, and in what circumstances, did these persons previously work together?

Develop a Resume and Job Description for Each Owner and Key Employee (and be SURE to include family and relatives)

These resumes should contain the following information about each person identified as "key" to the operation of the new venture:

1. Most important duties,
2. Previous business experience (especially in similar or identical businesses)
3. Educational background,
4. Personal interest, and
5. A list of references that can be interviewed by investors.

Identify Outside Advisors and Consultants

These are listed on the next page for your convenience.

Complete the Business Skills Matrix

Put an "I" in each column where an "insider" (owner or key employee) has the required knowledge, or an "O" if an "outsider" has such knowledge. If you have a need for assistance, please indicate where appropriate.

Determine How You Will Address the Assistance and Educational Needs

Be specific as to how you will address areas where help is needed.

List of Owners and Key Employees (be sure to include resumes)

____

____

____

____

List of Advisors and Outside Consultants:

- Accountant: ____
- Attorney: ____
- Banker: ____
- Insurance Broker: ____
- Others: ____

  ____

Business Skills Matrix

Management Skills	Adequate Knowledge	Assistance Needed	Education Needed
Accounting & Taxes			
Planning			
Organizing			
Financial Management			
People Management			
Time Management			
Personal Selling			
Promotion			
Decisions Making			
Computer Related			
Cost Control			
Personnel Policies			
Pricing			

How Will You Address Areas Marked “Assistance Needed” and/or “Education Needed”?

Staff

The key element in any business, beyond unique products and spectacular approaches to marketing, is PEOPLE! Be sure that you plan correctly for how you will recruit, develop, and maintain your employees.

Identify Essential Employees

On the next page list the number of employees; and if you have a number of departments or divisions, be sure to distribute them accordingly. You will also be listing the job titles and required skills for these essential people.

Identify the Source of These Essential Employees

You may indeed need persons with specialized skills, but if you locate your business too far away from an existing pool of such skills you'll regret it almost immediately. Be sure to consider the place (employment agency, newspaper ads, etc.) where you hope to find your employees in addition to anticipated problems in finding, training, and retaining them.

Identify the Costs of These Essential Employees

Included in these costs are the following:

1. Base wages or salaries;
2. Required employee benefits (Social Security, Federal and State unemployment taxes, workers' compensation insurance, and others that are required from time to time); and
3. Optional employee benefits (including medical/dental insurance, life and disability insurance, pension and profit sharing plans, and others).

Establish a Goal for Developing Written Policies

You will need written job descriptions for each person that you hire, and you should also consider as necessary Employee Personnel Policies. Employees deserve a set of written policies to know in advance precisely how they will be treated in given circumstances. This is important if you want to keep your employees happy and working for you over the long haul.

Essential Employees: ____

____

____

____

____

____

____

Source of Essential Employees: _____________________________________

____

____

____

____

____

____

Costs of Essential Employees: ______________________________________

____

____

____

____

____

____

How Will You Develop Written Job Descriptions and Employee Personnel Policies – (what will be your overall philosophy and goals regarding your employees?) ____

____

____

____

____

____

Management Plan Worksheets and Exercises

1. MEMBERS OF MANAGEMENT TEAM

(Resumes should be included in the appendix)

a. Skills

b. Education

c. Experience

d. Don’t forget to include owner

MANAGEMENT PLAN WORKSHEET AND EXERCISES

2. COMPENSATION PACKAGE DESCRIPTION

a. Brief descriptions

b. Other contractual agreements

c. Ownership distribution of company, if any

MANAGEMENT PLAN WORKSHEET AND EXERCISES

3. BOARD OF DIRECTORS OR ADVISORY STAFF

a. List members and functions

b. If you have neither, list professionals and how the company utilizes their expertise.

MANAGEMENT PLAN WORKSHEET AND EXERCISES

4. MANAGEMENT STYLE

a. Management Philosophy

b. Authoritative (top down)

c. Participative (employee participation)

d. Employee selection (what is your hiring process?)

MANAGEMENT PLAN WORKSHEET AND EXERCISES

5. ORGANIZATIONAL CHART

a. Management structure

b. Lines of authority

FINANCIAL PLAN

The Financial Plan is a three-year history of balance sheets and income statements. It should also indicate:

- Financials for the current year
- Cash flow projections for three years (cash flow projections may be shown in worst-case and best-case scenarios). The projections must be developed on sound assumptions. These assumptions must be definitive and concise.
- An assumption page (Optional. The assumptions may be included above or below the cash flow projections. The assumption page validates the reasons for projections).
- The financial statement projections (balance sheet and income statement)

Financial Terms to Understand

It is important to understand many of the financial terms to assist with the process of classifying information. Listed below are terms you will need to become familiar with.

Accounts	An account is a tool used to record the exchanges in a business transaction. When a transaction occurs, a record is made in each account affected by the exchange. The accounts are assets, liabilities, owner's equity, revenue and expenses.
Assets	The properties or economic resources owned by the business. Examples of assets are cash, accounts receivable, inventory, prepaids, property, plants and equipment.
Balance Sheet	The balance sheet shows the financial position of a business on a specific date. This balance sheet includes assets, liabilities and equity.
Current Assets	Cash, account receivable, inventory, or other assets that are reasonably expected to be realized in cash or to be sold within one year or one operating cycle of the business.
Current Liabilities	Obligations that are due to be paid or liquidated within one year or one operation cycle of the business.
Financials	Financial statements of the business, which include the balance sheet, income statement and cash, flow statements.
Income Statements	The income statement also called the profit and loss statement will indicate the profits or losses of a business. Revenues and expenses of the business are shown in this statement. Revenue minus expenses = net income or profit.
Journal	The book of original entry.

Ledger	A group of accounts.
Liabilities	Liabilities are debts of the company
Long- Term Assets	Assets that are long lived and are held for use in the sale or production of other assets. This is also known as property, plant and equipment.
Long –Term Liabilities	Obligations that are not due to be paid within one year operating cycle.
Property Plant And Equipment	Assets that are held for longer than one year and are held for use in the sale or production of other assets. Formally called long-term assets.
Equity	The owners' or claim on assets of the business. The difference between what the business owns and what it owes. Assets minus liabilities equal owner's equity.
Working Capital	The amount of a business's current assets less its current liabilities. A business must maintain an adequate amount of working capital to meet current debts.

Cash Flow Analysis

In this section, we will figure out what your start-up costs are going to be, your intended sources of funding, and your predicted sales picture. We will then develop a cash budget for the first year of your business. Let's start with the initial costs of starting your business. This is a generic outline for any small business. In this and the other financial worksheets that follow, you may have items of income and outgo that we don't list. Feel free to add or delete items from this and the other worksheets to customize them to your individual needs.

START-UP COSTS

ITEM #	EXPENSE	COST
1.	State & Local Business Licenses	$_______________
2.	Legal & Accounting Fees	$_______________
3.	Business cards, brochures, flyers	$_______________
4.	Other start-up marketing expenses	$_______________
5.	Computer equipment, phones, other office equipment	$_______________
6.	Computer software	$_______________
7.	Special equipment for your business	$_______________
8.	Beginning inventory of raw materials or products	$_______________
9.	Rent or land/building purchase down payment	$_______________
10.	Remodeling work	$_______________
11.	Deposits (phone, utilities, internet provider, etc.)	$_______________
12.	Trade association dues or subscriptions	$_______________
13.	Office supplies	$_______________
14.	Business insurance	$_______________
15.	OTHER: _________________________________	$_______________
TOTAL START-UP COSTS		$_______________

You now know how much money it's going to take to start your business – BEFORE YOU EVEN MAKE A SALE! This money has to come from somewhere. So next, we'll list the sources of start-up financing you PLAN to use. You can include bank loans and other sources of capital that you are going to pursue but don't already have in hand. *"Cash"* means anything that is actual money, a check, an electronic transfer, or is provided using a debit card (NOT A CREDIT CARD!).

- *"Market Value"* means the amount for which you could sell a non-cash asset on the open market (at a garage sale or flea market, using a broker, etc.).

SOURCES OF START-UP FUNDING

ITEM #

1.	Investment of CASH by Business Owner #1	$________________
2.	Investment of CASH by Business Owner #2	$________________
3.	Equity purchases or other non-loan investments by others *("Stockholders", if your business is a corporation; "Members", if your Business is an LLC; "Limited Partners" if your business is a partnership; "Really Generous People" if your business is a sole proprietorship)*	$________________
4.	Loans from friends and family	$________________
5.	Conventional bank loans	$________________
6.	SBA-backed bank loans	$________________
7.	Other government loans (Specify):_________________	$________________
8.	Home equity loans or lines of credit	$________________
9.	Bank lines of credit	$________________
10.	Other cash sources (Specify):____________________	$________________
TOTAL CASH		$________________
11.	Market value of non-cash assets Owner #1 will contribute	$________________
12.	Market value of non-cash assets Owner #2 will contribute	$________________
13.	Market value of non-cash assets from others (Specify):	
	____	$________________
	____	$________________
TOTAL NON-CASH		**$**________________
TOTAL CASH + TOTAL NON-CASH = TOTAL SOURCES OF START-UP FUNDING		$________________

Of course, you want the TOTAL START-UP COSTS to be equal to or greater than the TOTAL SOURCES OF START-UP FUNDING. If this is not the case, make whatever changes you need to make in your start-up cost worksheet or your sources of start-up funding worksheet until you have AT LEAST enough funding listed to cover your start-up costs.

Maybe you need to scale back on your start-up costs. You could start smaller, and then allow the business to grow as your sales give you working capital. After all, after your business has a few years of SUCCESSFUL track record, it's going to be easier for you to get bank financing with a reasonable interest rate. Or perhaps you need to think about sources of funding that you haven't thought of yet, in order to get more start-up money. You could set up a savings plan and have money from your present salary put into a small business fund until you have the money that you need to contribute as a business owner. How much do you need to save before you can start this business?

Now that you have an idea what it will cost to start your business before you make the first sale, it's time to look at the cash flow picture for operations once you open your doors! First, we will predict sales for each month of your first year, based on your marketing evaluation done earlier in this book.

SALES FORECASTS

Decide how much of that money comes into your business each month. There are two types of sales you can make – cash (or credit card), or sales on account. Sales on account are where the customer gets the product or service now but doesn't pay you for a period of time – commonly 30-days. So you must track **Total Sales**, **Cash Sales**, and **Sales on Credit**.

See next page for some examples:

Cash Flow Examples and Exercises

EXAMPLE 1:
A HARDWARE STORE that will sell $1,000 worth of merchandise in MONTH 1, with 20% ($200) being cash or credit card sales, and 80% ($800) being sales to contractors and other people who have accounts with the store that they pay up at the end of the month.

	MONTH 1	MONTH 2	MONTH 3
TOTAL SALES	$1,000	$1,000	$2,500
CASH SALES **Report these figures on the** *Cash Budget under "Cash Sales"*	$ 200	$ 200	$ 800
SALES ON ACCOUNT *This is the part of total sales that you won't get paid for until a future time. Enter this balance in the Cash Budget under "Collections on Accounts Receivable" IN THE MONTH THAT YOU ACTUALLY ACTUALLY EXPECT TO BE PAID (Usually 30 days later)*	$ 800	$ 800	$1,700

EXAMPLE 2:
A LUMBER YARD, for which all sales are usually cash or using credit cards. In this case, TOTAL SALES and CASH SALES are the same. If you project that your business will make $2,000 in its first month, you will enter the number "$2,000" on both the TOTAL SALES and the CASH SALES lines, and "$0" on the SALES ON ACCOUNT line:

	MONTH 1	MONTH 2	MONTH 3
TOTAL SALES	$1,000	$1,000	$2,500
CASH SALES Report these figures on the *Cash Budget under "Cash Sales"*	$1,000	$1,000	$2,500
SALES ON ACCOUNT *This is the part of total sales that you won't get paid for until a future time. Enter this balance in the Cash Budget under "Collections on Accounts Receivable" IN THE MONTH THAT YOU ACTUALLY ACTUALLY EXPECT TO BE PAID* (Usually 30 days later)	$ 0	$ 0	$ 0

Now, do this for all 12 months of your first year. The "Year Total" for the TOTAL SALES column should equal your total annual sales forecast number.

SALES FORECAST FOR YEAR 1

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
TOTAL SALES	$_____	$_____	$_____	$_____	$_____	$_____
CASH SALES *Report these figures on the Cash Budget under "Cash Sales"*	$_____	$_____	$_____	$_____	$_____	$_____
SALES ON ACCOUNT This is the part of total sales that you won't get paid for until a future time. Enter this balance in the Cash Budget under "Collections on Accounts Receivable" IN THE MONTH THAT YOU ACTUALLY ACTUALLY EXPECT TO BE PAID (Usually 30 days later)	$______	$______	$______	$______	$______	$______

MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	YEAR TOTAL
$______	$______	$______	$______	$______	$______	$______
$______	$______	$______	$______	$______	$______	$______
$______	$______	$______	$______	$______	$______	$______

No business can survive long without cash in the bank. You can buy needed business supplies with credit cards up to their limit, but when it comes time to pay the credit card company, they'll only accept cash. What if you get into a situation where a supplier will only accept cash and your business is leveraged out? If the is a vendor of some critical good, your business will grind to a halt because you can't pay him or her. So it is important to always know how much cash you have coming in, and where it's all going.

Cash sales are the most important sources of cash inflow to your business, but not the only sources. The next thing we need to look at are all the flows of cash into your business. Then we subtract all the outflows of cash, in order to determine your "cash position." This type of worksheet is called a CASH BUDGET.

We will now create a CASH BUDGET for your first year in business, after start-up costs are taken care of.

CASH INFLOWS

You will use some of the numbers you generated in the SALES FORECAST WORKSHEET that you just completed to build this cash budget. First, copy "**Cash Sales"** from SALES FORECAST to **"Cash Sales"** on the CASH BUDGET. The cash owed you for **"Sales on Account"** (SALES FORECAST) won't actually come to you until you collect the money (typically within a 30-day period). When you collect the money, record it on the CASH BUDGET as "**Collections on Accounts Receivable"**. Let's go back to the Hardware Store example, with $1,000 total sales, $200 in cash and $800 on account in Month 1. Assume they collect on all their credit accounts in 30 days. On the CASH BUDGET, this store will record **"Cash Sales"** for Month 1 as $200, and **"Collections on Accounts Receivable"** for Month 1 as $0. In Month 2, **"Cash Sales"** will be $200, and **"Collections on Accounts Receivable"** will be $800. In Month 3, **"Cash Sales"** will be $800, and **"Collections on Accounts Receivable"** will be $800. And so on.

CASH OUTFLOWS

Only record expenses you plan to pay IN CASH! **Remember our definition of "Cash".** If you buy something on credit, record the expense on the CASH BUDGET in the month when you'll have to pay the bill, NOT the month in which you make the purchase. Let's say you purchase a computer in Month 4 with a credit card and pay off the credit card in Month 5. Instead of entering the purchase as **"Capital Equipment Purchased"** in Month 4, you will enter it as a **"Credit Card Principle Payment"** in Month 5. If it takes you three months to pay off the purchase, you will make entries for those three months, making sure to split the payment up into **"Credit Card Principle Payment"** and **"Credit Card Interest Payment"**. (Your credit card statement tells you how much interest has accrued each period. You can estimate it if you know the percentage rate which your credit card company charges).

FINANCIAL ASSUMPTIONS

List here all of the assumptions you are making as you build your cash budget, and the basis of the assumption. For example: Assumption: Rent = $1,500 per month
Basis: I need 200 square feet of retail space and I called several places with space to rent and the average quote I got was for $7.50 per square foot.

Assumption	Basis

Monthly Cash Budget for First Year of Operations

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
CASH ON HAND*	$_______	$_______	$_______	$_______	$_______	$_______
CASH INFLOWS						
Cash Sales	$_______	$_______	$_______	$_______	$_______	$_______
Collections on Accounts Receivable	$_______	$_______	$_______	$_______	$_______	$_______
Loans	$_______	$_______	$_______	$_______	$_______	$_______
Other sources	$_______	$_______	$_______	$_______	$_______	$_______
TOTAL CASH IN	$_______	$_______	$_______	$_______	$_______	$_______
CASH ON HAND + TOTAL CASH IN =						
TOTAL CASH AVAILABLE	$_______	$_______	$_______	$_______	$_______	$_______
CASH OUTFLOWS						
OPERATING EXPENSE						
Inventory purchased	$_______	$_______	$_______	$_______	$_______	$_______
Supplies purchased	$_______	$_______	$_______	$_______	$_______	$_______
Wages paid out	$_______	$_______	$_______	$_______	$_______	$_______
Payroll expenses paid	$_______	$_______	$_______	$_______	$_______	$_______
Professional fees paid	$_______	$_______	$_______	$_______	$_______	$_______
Rent paid	$_______	$_______	$_______	$_______	$_______	$_______
Utilities/Phone/Internet	$_______	$_______	$_______	$_______	$_______	$_______
Travel expenses paid	$_______	$_______	$_______	$_______	$_______	$_______
Marketing costs paid	$_______	$_______	$_______	$_______	$_______	$_______
Prof. Dues/subscriptions	$_______	$_______	$_______	$_______	$_______	$_______
Sales Tax	$_______	$_______	$_______	$_______	$_______	$_______
Insurance premiums	$_______	$_______	$_______	$_______	$_______	$_______
Repairs/maintenance	$_______	$_______	$_______	$_______	$_______	$_______
Business licenses/fees pd.	$_______	$_______	$_______	$_______	$_______	$_______
Other expenses paid	$_______	$_______	$_______	$_______	$_______	$_______
TOTAL OPERATING EXPENSE	$_______	$_______	$_______	$_______	$_______	$_______
LONG TERM INVESTMENT EXPENSE						
Capital equipment bought	$_______	$_______	$_______	$_______	$_______	$_______
Mortgage payments	$_______	$_______	$_______	$_______	$_______	$_______
Other	$_______	$_______	$_______	$_______	$_______	$_______
TOTAL LONG TERM INVESTMENT EXPENSE	$_______	$_______	$_______	$_______	$_______	$_______
BUSINESS FINANCING EXPENSE						
Loan Principle payment	$_______	$_______	$_______	$_______	$_______	$_______
Loan interest payment	$_______	$_______	$_______	$_______	$_______	$_______
Credit Card Principle paid	$_______	$_______	$_______	$_______	$_______	$_______
Credit Card Interest paid	$_______	$_______	$_______	$_______	$_______	$_______
Line of Credit payment	$_______	$_______	$_______	$_______	$_______	$_______
Other financing payment	$_______	$_______	$_______	$_______	$_______	$_______
TOTAL BUSINESS FINANCING EXPENSE	$_______	$_______	$_______	$_______	$_______	$_______
TOTAL OPERATING EXPENSE + TOTAL INVESTMENT EXPENSE + TOTAL FINANCING EXPENSE =						
TOTAL CASH OUT	$_______	$_______	$_______	$_______	$_______	$_______

TOTAL CASH AVAILABLE – TOTAL CASH OUT = **END OF MONTH**

CASH POSITION* $_______ $_______ $_______ $_______ $_______ $_______

NOTE: *The END OF MONTH CASH POSITION becomes CASH ON HAND for the beginning of the next month.*

MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	YEAR TOTAL
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________
$_______	$_______	$_______	$_______	$_______	$_______	$______________

At this point, you have painted a picture of how cash will flow through your business in the first year. This is IMPORTANT, because if you don't have cash on hand at all times, your business is in grave danger from sudden, unexpected outside surprises. From the analysis you've just completed, you know how to keep your business solvent during that critical start-up year.

Now, write a summary of what you've just done in the first step of our numerical analysis. Then we'll go on to Step Two: Financial Projections and Breakeven.

SUMMARY OF CASH FLOW ANALYSIS:

Include:

- Total cost to start your business and how you intend to meet those costs.
- What will your total sales be in the first year?
- Discuss your monthly cash position, based on the spreadsheet analysis you did. Do your sales vary on a seasonal basis (as they would, for example, if your planned business is a ski equipment retail shop)? At the end of the year, is your cash position positive or negative? If it's negative, explain how you will make up the difference in order to have cash on hand when you begin your second year!

____
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This summary will become a part of the "Executive Summary" for your plan.

THREE-YEAR FORECAST AND BREAKEVEN
This process relies heavily on information you developed in your cash analysis. We will prepare the two standard financial statements, the BALANCE SHEET and the INCOME STATEMENT. First, we will prepare a beginning balance sheet, using information from the START-UP COSTS that you estimated. We will then prepare an INCOME STATEMENT for your first year in business. Then you will project your business's financial performance out two additional years, by preparing an income statement for years 2 and 3. Lastly, we will calculate your breakeven point for the business's first year.

This process will provide a clear picture FOR YOU of what your business performance can be. The fact that you prepared these statements before approaching a bank is guaranteed to impress the loan officer!

THE BEGINNING BALANCE SHEET
A BALANCE SHEET keeps track of what your business has and who owns it. What your business has are called its ASSETS. Any money that you owe (loans and other types of debt) is called the business's LIABILITIES. Whatever is left over after you pay off all the debts is the part of the business you actually own, and is therefore called OWNER'S EQUITY, or just simply, EQUITY. Bankers and others often refer to EQUITY as NET WORTH.

The Balance Sheet is called a balance sheet because it has two parts, and they must be equal, and therefore in balance:

Part one		Part two
ASSETS	=	LIABILITIES + OWNERS EQUITY

You can think of this in terms of a home mortgage. The difference between the home's value and the balance owed on your mortgage is referred to as your equity. Let's say you own a home worth $100,000, and you still owe $75,000 on the mortgage. In balance sheet terms, it looks like this:

ASSET	**=**	**LIABILITY**	**+**	**OWNERS EQUITY**
THE HOUSE VALUE	=	THE MORTGAGE VALUE	+	EQUITY
$100,000	=	$75,000	+	$25,000

The BALANCE SHEET provides a snapshot of the business at a given point in time. We're going to create a balance sheet now for your business at the beginning of its first year of business, before you've generated any sales. At that point, any cash you have in the bank is money you got from loans, or selling someone a part ownership interest in your company (that is, stock). Your assets will be taken from things listed in START-UP COSTS.

BALANCE SHEET, BEGINNING OF YEAR 1

ASSETS
CURRENT ASSETS

Cash (Cash left over from "Sources of Start-up Funding" on page 16 after you've paid all your "Start-up Costs") $__________
______

Inventory (From Start-up Costs) $__________
______

Prepaid Expenses
(From Start-up Costs, "Deposits," "Rent", if you do not own and/or are not purchasing your business location) $__________
______

TOTAL CURRENT ASSETS $__________
______

FIXED ASSETS
$_______________

Office equipment
(From Start-up Costs
"Computer equipment, phones, and other office) $__________
______

Other equipment
(From Start-up Costs," Special equipment for your business") $__________
______

Real estate owned
(Full purchase price of land and/or building that you BOUGHT for your business) $__________
______

Improvements
(From Start-up Costs, "Remodeling Work" $__________
______

TOTAL FIXED ASSETS $__________
______

TOTAL CURRENT ASSETS + PREPAID EXPENSES + TOTAL FIXED ASSETS =

TOTAL ASSETS $_______________

BALANCE SHEET, BEGINNING OF YEAR 1

LIABILITIES

CURRENT LIABILITIES

Notes Payable
(any loans that come
due within this first year) $__________

Accounts payable
(if you bought any of your inventory, equipment or supplies
on short-term credit – usually payable in 30 days) $__________

TOTAL CURRENT LIABILITIES $__________

LONG TERM LIABILITIES

LONG TERM DEBT
(any loans or mortgages with a
pay-back term greater than one year) $__________

TOTAL CURRENT LIABILITIES + LONG TERM DEBT =

TOTAL LIABILITIES $__________

OWNERS EQUITY

ORIGINAL INVESTMENT
(Amount of money the owners initially invested in the business
"Investment of CASH by Business Owner #1" +
"Investment of CASH by Business Owner #2") $__________

TOTAL OWNERS EQUITY $__________

TOTAL LIABILITIES + OWNERS EQUITY
(MUST = TOTAL ASSETS!!!) $__________
_____

Great! Now you know what you have and who owns it at the beginning of your first year in business.   The next step is to DEPRECIATE YOUR ASSETS.

Depreciation
Many people say it's a bad idea to buy a new car, because the minute you drive it off the showroom floor, its value drops, or depreciates. The longer you own a car, the less you can re-sell it for (at least until it becomes a collector's item!). This drop in value that happens over time is called DEPRECIATION.

Cars aren't the only things that depreciate with time.   Most fixed assets – office furniture, business equipment, machines of all kinds, computers – depreciate in value with time.   There are also intangible assets that are depreciable. For a thorough discussion of depreciation, you can order the IRS Publication, "How to begin depreciating your property" (Publication 946).

In business, this depreciation is allowed as a tax deduction, so it is shown on BOTH the Balance Sheet AND the Income Statement. We do not show any depreciation on the BEGINNING BALANCE SHEET that you just finished preparing, because you haven't used any of the equipment yet!   But you will need the information for the 3-YEAR INCOME STATEMENT that we are going to prepare next. So let's take this time to calculate depreciation.

Calculating depreciation for the IRS is an involved process. Here, we are going to be doing a simplified version, which will be sufficient for the bank at this time. Different types of fixed assets are considered to have different "useful lives." For our purposes here, refer to the following table:

USEFUL LIFE	FIXED ASSET TYPE
5 years	• Computers & peripherals • Office machinery • Most vehicles
7 years	• Office furniture, in general • Most tenant finish/remodeling costs for commercial property
39 years	• Commercial buildings

NOTE: LAND CANNOT BE DEPRECIATED!!!!

For the purposes of this exercise, we will calculate depreciation by the following method:

1. Add total value of FIXED ASSETS for each “USEFUL LIFE” category, taken from the BEGINNING BALANCE SHEET you just created

2. Divide each category by the “USEFUL LIFE.” This gives you the total depreciation for each year for that category.

3. Add the PER YEAR VALUE of each “USEFUL LIFE” category, to give you the total depreciation for each year.

This is the “straight line depreciation method,” and, although it wouldn’t fly with the IRS, it’s good enough for financial projections.

YEAR 1:
DEPRECIATE FIXED ASSETS LISTED IN YOUR BEGINNING BALANCE SHEET

TOTAL VALUE OF PROPERTY WITH A 5 YEAR USEFUL LIFE: $________________
DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF PROPERTY WITH A 7 YEAR USEFUL LIFE: $________________
DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF PROPERTY WITH A 39 YEAR USEFUL LIFE: $________________
DIVIDED BY 39 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

ITEM 1.
TOTAL DEPRECIATION PER YEAR FOR
FIXED ASSETS PLACED IN SERVICE IN YEAR 1 =
5-YEAR DEPRECIATION PER YEAR + 7-YEAR DEPRECIATION PER YEAR +
39-YEAR DEPRECIATION PER YEAR: $________________

Every year, you can deduct this amount to lower your taxes. You will report it on the INCOME STATEMENT. When your business gets going, your accountant will also report depreciation on your end-of-year balance sheet.

If you plan to add any fixed assets during Years 2 and/or 3, you calculate their depreciation in the same way on the next page. Then you add the allowable depreciation for Year 1 to the allowable depreciation for fixed assets placed in service in Year 2, and this sum will be added to allowable depreciation for fixed assets placed in service in Year 3.

YEAR 2:
TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 5 YEAR USEFUL LIFE: $____________ DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 7 YEAR USEFUL LIFE: $____________ DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 39 YEAR USEFUL LIFE: $________________ DIVIDED BY 39 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL DEPRECIATION PER YEAR FOR FIXED ASSETS ADDED IN YEAR 2 $________________

+ YEARLY DEPRECIATION FOR ASSETS PURCHASED IN YEAR 1 (ITEM 1: PAGE 32) $________________

ITEM 2.
TOTAL DEPRECIATION FOR YEAR 2: $________________

YEAR 3:
TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 3 WITH A 5 YEAR USEFUL LIFE: $____________ DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF FIXED ASSETS BOUGHT WITH A
7 YEAR USEFUL LIFE: $____________ DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL VALUE OF PROPERTY WITH A 39 YEAR USEFUL LIFE:
$________________ DIVIDED BY 39 YEARS
EQUALS THE DEPRECIATION PER YEAR $________________

TOTAL DEPRECIATION FOR FIXED ASSETS PLACED IN
SERVICE IN YEAR 3 $________________

+ YEARLY DEPRECIATION FOR ASSETS PURCHASED
IN YEARS 1 AND 2 (ITEM 2. ABOVE) $________________

ITEM 3.
TOTAL DEPRECIATION FOR YEAR 3: $________________

For example, in Year 1, you purchased a computer system as a start-up cost, and it cost you $5,000. You also purchased a desk and filing cabinets, for a total of $700. However, you do not purchase a building to house your business. In Year 2, you plan to purchase a used delivery van for $20,000. In Year 3, you plan to purchase another computer system for $5,000 and a warehouse for $390,000. Your worksheet will look like this:

YEAR 1:

TOTAL VALUE OF PROPERTY WITH A 5 YEAR USEFUL LIFE:
$ 5,000 DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $ 1,000

TOTAL VALUE OF PROPERTY WITH A 7 YEAR USEFUL LIFE:
$ 700 DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $ 100

TOTAL VALUE OF PROPERTY WITH A 39 YEAR USEFUL LIFE:
$ 0 DIVIDED BY 39 YEARS

EQUALS THE DEPRECIATION PER YEAR $ 0

ITEM 1.
TOTAL DEPRECIATION PER YEAR FOR FIXED ASSETS PLACED IN SERVICE IN YEAR 1 = 5-YEAR DEPRECIATION PER YEAR + 7-YEAR DEPRECIATION PER YEAR + 39-YEAR DEPRECIATION PER YEAR:
$ 1,100

YEAR 2:
TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 5 YEAR USEFUL LIFE: $ 20,000 DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $ 4,000

TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 7 YEAR USEFUL LIFE: $ 0 DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $ 0

TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 2 WITH A 39 YEAR USEFUL LIFE: $ 0 DIVIDED BY 39 YEARS
EQUALS THE DEPRECIATION PER YEAR $ 0

TOTAL DEPRECIATION PER YEAR FOR FIXED ASSETS ADDED IN YEAR 2 $ 4,000

+ YEARLY DEPRECIATION FOR ASSETS PURCHASED IN YEAR 1 (ITEM 1) $ 1,100

ITEM 2.
TOTAL DEPRECIATION FOR YEAR 2: $ 5,100

YEAR 3:
TOTAL VALUE OF FIXED ASSETS BOUGHT IN YEAR 3 WITH A

5 YEAR USEFUL LIFE: $__5,000___________ DIVIDED BY 5 YEARS
EQUALS THE DEPRECIATION PER YEAR $____1,000________

TOTAL VALUE OF FIXED ASSETS BOUGHT WITH A
7 YEAR USEFUL LIFE: $_____0_____ DIVIDED BY 7 YEARS
EQUALS THE DEPRECIATION PER YEAR $_______0________

TOTAL VALUE OF PROPERTY WITH A 39 YEAR USEFUL LIFE:
$____390,000__________ DIVIDED BY 39 YEARS
EQUALS THE DEPRECIATION PER YEAR $___10,000________

TOTAL DEPRECIATION FOR FIXED ASSETS
ADDED IN YEAR 3 $___11,000________

+ YEARLY DEPRECIATION FOR ASSETS PURCHASED
IN YEARS 1 AND 2 (ITEM 2 ABOVE) $____5,100________

ITEM 3.
TOTAL DEPRECIATION FOR YEAR 3: $___16,100_________

You just dealt with one of the biggest challenges of this chapter. Congratulations!

Now, using information from your Cash Budget, the Beginning Balance Sheet and your Depreciation Worksheet, we will create the Year 1 Income Statement. To do so, we will first list out Year 1 month by month, and then add all 12 months for a Year 1 Total.

An Income Statement (also popularly known as the Profit and Loss Statement or P & L) tracks the sales and profit performance of your business. It is the statement upon which income tax is based. The NET PROFIT after all expenses are deducted is considered your business's taxable income. The equation of the Income Statement is simply:

TOTAL SALES – COST OF SALES = GROSS PROFIT – EXPENSES = NET PROFIT

Total Sales = Every sale you make during the time period in question. This includes both cash and credit transactions.

Cost of Sales = the inventory you sold, plus any labor costs you incurred in assembling raw materials into finished products. For businesses with inventory, “Cost of Sales” is often referred to instead as “Cost of Goods Sold”, which is commonly abbreviated as “COGS”). If you are a service company, Cost of Sales is the hourly rate you paid people (OTHER THAN BUSINESS OWNERS!!!) to provide the services you’re selling.

Gross Profit = The amount of money you have, after paying for the goods or services you actually sold, to pay your business’s everyday operating expenses.

Expenses = the business overhead (rent, phone bills, marketing costs, and so forth).

Net Profit (also known as Net Income, or Earnings) = the bottom line. This indicates the business’s profit after all expenses are paid. This is the number that determines how much you will owe in income taxes. (Income taxes only – this does not include payroll taxes, sales taxes or other taxes, which are listed as expenses!)

REMEMBER, the things you report on the Income Statement can be either cash or credit. Also, you can only report costs that supported the sales you actually made. For example, you might pay $10,000 for inventory in Month 1, but only sell $1,000 of it. For Month 1 Cost of Sales, you can only report $1,000, not $10,000!

Monthly Income Statement for Year 1

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6

TOTAL SALES
SALES FORECAST FOR YEAR 1

$_____ $_____ $_____ $_____ $_____ $_____

COST OF SALES:
Inventory Sold

$_____ $_____ $_____ $_____ $_____ $_____

Manufacturing/Service Labor

$_____ $_____ $_____ $_____ $_____ $_____

Inventory Sold + Manufacturing/Service Labor = TOTAL COST OF SALES
$_____ $_____ $_____ $_____ $_____ $_____

TOTAL SALES – TOTAL COST OF SALES = GROSS PROFIT

$_____ $_____ $_____ $_____ $_____ $_____

EXPENSES (From Cash Budget)

Rent
$_____ $_____ $_____ $_____ $_____ $_____

Utilities/Phone/Internet

$_____ $_____ $_____ $_____ $_____ $_____

Repairs/Maintenance

$_____ $_____ $_____ $_____ $_____ $_____

Travel Expenses
$_____ $_____ $_____ $_____ $_____ $_____

Supplies

$_____ $_____ $_____ $_____ $_____ $_____

Marketing

$_____ $_____ $_____ $_____ $_____ $_____

Professional Fees

$_____ $_____ $_____ $_____ $_____ $_____

Wages

$_____ $_____ $_____ $_____ $_____ $_____

Payroll Taxes

$_____ $_____ $_____ $_____ $_____ $_____

Sales Tax

$_____ $_____ $_____ $_____ $_____ $_____

Prof. Dues/ Subscriptions

$_____ $_____ $_____ $_____ $_____ $_____

Insurance
$_____ $_____ $_____ $_____ $_____ $_____

Bad Debts
$_____ $_____ $_____ $_____ $_____ $_____

Depreciation***

$_____ $_____ $_____ $_____ $_____ $_____

Other

$_____ $_____ $_____ $_____ $_____ $_____

TOTAL
EXPENSES
$_____ $_____ $_____ $_____ $_____ $_____

GROSS PROFIT- EXPENSES = NET PROFIT
$_____ $_____ $_____ $_____ $_____ $_____

***Take Year 1 Depreciation which you calculated and divide it by 12, and use that number as your monthly depreciation.

MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	YEAR 1 TOTAL
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$
$	$	$	$	$	$	$

You have just completed a one-year income statement that projects your income, cost of sales, overhead and profits for your first year of business. We will now take that total and make projections for your second and third year based on the first year. We'll do this by making some assumptions about your sales growth rates and the rate at which your costs will grow.

<u>SALES GROWTH</u>

How much more will you be able to sell in Year 2 than in Year 1? Generally, we expect a business to grow in sales from year to year, and your business is no exception! If your sales stay the same, inflation will cause you to actually have less money in the second year than the first. Even if your costs stay the same, and so you have the same profit, this money will be worth less because inflation decreases its buying power. If the inflation rate is 3%, and your profit in Years 1 and 2 is $100, the $100 of Year 2 will only buy 97% as much as the $100 you earned in Year 1. This is a concept known as the "time value of money." Because of this, you want your sales to grow by AT LEAST the same percentage as inflation is growing per year.

You may have a growth goal in mind for Years 2 and 3. Perhaps it's your intention to grow 20% per year both years. Be sure to explain clearly how you're going to do that. Often, brand new businesses grow faster than the industry average growth rate. For a few years, a business may grow by 100% or more per year – that is, it may double in size or even more every year. REMEMBER, if you think this is going to happen in your business, you have to explain why you think that way.

A conservative way to estimate your growth rate for Years 2 and 3 is to find out the predicted industry average growth rate for the future. You can do this by using library resources.

Now, choose your growth rate and give your reasons:

GROWTH RATE FOR YEAR 2: __________________ (expressed as a decimal)

BASIS FOR USING THIS GROWTH RATE: ____________________________

____

YEAR 1 VALUE $________ x (1 + GROWTH RATE FOR YEAR 2) ____________
= YEAR 2 TOTAL SALES $__________________

GROWTH RATE FOR YEAR 3: __________________(expressed as a decimal)

BASIS FOR USING THIS GROWTH RATE: ____________________________

YEAR 2 VALUE $________ x (1 + GROWTH RATE FOR YEAR 3) ____________

= YEAR 3 TOTAL SALES $__________________

GROWTH IN COST OF SALES AND EXPENSES

Look over your Cost of Sales items for Year 1. Do you have reason to believe any of these are going to increase at a rate greater than inflation? If so, decide what that rate is.

Sometimes, rather than a rate, the increase will be some total amount that you can estimate. For example, maybe in Year 2 you plan to add an additional employee in sales, and pay him/her a salary of $25,000 a year. That will increase Year 2 Cost of Sales Labor cost by $25,000. If instead you are going to hire an administrative assistant and pay him/her $25,000 a year starting in Year 2, this will increase Year 2 Expenses by $25,000 (specifically, the "Wages" item under "Expenses").

Do you have reason to believe that any of your income statement items are going to remain fixed, and NOT change from year to year? If so, then just carry them forward into Years 2 and 3 at the same level as they currently are. For example, you may sign a 3-year lease that guarantees your office space rent will stay the same for all three years.

When you're unsure about the rate of increase of an item, assume it will grow at the rate of inflation.

YEAR 1 x (1+ growth rate OR + (Fixed amount = YEAR 2 Estimate for YEAR 2)
to add for YEAR 2) TOTAL

COST OF SALES:				
Inventory Sold	$________	$__________	$________	$ __________
Manufacturing/ Service Labor	$________	$__________	$________	$__________
EXPENSES				
Rent	$________	$__________	$________	$__________
Utilities/Phone /Internet	$________	$__________	$________	$__________
Repairs/ Maintenance	$________	$__________	$________	$__________
Travel Expenses	$________	$__________	$________	$__________
Supplies	$________	$__________	$________	$__________
Marketing	$________	$__________	$________	$__________
Professional Fees	$________	$__________	$________	$__________
Wages	$________	$__________	$________	$__________
Payroll Taxes	$________	$__________	$________	$__________

Sales Tax	$_________	$_________	$_________	$_________
Prof. Dues/ Subscriptions	$_________	$_________	$_________	$_________
Insurance	$_________	$_________	$_________	$_________
Bad Debts	$_________	$_________	$_________	$_________
Depreciation	$_________	$_________	$_________	$_________
Other	$_________	$_________	$_________	$_________

YEAR 2 x (1+growth rate OR +(Fixed amount = YEAR 3 Estimate for YEAR 3) to add for YEAR 3) TOTAL

COST OF SALES:				
Inventory Sold	$_________	$_________	$_________	$ _________
Manufacturing/ Service Labor	$_________	$_________	$_________	$_________
EXPENSES				
Rent	$_________	$_________	$_________	$_________
Utilities/Phone/ Internet	$_________	$_________	$_________	$_________
Repairs/ Maintenance	$_________	$_________	$_________	$_________
Travel Expenses	$_________	$_________	$_________	$_________
Supplies	$_________	$_________	$_________	$_________
Marketing	$_________	$_________	$_________	$_________
Professional Fees	$_________	$_________	$_________	$_________
Wages	$_________	$_________	$_________	$_________
Payroll Taxes	$_________	$_________	$_________	$_________
Sales Tax	$_________	$_________	$_________	$_________
Prof. Dues/ Subscriptions	$_________	$_________	$_________	$_________
Insurance	$_________	$_________	$_________	$_________

Bad Debts	$_________	$_________	$_________	$_________
Depreciation	$_________	$_________	$_________	$_________
Other	$_________	$_________	$_________	$_________

Now, put it all together in one spreadsheet that shows your Year 1 through Year 3 projections. Take TOTAL SALES for each year, and YEAR 2 TOTALS for costs and YEAR 3 TOTALS for costs, and fill in the appropriate blanks.

THREE YEAR PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3
TOTAL SALES (SALES GROWTH FORECASTS	$_________	$_________	$_________
COST OF SALES			
Inventory Sold	$_________	$_________	$_________
Manufacturing/ Service Labor	$_________	$_________	$_________

Inventory Sold + Manufacturing/Service Labor = TOTAL COST OF SALES	$_________	$_________	$_________
TOTAL SALES – TOTAL COST OF SALES = GROSS PROFIT	$_________	$_________	$_________

EXPENSES			
Rent	$_________	$_________	$_________
Utilities/Phone/Internet	$_________	$_________	$_________
Repairs/Maintenance	$_________	$_________	$_________
Travel Expenses	$_________	$_________	$_________
Supplies	$_________	$_________	$_________
Marketing	$_________	$_________	$_________
Professional Fees	$_________	$_________	$_________
Wages	$_________	$_________	$_________
Payroll Taxes	$_________	$_________	$_________
Sales Tax	$_________	$_________	$_________
Prof. Dues/Subscriptions	$_________	$_________	$_________

Insurance	$_________	$_________	$_________
Bad Debts	$_________	$_________	$_________
Depreciation	$_________	$_________	$_________
Other	$_________	$_________	$_________
TOTAL EXPENSES	$_________	$_________	$_________

GROSS PROFIT – EXPENSES = NET PROFIT

	$_________	$_________	$_________

The last thing we need to do is calculate the BREAKEVEN for your company. In the PROJECTED INCOME STATEMENT, you estimated what you think is going to happen in your business in its first years. What BREAKEVEN ANALYSIS does is determine what absolutely HAS to happen in the first year to make it possible to pay the bills.

Breakeven analysis assumes that you have two kinds of costs: FIXED COSTS and VARIABLE COSTS.

Fixed Costs = Costs that remain the same no matter how many sales you make. For example, if your monthly rent is $200, it's $200 whether you make one sale or 1,000 sales.

Variable Costs = Costs that change according to the number of sales you make. Let's say you're selling hot dogs, for example, at $1.00 apiece, and they cost you 50¢ apiece. If you sell one hot dog, the cost of that sale is 50¢. If you sell 1,000 hot dogs, those sales cost you $500.

Breakeven analysis is designed to determine that magical point in sales at which you have enough money left over after covering your Variable Costs (Cost of Sales) to pay ALL of your Fixed Costs (Operating Expenses, also referred to as "Overhead").

We can represent the breakeven concept graphically:

To simplify the Breakeven equation, one can assume:

1. Fixed Costs = Operating Expenses taken from your INCOME STATEMENT
2. Variable Costs = Cost of Sales taken from your INCOME STATEMENT

First, we have to calculate the GROSS PROFIT MARGIN. For the purposes of this BREAKEVEN ANALYSIS, we say Variable Costs = Cost of Sales on your income statement. And, as you recall from the equation of an income statement, Sales – Cost of Sales = Gross Profit. The ratio Gross Profit/Sales is the Gross Profit Margin.

The Gross Profit Margin tells you how much money you have out of every dollar of your sales that is available to pay your operating expenses. Let's say, for example, that you sell 1,000 hotdogs for $1 apiece, and your Cost of Sales is 50¢ apiece:

SALES	$1,000
COST OF SALES	$ 500
GROSS PROFIT	$ 500

GROSS PROFIT/SALES = $500/$1,000 = 0.50. This means that, for every dollar you sell, you have 50¢ left over after you pay for the hotdog to apply to your operating expenses, or overhead (paying your rent, or phone bill).

I. YOUR GROSS PROFIT MARGIN FOR YEAR 1 =
GROSS PROFIT FOR YEAR 1/SALES FOR YEAR 1 ________________

II. YOUR FIXED COSTS FOR YEAR 1 =
OPERATING EXPENSES FOR YEAR 1 $________________

BREAKEVEN = OPERATING EXPENSES/ GROSS PROFIT MARGIN = ITEM I/ITEM II =

$____

This is the amount your business will have to bring in during Year 1 to pay all of your expenses. At the BREAKEVEN POINT, Income perfectly balances against Costs + Expenses. The good news is that for every dollar you take in ABOVE the breakeven amount, you will earn the Gross Profit Margin in PROFIT. So, for the hotdog salesperson we've been using for an example, for every dollar sold ABOVE THE BREAKEVEN POINT, s/he makes 50¢ in profit.

SUMMARY OF THREE YEAR FORECAST AND BREAKEVEN ANALYSIS:

Include:

- A discussion of the balance sheet. How much will you have in ASSETS? What percentage of that number shows as EQUITY on the opposite side of the balance sheet?
- At what point will your business start operating in the black (positive net income), according to your projected Income Statement? During what month of Year 1? Or will it be during Year 2? Year 3?
- What will the growth rate of sales be for Years 2 and 3? On what is this based? What about the growth in net income?
- What is the breakeven point for sales for your business? Is this an easily attainable goal? When do you expect to reach breakeven, how, and why do you think this way?

This summary will become a part of the "Executive Summary" for your plan.

DEVELOPING YOUR EXPORT PLAN

Creating an international business plan, i.e., export plan, is important for defining your company's present status, internal goals and commitment. An export plan is also required if you plan to seek export financing assistance. Preparing the plan in advance of making export loan requests from your bank can save our company time and money. Completing and analyzing an international business plan helps you anticipate future goals, gather data and facts, identify constraints and create an action statement. It should also set forth specific objectives, an implementation timetable and milestones to gauge success.

Your companies export plan should be an extension of your overall business plan. You will address many of the same questions for your international sales strategies that you would for your domestic sales plan.

Identify your market

To succeed in exporting, you must first identify the most profitable international markets for your products or services. Without proper guidance and assistance, however, this process can be time consuming and costly — particularly for a small business.

Here are a few tips:

- Thorough market research is key to success. Understanding your export markets will give you vital information about how to manage your efforts.
- Do not choose too many markets. For most small businesses, three foreign markets will be more than enough, initially. You may want to test one market and then move on to secondary markets as your experience level develops.
- Focusing on regional, geographic clusters of countries can also be more cost effective than choosing markets scattered around the globe.

Other tips:

- Classify your product
- Find countries with the largest and fastest growing markets for your product
- Determine which foreign markets will be the most penetrable
- Define and narrow those export markets you intend to pursue
- Research export efforts of U.S. competitors
- Determine which countries might be profitable markets for your product/service

This outline will assist your company in finding useful information and resources to further develop your plan.

Sample Outline for an Export Plan

Is you company prepared and committed to pursue exporting operations? Make sure you've answered the following questions.

Table of Contents

Background Data on Target Countries and Market
Basic Market Statistics: Historical and Projected
Background Facts
Competitive Environment
Go Back to Develop Your Export Plan

Prepare to Enter Your Market
Now that you've chosen your target market(s), your plan needs to address specific considerations for that market.

- Do you need to tailor your product or service to specific consumer preferences, industry standards, or regulatory environment of that market, for instance?
- What steps do you need to take to actually export from the United States?
- Are there certain risks/challenges associated with doing business in your target markets for which you can prepare?

This section will help you think through what it takes to make a sale in your target market and to prepare accordingly.

- Create an action plan to address the pros and cons you generated from the last section
- Determine product modifications based on consumer preferences, market environment, trade barriers, etc.
- Understand regulations and licenses that apply to your products

Tools & Resources

- Consider how you might have to adapt your products/services for the target market. Leverage Market Research to learn about the target market's industry standards, consumer preferences, etc.
- Familiarize yourself with the Regulations and Licenses that may apply to your product(s). Most export transactions do not require specific approval in the form of licenses from the U.S. Government. Regulations regarding all exports must be followed.
- Understand Tariff and Import Fees. It is very important to consider the effects of tariffs, port handling fees and other miscellaneous customs charges when determining your product's final cost.
- Determine your Tariffs and Import Fees. These are duties (or taxes) applied to goods transported from one country to another, or on imported products. Tariffs raise the prices of imported goods, thus making them less competitive within the market of the importing country. Before you export to any country, you need to determine what the tariff rate is on your product(s).
- Think about Non-tariff Trade Barriers , which are laws or regulations that a country enacts to protect domestic industries against foreign competition. Such non-tariff barriers may include subsidies for domestic goods, import quotas, regulations on import quality, and other Foreign Standards and Certification Information.

- Consider whether or not Intellectual Property Rights violations are a likely risk in your target market(s).

Checkup
- What are the relevant standards issues your company faces in the target market(s)?
- Are there other trade barriers your product or service faces in your target market(s)?
- What are the adjustments you might have to make to your product or service prior to entering your target market(s)?
- Can you address all of these issues in your plan?

Conduct Business Online

A sound e-business strategy has helped many U.S. companies to reduce their costs and increase their productivity and sales. The Internet allows you to do international business independent of time differences and office hours. The resources in this section will help you better understand how e-commerce can help your export business.

Tips to conduct business online:
- Determine your online strategy for your target market
- Determine what enhancements you might need to make to your website (e.g., online payment)
- Understand web security requirements, potential scams, etc.

Tools & Resources:
- Going Online. This section will define e-commerce, assess your company's readiness for going online, and review the steps to going online—including taking online payments. For more assistance with e-commerce, read our Preparing Your Business for Global E-Commerce: A Guide for Online Retailers to Manage Operations, Inventory, and Payment Issues manual.
- eScan Security Assessment. The NIST eScan Security Assessment is a diagnostic tool designed to assess the electronic security infrastructure of a small business and provide an action plan for improving it. This tool will provide you with a set of recommendations to correct your security problems, helping you to develop a more secure model for future eBusiness strategies and positioning.
- Net Knowledge 101. Net Knowledge Basics is designed to provide individuals with a fundamental understanding of the Internet and eBusiness. The course attempts to present much of its content in a manner that is relevant to small and mid-sized manufacturers, but within the context of today's business environment.

Checkup:

- Is the Internet a sales channel for your company?
- Is your web presence merely promotional, or will you/can you handle online payments?
- Do you need to translate your site into the language(s) of your target market(s)?

Secure export financing

You know where you want to go, your sales strategy, and how you will ship your products. Another component of your plan to address is whether you need export financing to make your sale happen — either for your own company, or to offer financing terms to your buyer. This section will help you explore financing resources and options at your disposal.

Tips to secure export financing:

- Determine your financing needs.
- Understand where to find financing resources.
- Understand how to apply for financing tools.

Tools & Resources:

- U.S. Government Export Finance Programs. The small Business Administration handles working capital needs of $1.1 million and below, while the Export-Import Bank handles needs above $1.1 million.
- Payment Terms. This section provides a list of things to consider when determining the best price for your product overseas.
- Federal Grant Programs. The federal government offers a number of grant programs to help your company test foreign markets, orient itself in a new market, train U.S. or foreign representatives, and overcome in-country obstacles to trade.
- Export Credit Insurance. Learn about Loan Guarantees, Export Credit Insurance, and Direct Loans in this section.
- Getting Paid. In international trade, problems involving bad debts are more easily avoided than rectified after they occur. This section deals with what to do when payment problems occur.
- Ex-Im Finance Seminars. This section provides a complete list of seminars offered around the country.

Checkup:

- Do you understand what financing options are available to you?
- Are you a candidate for Ex-Im or SBA?
- Do you have a plan for mitigating the risks associated with payment?

Terms of Trade

The following are basic terms of trade to help guide you through any international trade deal!

Ad Valorem Tariff
A tariff calculated “according to value,” or as a percentage of the value of goods cleared through customs; for example, 15 percent ad valorem means 15 percent of the value of the entered merchandise

ATA Carnet
An ATA Carnet (a. k. a. "Merchandise Passport") is a document that facilitates the temporary importation of products into foreign countries by eliminating tariffs and value-added taxes (VAT) or the posting of a security deposit normally required at the time of importation.

Commodity
Any article exchanged in trade but most commonly used to refer to raw materials, including such minerals as tin, copper, and manganese, and bulk-produced agricultural products such as coffee, tea, and rubber.

Consumers
Individuals or groups that use economic goods and services, thus deriving utility from them.

Consumer Goods
Goods that directly satisfy human desires (as opposed to capital goods). An automobile used for pleasure is considered a consumer good. An automobile used by a businessperson to deliver wares is considered a capital good.

Consumption
The purchase and utilization of goods or services for the gratification of human desires or in the production of other goods or services. The consumer may be an individual, a business firm, a public body, or other entity.

Countervailable Subsidy
Foreign governments subsidize industries when they provide financial assistance to benefit the production, manufacture or exportation of goods. Subsidies can take many forms, such as direct cash payments, credits against taxes, and loans at terms that do not reflect market conditions. The statute and regulations establish standards for determining when an unfair subsidy has been conferred. The amount of subsidies the foreign producer receives from the government is the basis for the subsidy rate by which the subsidy is offset, or "countervailed," through higher import duties.

Countervailing Duties (CVD)
Specific duties imposed on imports to offset the benefits of subsidies to producers or exporters in the exporting country.

Demand
The quantity of an economic good that will be bought at a given price at a particular time in a specific market. Demand in a market economy is strongly influenced by consumer preference or the individual choices of many independent buyers, based upon their perceptions of value for price.

Dumping
Dumping occurs when a foreign producer sells a product in the United States at a price that is below that producer's sales price in the country of origin (home market), or at a price that is lower than the cost of production. The difference between the price (or cost) in the foreign market and the price in the U.S. market is called the dumping margin. Unless the conduct falls within the legal definition of dumping as specified in U.S. law, a foreign producer selling imports at prices below those of American products is not necessarily dumping.

Exports
Goods and services produced in one country and sold in other countries in exchange for goods and services, gold, foreign exchange, or settlement of debt. Countries devote their domestic resources to exports because they can obtain more goods and services with the international exchange they earn from the exports than they would from devoting the same resources to the domestic production of goods and services.

Free Trade
A theoretical concept that assumes international trade unhampered by government measures such as tariffs or nontariff barriers. The objective of trade liberalization is to achieve “freer trade” rather than “free trade,” it being generally recognized among trade policy officials that some restrictions on trade are likely to remain in effect for the foreseeable future.

Goods
Inherently useful and relatively scarce articles or commodities produced by the manufacturing, mining, construction, and agricultural sectors of the economy. Goods are important economically because they may be exchanged for money or other goods and services

Harmonization
The process of making procedures or measures applied by different countries—especially those affecting international trade—more compatible, as by effecting simultaneous tariff cuts applied by different countries so as to make their tariff structures more uniform.

Imports
The inflow of goods and services into a country's market for consumption. A country enhances its welfare by importing a broader range of higher-quality goods and services at lower cost than it could produce domestically. The expansion of world trade since the end of World War II has therefore been a principal factor underlying a general rise in living standards in most countries.

Incoterms
Incoterms® are a set of rules, which define the responsibilities of sellers and buyers for the delivery of goods under sales contracts for domestic and international trade. They are published by the [International Chamber of Commerce] (ICC) and are widely used in international commercial transactions. The most recent version of Incoterms®, Incoterms® 2010, was launched in September 2010 and became effective January 1, 2011.
The two main categories of Incoterms® 2010 are now organized by modes of transport. Used in international as well as in domestic contracts for the first time, the new groups aim to simplify the drafting of contracts and help avoid misunderstandings by clearly stipulating the obligations of buyers and sellers.

Group 1. Incoterms® that apply to any mode of transport are:
EXW Ex Works
FCA Free Carrier
CPT Carriage Paid To
CIP Carriage and Insurance Paid To
DAT Delivered at Terminal
DAP Delivered at Place
DDP Delivered Duty Paid

Group 2. Incoterms® that apply to sea and inland waterway transport only:
FAS Free Alongside Ship
FOB Free on Board
CFR Cost and Freight
CIF Cost, Insurance, and Freight
[View Incoterms 2010 with Definitions]

Market Access
The ability of domestic providers of goods and services to penetrate a related market in a foreign country. The extent to which the foreign market is accessible generally depends on the existence and extent of trade barriers

Market Economy
The national economy of a country that relies on market forces to determine levels of production, consumption, investment, and savings without government intervention.

Market Forces
Shifts in demand and supply that are reflected in changing relative prices, thus serving as indicators and guides for enterprises that make investment, purchase, and sales decisions.

Services
Economic activities — such as transportation, banking, insurance, tourism, telecommunications, advertising, entertainment, data processing, and consulting—that normally are consumed as they are produced, as contrasted with economic goods that are more tangible. Service industries, which are usually labor intensive, have become increasingly important in domestic and international trade since at least the 1920s. Services account for about two-thirds of the economic activity of the United States and for a rapidly increasing percentage of U.S. exports.

Subsidy
An economic benefit granted by a government to domestic producers of goods or services, often to strengthen their competitive position.

Supply
The quantity of an economic good that sellers will make available at a given price at a certain time in a specific market. A supply schedule indicates the quantity of an economic good that might enter the market at all possible prices at a particular time. Supply in a market economy is principally determined by the response of many individual entrepreneurs and firms to their perceptions of opportunities for earning profits.

Surplus
The amount of a commodity that cannot be absorbed in a given market at the existing price.

Tariff
A duty (or tax) levied upon goods transported from one customs area to another either for protective or revenue purposes. Tariffs raise the prices of imported goods, thus making them generally less competitive within the market of the importing country unless that country does not produce the items so tariffed.

Trade Barriers
Government laws, regulations, policies, or practices that either protect domestic products from foreign competition or artificially stimulate exports of particular domestic products.

Four Ways to Learn How to Export

Export Basics Book

A number of products are available to assist you in preparing to export your products, such as our Basic Guide to Exporting. The International Business Center at Michigan State University hosts slide shows covering each chapter of the Basic Guide to Exporting. These are available to exporters and college instructors teaching courses on exporting and international business. Registration is free for viewing the slide shows.

This guide and the associated slide shows can be complimented by attending one of our export webinars, by taking an on-line professional development course from Texas Tech University's Rawls School of Business, or by viewing our market research webcasts.

Export Webinars

Get new market and industry information without leaving your office. Tune into our export webinars to hear from U.S. Commercial Service and industry trade experts as they discuss how your company can increase your international sales.

Online Course

The U.S. Commercial Service is pleased to offer you the same Online Basic Exporting Course that our trade specialists and commercial officers receive at a special discount provided by Texas Tech University's Rawls School of Business. The course can be taken when it's convenient for you, and we'll reward you with a certificate of completion.

Market Research Webcasts

The market research webcasts discuss How to Sell at International Trade Shows. This five part series is both informative and entertaining.

Resources for Importing and Exporting

Federal
U.S. Customs Service
Denver Service Port
24735 E 75th Ave., #100
Denver, CO 80249
(303)342-8400
Fax: (303)342-8440
This office clears all international freights forwarded into Colorado that have not cleared customs on either coast. See “Tips for New Importers and Exporters” on Customs Service website:

http://www.cbp.gov/xp/cgov/trade/trade_outreach/diduknow.xml

The U.S. Customs Service has prepared a number of Informed Compliance Publications (ICPs) in the "What Every Member of the Trade Community Should Know About: ..." series on a variety of issues.
Link: http://www.cbp.gov/xp/cgov/trade/legal/informed_compliance_pubs/

Federal
U.S. Consumer Product Safety Commission
4330 East-West Highway
Bethesda, MD 20814-4408
(301)504-7923
(800)638-2772
Fax: (301)504-0124

Regulates standards for products used in and around the home except for the manufacture of food, drugs, cosmetics medical devices, health care products baby car seats, automobiles and other, products.

Check to see if the product is regulated and what the regulations are.

Federal
U.S. Export Assistance Center
1625 Broadway, Ste. 680
Denver, CO 80202
(303)844-6001
Fax: (303)844-5651

The Denver USEAC assists Colorado firms in exporting by providing expert counseling and advice, information on foreign markets, international contacts, and advocacy services. The Denver USEAC office can provide information on all Federal programs designed to support international trade.

Federal
U.S. Department of Commerce
International Trade Administration
1401 Constitution Ave NW
Washington, DC 20230
(800)872-8723

The U.S. ITA's web portal, Export.gov, provides links to a wide range of exporting and trade services.
Link: http://www.ita.doc.gov/

Federal
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436
(202)205-2000

A Harmonized System number, sometimes called a 10-digit "Schedule B" number, is used to properly classify import and export products. It is used to assess duty rates, label documents and aid in research of a product. The U.S. ITC Office of Tariff Affairs and Trade Agreements are responsible for publishing the Harmonized Tariff Schedule of the United States Annotated (HTSA). The HTSA provides the applicable tariff rates and statistical categories for all merchandise imported into the United States
Link: http://www.usitc.gov/tariff_affairs

State
Colorado Office of Economic Development
and International Trade
International Trade Office
1625 Broadway #2700
Denver, CO 80202
(303)892-3840
Fax: (303)892-3848

Exporting assistance to small and medium sized firms in selling and distributing their products overseas

Federal
U.S. Small Business Administration
721 19th St #426
Denver, CO 80202-2599
(303)844-5231
Fax: (303)844-6539
FOR IMPORT/EXPORT FINANCING, the SBA's International Trade Financing program provides fixed asset and export working capital loan guarantees for

businesses preparing to engage in or already engaged in international trade, or who are adversely affected by competition from imports.

Link: http://www.sba.gov/financing/loanprog/tradeloans.html

Federal
U.S. Food & Drug Administration
10903 New Hampshire Ave
Silver Spring, MD 20993
1-888-463-6332

IF IMPORTING OR EXPORTING ANY FOOD (canned, fresh, or otherwise) BESIDES MEAT OR POULTRY contact the FDA for federal regulations and restrictions regarding labeling, sanitation, etc.
Link: http://www.fda.gov/Food/LabelingNutrition/default.htm

Federal
U.S. Department of Agriculture
Food Safety and Inspection Service
1400 Independence Ave SW
Washington, DC 20250
(402)344-5000
Fax: (402)344-5005

IF IMPORTING MEAT OR POULTRY: Meat, poultry, and egg products imported to the U.S. must originate in countries and plants that are eligible to export to the U.S. Certificates are issued by the government of the exporting country and are required to accompany imported meat, poultry, and egg products to identify products by country and plants of origin, destination, shipping marks and amounts. They certify that the products are wholesome, not adulterated or misbranded; that they otherwise comply with U.S. requirements; and, for meat and poultry products, that they received ante-mortem and post-mortem inspection.
Link: http://www.fsis.usda.gov/regulations_&_policies/Import_Information/index.asp

USDA does not require licenses for importing meat or poultry into the U.S. Importers may choose to use agents, who are called customs brokers, and they must be licensed by the U.S. Customs Service.

IF EXPORTING MEAT OR POULTRY: To export meat products, you must first be a federal inspected plant. Contact USDA for specific information.
Link: http://www.fsis.usda.gov/regulations_&_policies/Export_Information/index.asp

To get an Export Certificate, exporters should first consult the FSIS Library of Export Requirements, which contains information on foreign country export requirements, and, for certain countries, lists of U.S. plants eligible to export. Link: http://www.fsis.usda.gov/Regulations_&_Policies/export_information/index.asp

Federal
U.S. Department of Agriculture
Veterinary Services
755 Parfet Street, Suite 136
Lakewood, CO 80215
(303)231-5385
Fax: (303)231-5390

IF IMPORTING OR EXPORTING ANIMALS, including Live Animals, Animal Semen, Animal Embryos: The National Center for Import and Export (NCIE) enforces regulations, quarantines, and export certification, and import inspection requirements in order to enhance international trade and cooperation while preventing the introduction of dangerous and costly pests and diseases.
Link: http://www.aphis.usda.gov/import_export/index.shtml

Federal
U.S. Department of Agriculture
Plant Protection & Quarantine
3950 N. Lewiston, Suite 330
Aurora , CO 80011
(303)371-3355
Fax: (303)371-4774

IF IMPORTING OR EXPORTING PLANTS, INSECTS AND PLANT PRODUCTS: Contact USDA PPQ for possible federal regulations and restrictions
Link: http://www.aphis.usda.gov/plant_health/

A phytosanitary certificate is required for certain plant products, documenting the origin of the shipment and confirming inspection in the country of origin by a member of that country's national plant protection organization. This helps ensure that the shipment of commodities is free of injurious plant pests and diseases. The certifying country usually charges a fee for providing these certificates.

State
Colorado Department of Agriculture
Division of Plant Industry
700 Kipling St #4000
Lakewood, CO 80215

(303)239-4140
Fax: (303)239-4177

Contact the Division for state regulations on the importing of plants.

If exporting produce, seeds, and other plant commodities to foreign countries, contact the Division for a Federal/State Phytosanitary Export Certificate. Link: http://www.colorado.gov/cs/Satellite/Agriculture-Main/CDAG/1167928162846

Federal
U.S. Department of the Treasury
Alcohol and Tobacco Tax and Trade Bureau
National Revenue Center
550 Main St.
Cincinnati , OH 800-398-2282
(513)684-3334
IF IMPORTING OR EXPORTING ALCOHOL, LIQUOR, OR BEER (Importer who imports directly with a Colorado Wholesaler): Wholesalers and importers of beverage alcohol products must register pay special tax and maintain certain records. In addition, wholesalers and importers must obtain a permit issued by the National Revenue Center, Cincinnati office. For more info regarding importers and wholesalers:
Link: http://www.ttb.gov/importers/index.shtml
Federal brand label approval required.

State
Colorado Department of Revenue
Liquor/Tobacco Enforcement Division
1881 Pierce St. #108A
Lakewood, CO 80214
(303)205-2300
Fax: (303)205-2341
A Colorado "Sole Source of Supply/Brand Registration Form" applies to all situations where a federal brand label approval has been issued to an alcoholic beverage product.
Link:http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1191403598489&ssbinary=true
However, the registering of one size of the same product shall be deemed adequate for the registering of all sizes of the same identically labeled product.

This form is also required to be filled out by all Colorado licensed importers who are not the United States' primary source of supply for a brand of product or product line, and who desire to be registered as the Colorado sole source for that brand or product line.

State
Colorado Department of Revenue
1375 Sherman St
Denver, CO 80261
(303)238-7378
State and local taxes apply to any tangible item that is sold retail.
Link: http://www.colorado.gov/cs/Satellite/Revenue/REVX/1193047059515

ADDITIONAL RESOURCES

Business Resources – Small BusinessDevelopment Centers
Boulder SBDC
2440 Pearl Street
Boulder, CO 80302
(303) 442-1475, www.bouldersbdc.com
Contact: Sharon King, Email: sharon.king@boulderchamber.com

Chaffee and Lake County Satellite SBDC
Chaffee County Economic Development Office
104 Crestone Ave
Salida, CO 81201
(719) 530-5613
www.coloradosbdc.org
Contact: Marilyn Laverty, Email: mlaverty@western.edu

Colorado Springs SBDC at University of Colorado at Colorado Springs
1420 Austin Bluffs Pkwy./P.O. Box 7150
Colorado Springs, CO 80933
(719) 255-3844
www.cssbdc.org
Contact: Matt Barrett, Email: matthew.barrett@uccs.edu

Denver Metro SBDC
1445 Market St.
Denver, CO 80202
(303) 620-8076
www.denversbdc.org
Contact: Tameka Montgomery, Email: tameka.montgomery@den-chamber.org

Fort Morgan SBDC at Morgan Community College
300 Main St.
Fort Morgan, CO 80701
(970) 542-3263
www.coloradosbdc.org
Contact: Tim Edgar, Email: timedger@morgancc.edu

Grand Junction SBDC at The Business Incubator Center
2591 B 3/4 Rd.
Grand Junction, CO 81503
(970) 243-5242
www.coloradosbdc.org
Contact: Julie Morey, Email: jmorey@gjincubator.org

Greeley/Weld SBDC
902 7th Ave.
Greeley, CO 80645
(970) 352-3661
www.greeleyweldsbdc.org
Contact: Richard Pickett, Email: Richard.Pickett@unco.edu

La Junta SBDC at Otero Junior College
1802 Colorado Ave.
La Junta, CO 81050
(719) 384-6959
www.coloradosbdc.org
Contact: Bryan Bryant, Email: bryan.bryant@ojc.edu

Lakewood SBDC - Satellite Office
1667 Cole Blvd, Bldg 19, Ste 400
Golden, CO 80401
(303) 233-5555
www.coloradosbdc.org
Contact: Jayne Reiter, Email: jayne.reiter@den-chamber.org

Larimer County SBDC - Satellite Office at The West Chamber of Commerce
125 South Howes Street, Suite 150
Key Tower Bldg.
Fort Collins, CO 80521
(970) 498-9295
www.sbdc-larimer.com
Contact: Mary Fische, Email: sbdc@frii.com

Loveland SBDC
5400 Stone Creek Circle
Loveland, CO 80538
(970) 667-4106
www.coloradosbdc.org
Contact: Robin Shuckle-Shea, Email: sbdc@frii.com

NorthMetro SBDC
3645 W. 112th Ave. Campus Box 6
Westminster, CO 80031
(303) 460-1032
www.frontrange.edu/FRCCTemplates/FRCC7.aspx?id=132
Contact: Chris Luchs, Email: christ.luchs@frontrange.edu

Southern Colorado SBDC
Pueblo Community College
900 W. Orman Avenue
Pueblo, CO 81004
(719) 549-3224
www.coloradosbdc.org
Contact: Caroline Parra, Email: caroline.parra@pueblocc.edu

San Luis Valley SBDC
Kavleys Business & Tech Center
609 Main St., Ste. 108, #8
Alamosa, CO 81102
(719) 587-5151
www.coloradosbdc.org
Contact: Donna Wehe, Email: donna@slv-sbdc.com

South Metro Denver SBDC at South Metro Chamber of Commerce
6840 S. University Blvd.
Centennial, CO 80122
(303) 548-5300
www.smallbusinessdenver.com
Contact: Marcia McGilley, Email: info@smallbusinessdenver.com

Southwest Colorado SBDC at Cortez Area Chamber of Commerce
928 East Main
Cortez, CO 81321
(970) 247-7009
www.coloradosbdc.org
Contact: Joe Keck, Email: keck_j@fortlewis.edu

Southwest Colorado SBDC at Durango
2700 Main Ave
Durango, CO 81301
(970) 247-7009
www.coloradosbdc.org
Contact: Joe Keck, Email: keck_j@fortlewis.edu

Southwest Colorado SBDC At Fort Lewis College
402 San Juan
Pagosa Springs, CO 81147
(970) 247-7009, www.soba.fortlewis.edu/sbdc/
Contact: Joe Keck, Email: keck_j@fortlewis.edu

West Central SBDC at Western State College
Taylor Hall 306
600 North Adams Street
Gunnison, CO 81231
(970) 943-3157, www.coloradosbdc.org
Contact: Marilyn Laverty, Email: mlaverty@western.edu

Denver SCORE Chapter U.S. Customs House
721 19th St., Rm. 426
Denver, CO 80202
(303) 844-3985, www.scoredenver.org
Contact: Enrique Garcia, Email: score62@scoredenver.org

Longmont SCORE Office
1200 S. Sunset St.
Longmont, CO 80501
(303) 682-1071, www.scoredenver.org
Contact: Enrique Garcia, Email: score62@scoredenver.org

Pueblo SCORE Chapter
302 N. Santa Fe
Pueblo, CO 81003
(719) 542-1704, www.puebloscore.org
Contact: Ernestine Thomas, Email: score@puebloscore.org

Colorado Springs SCORE Chapter
6 S. Tejon St. Ste. 700
Colorado Springs, CO 80903
(719) 636-3074, www.coloradospringsscore.org
Contact: Rick Denton, Email: score@cscc.org

Yampa Valley SCORE
1330 Bob Adams Dr.
Bouge Hall, Rm. 316
Steamboat Springs, CO 80437
(970) 870-4491, www.scoredenver.org
Contact: Enrique Garcia, Email: score62@scoredenver.org

Mi Casa Resource Center for Women, Inc
360 Acoma Street
Denver, CO 80223
(303) 573-1302, www.micasadenver.org
Contact: Christine Marquez-Hudson, Email: info@micasadenver.org

Mi Casa Resource Center for Women, Inc. Program Director: Louella Cook
1249 East Routt Ave.
Pueblo, CO 81004
(719) 542-0091, www.micasadenver.org
Contact: Louella Cook, Email: lcook@micasadenver.org

Aurora Small Business Development Center
9801 E. Colfax Ave., Suite 20
Aurora, CO 80010
(303) 326-8690, www.aurorasbdc.com
Contact: Santos Blan, Email: info@aurorabdc.com

CU-Business Advancement Center
University of Colorado
CU-BAC UCB 034
Boulder, CO 80309
(303) 492-8395, www.colorado.edu/cubac
Email: cubac@colorado.edu

Roaring Fork Business Resource Center
P.O. Box 987
817 Colorado Avenue #107
Glenwood Springs, CO 81602
(970) 945-5158 info@rfbrc.org
http://www.rfbrc.org/home.html

ECONOMIC GARDENING AND MARKET RESEARCH
Loveland Economic Gardening Program
5400 Stone Creek Circle
Loveland, CO 80538
(970) 744-4795, www.lovelandeconomicgardening.com
Email: lcbd@loveland.org

Douglas County Government
100 Third Street
Castle Rock, CO 80104
(303) 660-7449, www.douglas.co.us/economicgardening
Contact: Meme Dunckel Martin, Email: mmartin@douglas.co.us

Chamber of Commerce of Highlands Ranch
300 W. Plaza Drive
Suite 225
Highlands Ranch, CO 80129
(303) 791-3500, www.highlandsranchchamber.org
Contact: Chris Eppers, Email: cchrinfo@highlandsranchchamber.org

Lyons Economic Gardening Group
PO Box 21
Lyons, CO 80540
(303) 823-5425, www.lyons-colorado.com/legg/
Contact: John E. O'Brian, Email: legg@lyons-colorado.com

Pueblo County Economic Gardening Program
214 W 10th St #347
Pueblo, CO 81008
(719) 583-6240, www.pueblobusiness.org
Email: economicgardening@pueblobusiness.org

Littleton Economic Gardening Program
2255 W. Berry Ave
Littleton, CO 80165
(303) 795-3758, www.littletongov.org/bia/economicgardening
Contact: Recca Larson, Email: biarl@littletongov.org

Greeley Economic Gardening Program
1000 10th Street
Greeley, CO 80631
(970) 350-9876, www.greeleygov.com/CMO/EconomicGardening.aspx
Contact: Bruce Biggi, Email: bruce.biggi@unco.edu

MANUFACTURING
Colorado Association for Manufacturing and Technology
Colorado Springs Office
Colorado Springs, CO
(719) 964-3297, www.camt.com
Contact: Jo Ann Miabella Galvan, Email: jgalvan@camt.com

Colorado Association for Manufacturing and Technology
Fort Collins Office
Fort Collins, CO
(970) 222-9134
www.camt.com
Contact: Cynthia Christie
Email: cynthia.christie@colorado.edu

Colorado Association for Manufacturing and Technology
Main Office
1625 Broadway, Ste 950
Denver, CO 80202
(303) 592-4087, www.camt.com
Contact: Elaine Thorndike, Email: elaine.thorndike@colorado.edu
Colorado Association for Manufacturing and Technology

Western Colorado Business Incubator
2591 B 3/4 Road
Grand Junction, CO 81503
(970) 263-8300, www.camt.com
Contact: Monty Rutherford, Email: mrutherf@mesastate.edu

INTERNATIONAL
Denver SBA
Office of International Trade
1625 Broadway Avenue, Suite 680
Denver, CO 80202
(303) 844-6623
www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html
Contact: Dennis Chrisbaum, Email: dennis.chrisbaum@sba.gov

Denver U.S. Export Assistance Center
1625 Broadway, Suite 680
Denver, CO 80202
(303) 844-6001, www.buyusa.gov/colorado
Contact: Paul Bergman, Email: Paul.Bergman@mail.doc.gov

MINORITY BUSINESS ASSISTANCE
Asian Chamber of Commerce
924 W Colfax Ave.
Denver, CO 80204
(303) 595-9737, www.asianchambercommerce.org
Email: asiancc@rmi.net

Colorado Black Chamber of Commerce
410 17th Street, Suite 220
Denver, CO 80202
(303) 831-0720, www.coloradoblackchamber.org
Email: info@coloradoblackchamber.org

Colorado Springs Black Chamber of Commerce
PO Box 9369
Colorado Springs, CO 80932
(719) 487-9179, www.csblackchamber.org
Email: jstewart231@comcast.net

Denver Hispanic Chamber of Commerce
924 West Colfax Avenue, Suite 201
Denver, CO 80204
(303) 534-7783, www.dhcc.com
Email: jcampos@dhcc.com

Latina Chamber
6625 Leetsdale Dr. unit B
Denver, CO 80205
(303) 962-1491, www.latinachamber.org
Email: info@latinachamber.org

Latino Chamber of Commerce
215 S. Victoria Ave.
Pueblo, CO 81003
(719) 542-5513, www.pueblolatinochamber.com
Email: Info@pueblolatinochamber.com

Rocky Mountain Indian Chamber of Commerce (RMICC)
924 Colfax Ave., Suite 104F
Denver, CO 80204
(303) 629-0102, www.rmicc.org
Email: admin@rmicc.org

Rocky Mountain Minority Supplier Development Council
1445 Market St. Ste. 300
Denver, CO 80202
(303) 623-3037, www.rmmsdc.org
Email: admin@rmmsdc.org

RURAL RESOURCES
Alamosa Colorado Rural Development
101 S. Craft Drive
Alamosa, CO 81101
(719) 589-5661, www.rurdev.usda.gov/CO/alamosa.htm
Contact: Charles Thompson, Email: charles.thompson@co.usda.gov

Colorado Rural Development Lakewood Office
655 Parfet Street
Room E-100
Lakewood, CO 80215
(720) 544-2903, www.rurdev.usda.gov/co/statedirector-staff.htm
Contact: Dolores Sanchez-Maes, Email: dolores.sanchezmaes@co.usda.gov

Cortez Colorado Rural Development
628 W. 5th Street
628 W. 5th Street
Cortez, CO 81321
(970) 565-8416, www.rurdev.usda.gov/CO/cortez.htm
Contact: Tiffany Huff, Email: tiffany.huff@co.usda.gov

Craig Colorado Rural Development
145 Commerce Street
Craig, CO 81625
(970) 824-3476, www.rurdev.usda.gov/CO/craig.htm
Contact: Pattie Snidow, Email: pattie.snidow@co.usda.gov

Delta Colorado Rural Development
690 Industrial Blvd.
Delta, CO 81416
(970) 874-5735, www.rurdev.usda.gov/CO/delta.htm
Contact: Victoria Martinez, Email: victoria.martinez@co.usda.gov

Greeley Service Center
4302 W 9th Street Rd
Greeley, CO 0
(970) 356-8097, www.wgcd.org
Email: joyce.wallace@wgcd.org

Las Animas Colorado Rural Development
760 Bent
Las Animas, CO 81054
(719) 456-0120, www.rurdev.usda.gov/co/lasanimas.htm
Contact: Joe Kost, Email: joe.kost@co.usda.gov

Wray Colorado Rural Development
247 N. Clay, Suite 2
Wray, CO 80758
(970) 332-3107, www.rurdev.usda.gov/CO/wray.htm
Contact: Cheryl Scofield, Email: cheryl.scofield@co.usda.gov

FINANCING - LOANS
U.S. Small Business Administration Denver District Office
721 19th Street, Suite 426
Denver, CO 80202
(303) 844-2607, www.sba.gov/localresources/district/co/index.html
Contact: Greg Lopez, Email: greg.lopez@sba.gov

Business Loan Fund
2591 B¾ Rd
Grand Junction, CO 81503
(970) 243-5242, www.gjincubator.org/loans/bizloanfund.php
Contact: Dean DiDario, Email: deandd@gjincubator.org

Clear Creek Economic Development Corp.
502 Sixth Street
PO Box 2030
Georgetown, CO 80444
(303) 569-2133, www.clearcreekedc.org/index.html
Contact: Peggy Stokstad, Email: info@clearcreekedc.org

Huerfano County BLF
Huerfano County Commissioners
(719) 738-2380
Huerfano Counties

Northeastern Colorado RLF
719 S. Main Street
PO Box 262
Yuma, CO 80759
(970) 848-3150, Contact: Dan Simon
Email: ncrlf@centurytel.net
Logan, Morgan, Washington, Yuma, Phillips & Sedgwick Counties

Northwest Loan Fund
249 Warren Avenue, Suite 201
PO Box 2308
Silverthorne, CO 80498
(970) 468-0295, www.nwc.cog.co.us/index.php/programs/northwest-loan-fund/
Contact: June Walters, Email: nlfjune@nwc.cog.co.us Moffat, Routt, Jackson, Rio Blanco, Grand, Garfield, Eagle, Summit and Pitkin Counties

Otero/Las Animas Revolving Loan Fund
1104 North Main Street
Pueblo, CO 81003
(719) 545-8680, www.scedd.com/development.htm
Email: bill@scedd..com, Otero and Las Animas Counties

Pikes Peak Regional Development Corp.
322 S. Cascade Avenue
Colorado Springs, CO 80903
(719) 471-2044, www.pprdc.com/sba504.asp
Contact: Douglas F. Adams, Email: dfa@pprdc.com
El Paso Counties

Prairie Development Corporation
128 Colorado Avenue, PO Box 202
Stratton, CO 80836
(719) 348-5562,
www.prairiedevelopment.com/businessclimate/businessinvestment.htm
Contact: MaryJo Downey, Email: jdowney@prairiedevelopment.com
Elbert, Lincoln, Kit Carson and Cheyenne Counties

Pueblo County Revolving Loan Fund
215 W. 10th St.
Pueblo, CO 81003
(719) 583-6000, www.co.pueblo.co.us/econdev/
Contact: Aimee Tihonovich, aimee.tihonovich@co.pueblo.co.us

Region 10 League for Economic Assistance & Planning
300 North Cascade, Suite 1
PO Drawer 849
Montrose, CO 81401
(970) 249-2436, www.region10.net/business/business_financing.htm
Contact: Paul Gray, Email: paul@region10.net
Delta, Gunnison, Montrose, Ouray, San Miguel and Hinsdale Counties

Region 9 Economic Development District of SW Colo.
295A Girard Street
Durango, CO 81303
(970) 247-9621, www.scan.org
Contact: Ed Morlan, Jenny Stollar, Email: ed@scan.org
Dolores, San Juan, Montezuma, La Plata and Archuleta Counties

San Luis Valley Development Resource Group
626 4th Street
PO Box 300
Alamosa, CO 81101
(719) 589-6099, www.slvdrg.org
Contact: Michael Wisdom, Roni Wisdom, Email: e-mail: wisdom@slvdrg.org
Saguache, Mineral, Rio Grande, Alamosa, Conejos and Costilla Counties

Southeast Colorado Enterprise Development
112 W. Elm St.
PO Box 1600
Lamar, CO 81052
(719) 336-3850, www.seced.net
Contact: Dan Tate, Email: seced@seced.net
Crowley, Kiowa, Bent, Prowers and Baca Counties

Upper Arkansas Area Development Corp.
PO Box 1212
Buena Vista, CO 81211
(719) 395-2602
www.uaacog.com/uaadevelop.htm
Contact: Jeff Ollinger, Email: jeffolli@chaffee.net
Lake, Park, Chaffee, Teller, Fremont and Custer Counties

Upstate Colorado Economic Development
822 7th Street, Suite 550
Greeley, CO 80631
(970) 356-4565, www.upstatecolorado.org
Contact: Eric Berglund, Email: eberglund@upstatecolorado.org
Larimer & Weld Counties

Western Colorado Business Development Corp.
2591 B 3/4 Road
Grand Junction, CO 81503
(970) 243-5242, www.gjincubator.org
Contact: Dean A. DiDario, Helen Roe, Email: deandd@gjincubator.org
Mesa Counties

Community Economic Development Company of Colorado
1175 Osage St., Ste. #110
Denver, CO 80204
(303) 893-8989, www.cedco.org
Contact: Bill Bacon, Email: bill@cedco.org

Community Economic Development Company of Colorado
Grand Junction Office
(970) 243-1861, www.cedco.org
Contact: Pat Berry, Email: pat@cedco.org

Community Economic Development Company of Colorado
Pagosa Springs Office
(970) 264-0496, www.cedco.org
Contact: Edith A. Corwin-Newberg, Email: edith@cedco.org

Colorado Lending Source
518 17th St., Ste. 1800
Denver, CO 80202
(303) 657-0010, www.coloradolendingsource.org
Contact: MikeO'Donnell, Email: info@ColoradoLendingSource.org
Area of Operation – Colorado

Colorado Lending Source
Fort Collins Office
155 East Boadwalk Drive
Fort Collins, CO 80521
(303) 657-0010, www.coloradolendingsource.org
Email: info@ColoradoLendingSource.org

Colorado Lending Source
Colorado Springs Office
(719) 227-6687, www.coloradolendingsource.org
Contact: Becky Fuller, Email: info@ColoradoLendingSource.org

Colorado Lending Source
Glenwood Springs Office
(970) 947-1400, www.coloradolendingsource.org
Contact: Tod Cecil, Email: info@ColoradoLendingSource.org

Colorado Lending Source
Granby Office
(720) 840-6713, www.coloradolendingsource.org
Contact: Kim Palmer, Email: info@ColoradoLendingSource.org

Pikes Peak Regional Development Corporation
322 S Cascade Ave.
Colorado Springs, CO 80903
(719) 471-2044, www.pprdc.com
Contact: Douglas Adams, Email: dfa@pprdc.com

Business Lending Center
1104 N. Main St.
Pueblo, CO 81003
(719) 545-8680, www.scedd.com/development.htm
Contact: Allison Cortner, Email: allison@scedd.com

Colorado Enterprise Fund
1888 Sherman St, Ste. 530
Denver, CO 80203
(303) 860-0242, www.coloradoenterprisefund.org
Contact: Lewis Hagler, Email: lewis@coloradoenterprisefund.org
microloans@coloradoenterprisefund.org

Region 10 LEAP for Economic Development
300 North Cascade Street, Suite 1
Montrose,, CO 81401
(970) 249-2436, Contact: Leslie Jones, Email: Email: region10@rmii.com
FINANCING - EQUITY

Boulder Angels
655 Parfet Street
Room E-100
Lakewood, CO 80215
(720) 544-2903

CTEK Angels
Advance Colorado Center
1625 Broadway Suite 950
Denver, CO 80202
(303) 546-9595, www.ctek.biz

Northern Colorado AngelsFort Collins, CO
200 W. Mountain Avenue, Suite A101
Fort Collins, CO 80521
(970) 221-1301, www.nocoangels.com, Email: info@nocoangels.com

Peak Venture Group
1867 Austin Bluffs Pkwy, Suite 200
Colorado Springs, CO 80918
(719) 884-1304, www.peakventure.org

Rockies Venture Club
1805 S. Bellaire Street, Suite 480
Denver, CO 80222
(303) 831-4174, www.rockiesventureclub.org

Appian Ventures SBIC I, L.P.
1512 Larimer St., Ste. 200
Denver, CO 80202
(303) 830-2450, www.appianvc.com
Contact: Phillip Dignan, Email: phillip@appianvc.com

Roaring Fork Capital SBIC, L.P.
5350 S. Roslyn St., Ste. 380
Greenwood Village, CO 80111
(303) 694-1300, www.roaringforkcapital.com
Contact: Eugene McColley, Email: tiffany@roaringforkcapital.com

Vista Ventures Advantage, LP
1011 Walnut St., Ste. 410
Boulder, CO 80302
(303) 543-5716, www.vistavc.com
Contact: Catharine M. Merigold, Email: catharine@vistavc.com

FINANCING – VENTURE CAPITAL
Access Venture Partners
8787 Turnpike Drive, Suite 260
Westminster, CO 80031
(303) 426-8899, www.accessventurepartners.com
Enterprise software, information technology, internet and telecom infrastructure

Altira Group LLC
1675 Broadway, Suite 2400
Denver, CO 80202
(303) 592-5500, www.altiragroup.com
Energy technologies

Appian Ventures
1512 Larimer Street, Ste. 200
Denver, CO 80202
(303) 830-2450, www.appianvc.com
Software and technologies for networks

Aweida Venture Partners
500 Discovery Parkway, Ste. 300
Superior, CO 80027
(303) 664-9520, www.aweida.com
Data storage, software, life sciences

Boulder Ventures
1900 Ninth Street, Suite 200
Boulder, CO 80302
(303) 444-6950, www.boulderventures.com
Communications, enterprise software, life sciences

Bow River Capital Parnters
1490 Lafayette Street, Ste. 400
Denver, CO 80218
(303) 861-8466, www.bowrivercapital.com
Manufacturing, distribution, business and consumer services, financial services, transportation, real estate

Centennial Ventures
1125 17th Street, Ste. 740
Denver, CO 80202
(303) 405-7500, www.centennial.com
Networks and related software and technology

CHB Capital Partners
511 Sixteenth Street, Ste. 600
Denver, CO 80202
(303) 571-0100, www.chbcapital.com
Manufacturing, construction, service firms

Foundry Group
1050 Walnut Street, Suite 210
Boulder, CO 80302
(303) 642-4050, www.foundrygroup.com

Greenmont Capital Partners
1628 Walnut Street
Boulder, CO 80302
(303) 444-0599, www.greenmontcapital.com
Natural products, lifestyles of health and sustainability

InvestorAvenue.com
(720) 887-8484, www.investoravenue.com
Email: Info@InvestorAvenue.com
Provides online matchmaking between investors and entrepreneurs.

KRG Capital Partners
1515 Arapahoe Street Tower One, Suite 1500
Denver, CO 80202
(303) 390-5001, www.krgcapital.com
Health care, transportation, logistics, life sciences, niche construction, medical technology, advertising/marketing, specialty finance, specialty chemicals, infrastructure

Lacuna
1100 Spruce Street, Suite 202
Boulder, CO 80302
(303) 447-1700, www.lacuna.com
Email: info@lacuna.com
$23M fund in Boulder that focuses on gap funding between $1M-$4M.

Lynwood Capital
1228 Fifteenth Street, Ste. 308
Denver, CO 80202
(303) 573-7750, www.lynwoodcapital.com
Services, distribution, manufacturing

Meritage Funds
1600 Wynkoop, Suite 300
Denver, CO 80202
(303) 352-2040, www.meritagefunds.com
Communications, next-gen broadband networks, internet infrastructure, software, media, outsourced communications

New West Capital Partners
8110 East Union Avenue, Suite 100
Denver, CO 80237
(303) 764-9678, www.nwfunds.com

Republic Financial Corp
3300 S. Parker Rd., Suite 500
Aurora, CO 80014
(303) 751-3501, www.republic-financial.com

Resource Capital Funds
1400 Sixteenth Street, Ste. 200
Denver, CO 80202
(720) 946-1444, www.resourcecapitalfunds.com
Mining

Sequel Venture Partners
4430 Arapahoe Avenue, Suite 220
Boulder, CO 80303
(303) 546-0400, www.sequelvc.com
Information technology, life sciences

Stolberg Equity Partners
370 17th Street, Ste. 3650
Denver, CO 80202
(303) 592-4900, www.stolbergpartners.com

The Carlyle Group
1050 17th Street
Denver, CO 80265

(303) 405-8300, www.carlyle.com, Aerospace & defense, automotive & transportation, consumer & retail, energy and power, health care, industrial real estate, technololgy, business services, telecommunications and media
Venture Associates
4950 East Evans - Suite 105
Denver, CO 80222
(303) 758-8710, www.venturea.com
Contact: James B. Arkebauer, Email: ebauer@ventureA.com

Vestar Capital Partners
Seventeenth Street Plaza, 1225 17th Street, Suite 1660
Denver, CO 80202
(303) 292-6300, www.vestarcapital.com

Vista Ventures
1011 Walnut Street, 4th Floor
Boulder, CO 80302
(303) 543-5716, www.vistavc.com
IT, communications, semiconductors, enabling technologies

Wolf Ventures
1625 Broadway, Ste. 930
Denver, CO 80202
(303) 321-4800, www.wolfventures.com
Storage, network communications, enterprise software, new media

TECHNOLOGY COMMERCIALIZATION
Bioscience Discovery Evaluation Grant Program
Colorado Office of Economic Development & International Trade
1625 Broadway, Suite 2700
Denver, CO 80202
(303) 892-3840, www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1167928017742

Rocky Mountain Innovation Initiative
200 West Mountain Avenue
Fort Collins, CO 80521
(970) 221-1301, www.rmi2.org
Contact: Mark Forsyth, Email: Mark.forsyth@rmi2.org

INCUBATORS
8C Aerospace Business Incubator
Colorado School of Mines
1310 Maple St.
Golden, CO 80401,
www.8cproject.com/displaycommon.cfm?an=1&subarticlenbr=10

Bolder Innovation Center
1900 15th St.
Boulder, CO 80302
(303) 444-2111, www.boulderinnovationcenter.com
Email: Info@BoulderInnovationCenter.com

Colorado Springs Technology Incubator
3595 E. Fountain Blvd.
Colorado Springs, CO 80910
(719) 685-7877, www.cstionline.org/index.php Email: dstewart@cstionline.org

CTEK Boulder Venture Center
1320 Pearl Street
Boulder, CO 80302
(303) 546-6161, www.CTEK.biz
Email: jim.pollock@ctek.biz

CTEK Central
Advance Colorado Center
1625 Broadway Suite 950
Denver, CO 80202
(303) 546-9595, www.ctek.biz/default.asp?p=1

CTEK Stapleton Venture Center
7706 Martin Luther King Blvd
Denver, CO 80238
(303) 321-5555, www.ctek.biz/default.asp?p=57&s=66
Contact: Stephen Miller, Email: stephen.miller@ctek.biz

Fitzsimons BioBusiness Incubator
12635 E. Montview Blvd.
Aurora, CO 80010
(720) 859-4100, www.fitzbiobusinesspartners.com
Email: info@fitzbiobusinesspartners.com

Fort Collins Technology Incubator
300 Laporte Ave.
Fort Collins, CO 80522
(970) 416-2259, www.fortcollinsincubator.org

National Renewable Energy Laboratory (NREL)
1617 Cole Boulevard
Golden, CO

(303) 275-3000
www.nrel.gov/technologytransfer/entrepreneurs/entrepreneurs.html
Contact: Dr. L. Marty Murphy, Email: lawrence_murphy@nrel.gov

Northern Colorado Food Incubator
Fort Collins, CO 80525
(970) 231-1197, www.nocofoodincubator.com

Pueblo Business & Technology Center
301 N Main Street
Pueblo, CO 81003
(719) 546-1133, www.btc-pueblo.com
Email: btc@pedco.org

Roaring Fork Business Resource Center
817 Colorado Ave.
Glenwood Springs, CO 81602
(970) 989-8987, www.rfbrc.org
Email: info@rfbrc.org

Southern Colorado Business and Technology Center
301 South Main
Pueblo, CO 81003
(719) 546-1133, www.btc-pueblo.com

TechStars
Boulder, CO
www.techstars.org

The Business Incubator Center
2591 B 3/4 Road
Grand Junction, CO 81503
(970) 243-5242, www.gjincubator.org

The Business of Art Center
513 Manitou Avenue
Manitou Springs, CO 80829
(719) 685-1861, www.thebac.org/mc/page.do?sitePageId=813&orgId=thebac

MARKET RESEARCH
Colorado State University Libraries
501 University Avenue
Fort Collins, CO 80523
(970) 491-1841, www.lib.colostate.edu

Douglas County (Colorado) Libraries

(303) 791-7323, douglascountylibraries.org

High Plains Library District
mylibrary.us/index.asp

Poudre River Library District
201 Peterson St.
Fort Collins, CO 80524
(970) 221-6740, www.poudrelibraries.org

University of Northern Colorado Libraries
UNC Libraries, Campus Box 48
Greeley, CO 80639
(970) 351-2671, www.unco.edu/library

STATE RESOURCES
Colorado Business Express - One-Stop Site
(800) 970-3468
www.colorado.gov/cs/Satellite/GovRitter/GOVR/1233237953450

Colorado Business Resource Guide
www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662

Colorado Department of Revenue
Fort Collins Regional Center
1121 W. Prospect Rd., Bldg D
Fort Collins, CO 80526
(303) 238-7378
www.colorado.gov/cs/Satellite/Revenue/REVX/1176842266433?packedargs=a-id-prefix%3DTopNav
Email: tpspublicinfo@spike.dor.state.co.us

Colorado Office of the Secretary of State
1700 Broadway, Suite 200
Denver, CO 80290
(303) 894-2200, www.sos.state.co.us
Email: business@sos.state.co.us

State of Colorado Department of Revenue
Fort Collins Regional Center
1121 W. Prospect Rd., Bldg D
Fort Collins, CO 80526, (303) 238-7378
www.colorado.gov/cs/Satellite/Revenue/REVX/1176842266433?packedargs=a-id-prefix%3DTopNav
Email: tpspublicinfo@spike.dor.state.co.us

State of Colorado Office of Economic Development and International Trade
1625 Broadway St. Ste. 2700
Denver, CO 80202, (303) 892-3840
www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1162927366334

MEETINGS, CLUBS AND WEB SITES
Boulder Net
www.linkedin.com/groupInvitation?groupID=46664&sharedKey=4AF37E7D0150

Boulder Open Coffee Club
www.boulderopencoffeeclub.com/blog/

Boulder Startup Weekend
www.boulder.startupweekend.com

Clean Tech Open
www.cleantechopen.com

Facebook Developer Garage
www.facebook.com/group.php?gid=10875767322

IBCircle
www.ibcircle.com

Sustainable Opportunities Summit
www.sosummit.org

The Founders Meetup
www.meetup.com/StartupandFounderMeetup/

The New Technology Meetup
www.bdnewtech.com

OTHER RESOURCES
Rural Policy Research Institute (RUPRI)
www.rupri.org/entrepreneurship.php

Edward Lowe Foundation
www.youreconomy.org

Ewing Marion Kauffman Foundation
www.entrepreneurship.org

Microsoft’s Emerging Business Team – For software startups that align with Microsoft’s vision, www.microsoft.com/Business/Startups/Default.aspx

A LOOK AT STEWARDSHIP CONTRACTING

The Forest Service and the BLM received a new authority to implement Stewardship Contracting and Agreements in the 2003 appropriations act (P.L. 108-7). The new provisions under this authority include:

- exchange of goods for services
- land restoration and enhancement efforts by using value of traded goods for important work on the ground
- contracts to be awarded based on "best value"
- contracting period of up to 10 years may be utilized; which may help prospective contractors qualify for and obtain loans and equipment opportunities for local communities to respond to contract proposals

Land stewardship contracts benefit the agency and the public in different ways. For the Forest Service, land stewardship contracts provide a means to improve contracting flexibility and efficiency; to address forest health concerns in areas of low-value material; and to increase collaboration among federal agencies and outside partners. Within the surrounding local communities, stewardship contracts are capable of promoting local involvement in National Forest management, while also strengthening local economies through the diversification of available jobs and the development of new and expanded markets.

Stewardship contracting is intended to achieve key land-management goals that improve, maintain, or restore forest or rangeland health; restore or maintain water quality; improve fish and wildlife habitat; reestablish native plant species and increase their resilience to insect and disease; and reduce hazardous fuels that pose risks to communities and ecosystem values through an open, collaborative process. The legislation also requires that projects meet local and rural community needs in addition to the land management goals.

Keep in mind that Stewardship contracting is not a program, but a tool to accomplish work on the land as part of the Healthy Forests Initiative and to achieve broad land management goals.

Because projects must meet local and rural community needs, collaboration with local interests is emphasized. However, every project will include adherence to the appropriate NEPA process, and there is no change to the public comment process. Projects will continue to comply with all laws such as Endangered Species Act, Clean Water Act, and Clean Air Act, and meet the direction of FS and BLM's land use plans, and management policies relating to existing special designations (e.g., Wilderness).

The Forest Service and the BLM will be announcing the direction that they will be issuing to their field units on how to develop and implement stewardship contracts and agreements. This new direction builds on lessons learned by the Forest Service.

The Forest Service/BLM direction delineates

- project design goals and objectives;
- office roles and responsibilities;
- direction for use of excess offset value;
- emphasis that generation of monies is a secondary consideration to restoration activities;
- direction for project submission, accomplishment reporting, and project financial tracking; and
- direction for monitoring, coordination, and collaboration.

Below are key points that should be considered in preparing a successful Stewardship Contract:

- Broad-based public (community) collaboration: The intent of stewardship contracts is to develop a process of broad-based community participation that is open, transparent, and inclusive. This collaboration can be used to bolster public and agency learning, encourage interaction among a broad array of stakeholders, and to utilize the existing knowledge base. These collaborations can create the development of a unified vision (desired future conditions) that can then be applied during implementation and monitoring phases of a given project.
- Provisions for multi-year, multi-task, end-results oriented activities: Within stewardship contracts, bidders are typically given a description of the desired future condition from the agency and asked to describe how they would use their skills and experience to achieve the defined vision. This format provides an opportunity for contractors to be flexible and innovative in their approaches and practices. These contracts can include numerous tasks, over a course of years to reach the desired goal and objectives.
- Comprehensive approach to ecosystem management: Within stewardship contracts, techniques and practices are designed under the umbrella of holistic, ecosystem approaches. Often these management activities are coordinated within a diverse set of objectives, including vegetation management, wildlife habitat enhancement, recreational development, and stream or riparian restoration. They also refocus the scope of projects from stand-level (as used in the past) to new ecological scales.
- Improved administrative efficiency and cost to the agency: Stewardship contracts are designed to complement and expand, not replace existing procurement or timber sale instruments. They are an alternative means of implementing ecosystem management policies, relying on the shift of forest/rangeland management towards achieving a desired future resource condition rather than meeting an assigned target or predetermined schedule of output. Unlike timber sale contracts or service contracts, stewardship contracts are designed to combine a set of

activities into a single contract, thereby improving contract efficiency and possibly reducing cost to the Agency.

- Creation of a new workforce focused on maintenance and restoration activities: Because stewardship contracts often contain a wide array of services (including those that involve the collection of multiple forest products), such contracts have the ability to contribute to the development of sustainable rural communities. Through improved and increased restoration/maintenance of the natural environment, stewardship contracts help provide living wages, new employment opportunities, and overall diversification of rural economies.

TIPS FOR CONTRACTORS: SIMPLE HINTS FOR SUBMITTING A REQUEST FOR PROPOSAL

A Request For Proposal (RFP) is a procurement tool used by agencies such as the Forest Service and Bureau of Land Management to solicit bids for larger and technically complex projects. In general, a RFP is used when the agency expects the project to cost more than $100,000. In addition, a RFP is a "negotiated" contract, rather then a "sealed bid." An award can be made without any negotiations; however the Contracting Officer may come back to you to seek clarification on your proposal. This means that you can change your bid after it is submitted or withdraw it any time prior to the award. Since an award can be made without any negotiations, it is important to prepare the best proposal you can initially.

When competing for an RFP, contractors are asked to make an "offer" rather then a "bid." Solicitations involving an RFP generally have three components: 1) A pre-offer process; 2) Proposal Evaluation; and 3) Price. Below are some basic tips to guide you through this process.

The pre-offer process:
Most commercial solicitations valued over $25,000 will be posted on the web at www.fedbizopps.gov. Generally, the pre-bid process involves advertising the solicitation, and at the discretion of the contracting officer, a pre-bid tour.

There are three layers of authority in procurement decision-making:

1) The contracting officer (CO)
2) The contracting officer representative (COR), and
3) The contracting inspector.

Knowing who these individuals are will help you through the pre-bid, award, and implementation process.

- Make no assumptions: Thoroughly read and review the entire contract: both the boilerplate and technical specifications. Make no assumptions based on previous contracts you have bid or performed in the past.
- Attend the pre-bid tour: If you have an opportunity to tour the site then take it. It will be the best way to get an accurate idea of the project and will help you prepare the best RFP.
- Clarify legal and contractual issues: Direct any legal or contractual questions to the awarding contracting officer. For example, there are often clauses referenced, but not stated in the solicitation, such as limits on percentage of work subcontracted out or criteria for Hub Zone preference. Generally, Hub Zone projects are solicited only from qualifying contractors. You need to understand these clauses in order to create a competitive bid.
- Know who you are working for: Knowing who wrote the technical specifications in the RFP and who will be administering and inspecting the work on the ground (usually the COR) is the best way to build a good track record and to ensure you are delivering the desired services. It makes sense to contact the COR with any questions on specifications prior to submitting your RFP. Do not be afraid to question unclear or contradictory specifications. Doing this during the pre-bid process will reduce the number of problems you encounter after the award is made.
- Create good relationships: Building a good rapport with the CO or COR is important, even when the work appears to be straightforward. There are two good reasons for doing this:
    1) You can find out what they really expect on the project from the person who will determine if the work is satisfactory,
    2) CORs often have input into the award selection. Talking to them about the RFP specifications lets them know you are a serious bidder.

Generally, when projects are offered through a Request For Proposal (RFP) they are awarded on a best value basis instead of lowest bid. Best value contracting allows the agency to consider factors other then price. While contracting officers have a significant amount of discretion in how they construct a best value contract, there are a few general categories that you can expect to be considered when submitting an RFP:

1) Past performance and past experience
2) Technical Approach, and
3) Price.

In making an RFP award using a best value, the contracting officer will weigh the price in relation to the technical competency of the offeror and other specified factors. This means they may award the contract to someone with a price higher than yours if they believe there is significant difference in what they will get for the higher price.

Below is some simple advice on what to include in your proposal. Remember, looking at the specific technical components of any solicitation is critical to successfully competing for an RFP contract. The following factors may be considered in the award of RFP's and should be addressed in your proposal:

Past performance and experience

Past performance is how well you have pleased previous customers. Experience is what you have done. Including the names and phone numbers for the evaluation team to verify your past performance and experience is very helpful.

- Provide a history of your work experience which describes the type of work you have done that is relevant to the solicitation, as well as the number of years spent doing that type of work. You should also include a description of all related past work, including work on private lands and/or sub-contracts you have performed.
- Provide information that will tell the Contracting Officer how well you performed in your previous contracts. There are three things to include:
    1) A list of references for past work,
    2) Evidence of compliance on previous contracts, and

Explanation of any defaults, reworks, or claims. If you experienced difficulties on a previous contract then it is important to provide information about the cause and the remedy.

Technical Specifications and Approach

Describe how you will complete this project. For example, you may be asked to describe how you will minimize ground vegetation and soil impacts, what type of equipment you are using, the number and size of landings, how any material removed will be utilized, or whether or not you are hiring and/or training local or displaced timber workers, etc. How you respond to these criteria, and the cost of your services, will determine whether or not the contract is awarded to you. It is critical that you respond to specific project requirements in your proposal.

- Demonstrate understanding of project requirements
- Provide information on the experience and qualifications of key personnel: Highlighting formal education should not be as important as "on the ground" experience. For example, 20 years of maintaining and operating equipment is more relevant than 4 years of forestry school - so include both. Include specific jobs or contracts that key personnel included in your proposal, have worked on and their references.
- Describe how you will implement the project: Detail how you will accomplish the project and meet the specifications. Include how you will employ innovative techniques and methods, if any.
- Describe what type of equipment you will use: Include all supplies, tools, and equipment, indicating if the equipment will minimize environmental impacts.
- Provide a work schedule and/or production plan: Detail how you will accomplish the work within the contract time period.

- Describe how you will meet special objectives in the RFP: Some contracting provisions emphasize the importance of hiring or training local or displaced timber workers and other social objectives, such as those provided in the National Fire Plan. If the solicitation states these as objectives, be sure to address how you will accomplish those goals.
- Describe your quality control and/or a self-inspection plan: It is important to explain what methods you will use to ensure quality control, including how you will deal with problems if they arise during project implementation. Demonstrating that you have these measures in place will show that you will not be depending on government inspectors for quality control.
- Safety and fire plan: State that all work and equipment will meet or exceed OSHA standards. Detail communication and evacuation plans if operating equipment or climbing.
- Administrative cost to the agency: Cooperative, experienced contractors cost less to administer. Show how you will work cooperatively with the agency to accomplish shared goals.
- Only propose what you know you can deliver: Commitments you make in the proposal become part of the contract to which you are legally bound once you sign the contract. Be realistic about what you can offer.

PRICE

- Know the minimum (prevailing) wage standards: You must show that you are compiling with wage standards, including fringe benefits, for the contract.
- Bid appropriately: Remember that RFPs do not have to be awarded to the lowest bidder. Remember that the contracting officer is looking for the best technical approach for the best price.

DEBRIEFING

If you are not awarded the contract, you are entitled to a debriefing with the contracting officer detailing your proposal's strengths and weaknesses. This is a good opportunity to get feedback to improve your future proposals. You can request this in person, by phone, or in writing. If you would like more detailed technical assistance on Stewardship Contracting tools, contact one of the following organizations listed on the last pages of this guide.

The legislation authorizes the Forest Service and the BLM to

- exchange goods removed for restoration services provided;
- enter into stewardship contracts for periods of up to 10 years;
- use multiparty monitoring to assess the program and report to Congress on the results; and
- award contracts based on "best value," which allows for consideration of performance as well as bid price.

A timber sale is the sale of commercial forest products, always with return of receipts to the U.S. Treasury. Service contracts are contracts for services (such as pre-commercial thinning, trail maintenance, and fuel reduction) that are funded with appropriated dollars, and do not return revenues to the U.S. Treasury. Stewardship Contracts are contracts by the FS and BLM for services (such as pre-commercial thinning, trail maintenance, and fuel reduction) in which some of the costs may be offset by the value of vegetative material removed and may not return revenues to the U.S. Treasury. In addition, any excess receipts could be used for other stewardship contracts.

Stewardship Contracting Fact Sheet

Authority
The Omnibus Appropriations Act for fiscal year 2003 authorized the USDA Forest Service and the Bureau of Land Management, for a period of 10 years, to undertake stewardship end results contracting projects, also known as stewardship contracting. The stewardship end result contracting provision was passed on February 20, 2003 and authorized by section 323 of Public Law 108-7.

Definition
Stewardship end results contracting projects are those activities used to accomplish the goals set forward in Section 323 of P.L. 108-7 whereby the Forest Service and the BLM would enter into contract or agreement, including consideration of source under public and private contracts, for services to achieve land management goals and meet local and rural community needs. In addition, the contract or agreement is awarded on a best-value basis.

Agency direction provides that stewardship contracts must include at least one of the new authorities granted by the legislation: where the value of timber and other forest products is applied as an offset against the cost of services received; or multi-year contract authority greater than 5 years but not to exceed 10 years.

Previous Federal Register Announcement
The USDA Forest Service and the Interior Department's Bureau of Land Management published a notice of interim guidelines on stewardship contracting, with opportunity for public comment, in the Federal Register on June 27, 2003 jointly. Public input was accepted in writing until July 28, 2003.

Projects awarded:
Since the new authority became law on February 20, 2003, the Forest Service has awarded more than 30 stewardship projects.
The BLM has two stewardship projects. Both contracts are in Oregon and focus on fuels reduction with forest product removal. The two contracts were awarded to local contractors.

Emphasis:
Stewardship contracting emphasizes on-the-ground results and up-front collaboration with States, Tribes, local communities, and other interested parties in identifying and maintaining strong relationships of trusts with the public.
Compliance with existing laws and policies:
Stewardship contracting projects will meet the direction of FS and BLM's land use plans and management policies relating to existing special designations (e.g., Wilderness). They will comply with NEPA and other laws such as Endangered Species Act, Clean Water Act, and Clean Air Act.

Stewardship Contracting Contacts

Region 2 - Rocky Mountain Region

Name	Title/Organization	Address/Phone/Fax/E-Mail
Garcia, Bob	Sale Prep/Valuation, R2	USDA Forest Service - Rocky Mountain Region P.O. Box 25127 Lakewood, CO 80401 303. 275.5024 / 303.275.5075 bgarcia@fs.fed.us

Region 3 - Southwestern Region

Name	Title/Organization	Address/Phone/Fax/E-Mail
Fink, Paul	Regional Stewardship Coordinator	USDA Forest Service - Southwestern Region Federal Building, 517 Gold Avenue, SW Albuquerque, NM 87102 505.842.3423 / 505.842.3800 pfink@fs.fed.us
Harris, Dave	Forester	USDA Forest Service - Southwestern Region Federal Building, 517 Gold Avenue, SW Albuquerque, NM 87102 505.842.3426 / 505.842.3800 dpharris@fs.fed.us

Region 4 - Intermountain Region

Name	Title/Organization	Address/Phone/Fax/E-Mail
Austin, Doug	Regional Stewardship Coordinator	USDA Forest Service - Intermountain Region 325 25th Street Ogden, UT 84401 801.625.5524 / 801.625.5483 daustin@fs.fed.us
Solem, Steve	Director - Planning, Appeals and Litigation	USDA Forest Service - Intermountain Region 325 25th Street Ogden, UT 84401 801.625.5269 / 801.625.5277 ssolem@fs.fed.us

Thomas Brendler
National Network of Forest Practitioners
305 South Main Street
Providence, RI 02903
Phone: 401.273.6507, Fax: 401.273.6508, thomas@nnfp.org

Andrea Bedell
Pinchot Institute for Conservation
1616 P Street NW, Suite 100
Washington, DC 20036
Phone: 202. 939-3455, AndreaBedell@pinchot.org
National Fire Plan Indefinate Delivery
Indefinate Quantity (IDIQ) contract information:
http://www.nifc.gov/fuelsreductionidiq/
http://www.blm.gov.natacq/FIRE/vendors.html
or call Paul Langowski in Region 2 RO at 303-275-5037

Timber Sale Contracting Officers:
Delta Office: Bob Huthman
Laramie Office: Doug Haertzen
Custer SD Office: Greg McGranahan

ANSWERS TO THE ENTREPRENEURIAL PROFILE EXERCISE

Question Number	Answer & Points A	B	C	D
1.	4	2	1	3
2.	4	3	2	1
3.	1	2	3	4
4.	4	3	2	1
5.	1	3	4	2
6.	1	3	2	4
7.	4	3	2	1
8.	4	1	3	2
9.	4	3	1	2
10.	1	2	3	4
11.	1	2	3	4
12.	1	2	3	4
13.	1	2	3	4
14.	1	2	3	4
15.	1	2	3	4

Total Points

15 – 21	**Like very little risk and high security**
21 – 36	**Like lower risk situations and moderate security**
36 – 51	**Like moderate risk and can accept lower security**
51 and over	**Risk take, can handle high risk and even look forward to the challenge. Needs very little security**

This is an indicator of your present situations and feelings. This should not be used to tell if you should go into business or not. This can highlight potential problem that could be encountered being self-employed or in a business.