

PARMA AREA CHAMBER OF COMMERCE



PARMA

PARMA HEIGHTS

SEVEN HILLS

*Fertile Ground to Grow Your Business*

**SMALL BUSINESS  
STARTUP  
WORKBOOK**

# Build Your Business

Congratulations on your decision to be an entrepreneur! The Parma area is a great place to start and grow your business. To help you get started, the Parma Area Chamber of Commerce is pleased to provide this workbook. The comprehensive questions cover all aspects of new business development and upon completion, you will have developed the information you need to format your business plan.



*Parma Area Chamber of Commerce*

# Description of the Business

## Overview

What is the status of your business? (Start-up or existing and in business for \_\_\_\_ years).

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Describe your proposed business.

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What is or will be unique about your business?

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# Description of the Business

## Product(s) or Service(s)

Describe your products or services.

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What are the benefits of your product or service?

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Will you require an initial inventory and, if so, how much?

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What is your market niche?

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# Description of the Business

## Goals

Why do you want to enter this business?

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What are your goals (year one)?

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What are your long-term goals (year two to five)? (Please state in measurable terms with a target date).

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## Industry Profile (Nationally and/or Locally)

Is this a growth industry? Why or why not?

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# Description of the Business

Are many others entering this field? Why or why not?

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Please list/explain any information you have acquired from other individuals or associations operating in this industry.

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Please explain/describe any seasonality present in this industry.

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## The Marketing Plan

### Know Your Customers and Prospects

Who are your customers and how many are there?

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Where are they?

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What do they buy? (Product/Service vs. Image)

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Why do they buy?

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# The Marketing Plan

When and how often do they buy?

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How much do they buy?

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Why do they buy from you – or from someone else?

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Who are they buying from now?

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# The Marketing Plan

## Market Share

How large is the market for your business?

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What percentage of the market do you expect to attract?

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Is the market growing, steady, or declining? Why?

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## Competition

Please list and describe 3 to 5 of your most significant competitors?

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# The Marketing Plan

How are their sales – steady, increasing, decreasing?

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How are their operations similar and/or dissimilar from yours?

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How do your products and services differ from competitive products and services currently on the market?

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What will make your operation different from theirs?

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# The Marketing Plan

## Promotion

How will you promote your product or service?

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What dollar amount do you expect to spend on promotional activities?

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Please show a planned promotion schedule over the next year showing, for each month, the activity and associated costs. (Activity, Date, Cost)

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How will you track your results?

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# The Marketing Plan

## Suppliers

Who are your potential suppliers?

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Are these businesses stable?

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Have you contacted any suppliers?

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Will they provide trade credit? (If so, what are the terms?)

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# The Marketing Plan

## Location

Where will your business be located? (Street address)

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Describe the physical features of the facility. (For example, a one-story brick building with 3,000 square feet of space.)

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Do you intend to own, rent, or lease? (What is your rent?)

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What extra rent will you have to pay? (Part of utilities? Increases in operating costs or real estate taxes?)

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Are there any local regulations such as zoning that may affect the operation of your business?

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# The Marketing Plan

Is there adequate parking?

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If you are receiving and shipping goods, can trucks get into your facility and loading area/dock easily?

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What are your hours of operation?

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Can you put a sign on your building?

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## Equipment (Office, Production, Manufacturing, Shipping)

Are you purchasing new or used equipment?

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# The Marketing Plan

Are you buying or leasing equipment?

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List special equipment you will need for your business and its estimated cost.

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## Pricing

How did you arrive at the price for your product or service? What is the profit margin (price less cost)?

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What is your pricing strategy?

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# The Marketing Plan

How do your margins compare to the industry norms?

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Can this pricing strategy be maintained over the long-term?

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What is the prevalent pricing strategy of your industry?

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## Distribution

Where/how will consumers acquire your product or service?

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# The Marketing Plan

Why this method of distribution?

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What customer service is involved with the sale of this product?

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Are you able to supply the needed level of customer service?

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## The Management Plan

### Experience (Attach resume(s) if available)

Describe the business background and related experience of the principals.

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What is your direct experience in this kind of business?

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What education have you acquired that is relevant to this business?

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What factors contribute to the success of this venture?

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# The Management Plan

## Financial Resources

Do you expect this product to require commercial financing?

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How much cash do you and your partners have to invest in the business?

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Is your credit rating good? (Call to get a copy of your credit report.)

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Do you own your home? If yes, how much equity do you have in your home?

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# The Management Plan

5) Do you have any other assets to use or pledge as collateral?

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6) Have you completed a personal financial statement?

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## Legal Issues

What legal form of ownership – sole proprietorship, partnership, corporation – will the business have?

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Why this structure?

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# The Management Plan

Who are the principals, and what are their titles and responsibilities?

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Do you have a sales agreement?

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Do you have a partnership agreement?

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Have you filed any forms?

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# The Management Plan

## Human Resources

How many employees will be needed?

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Will these individuals be full-time? Will they be employees or independent contractors.

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What skills are required?

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List the duties and responsibilities of key personnel with the business.

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# The Management Plan

How much will they be paid?

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What fringe benefits will you provide?

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Have you considered wages, fringe benefits, and payroll taxes in your start-up costs or financial projections?

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# The Management Plan

## Professional Assistance

Who is assisting you in starting or operating your own business?

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List the name and address of your accountant, lawyer, insurance agent, banker.

Accountant:

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Attorney:

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Insurance agent:

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Banker:

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# The Management Plan

## Licenses/Regulations

What licenses or permits will you need?

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What regulations will affect your business?

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## Environmental

Many small businesses overlook environmental issues and concerns during planning. This checklist is a first step in determining which environmental regulations may apply.

Will you have any hazardous substance at your site?

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Will you vent any gas, fumes, smoke, dust or odors? Will you use a boiler or other equipment using fuel on site?

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# The Management Plan

Will there be, or has there been, any storage tank on site?

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Will there be any radiation sources on site?

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Will there be any process-liquid discharges to a sewer or waterway?

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Will you generate, process, or treat any hazardous wastes?

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# The Management Plan

Are you comfortable that you have accurately calculated the costs involved if you answered “yes” to any of the above?

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## Government Regulations

Are you aware of the many regulations that impact small business? For example,

### Local

- Zoning laws (Districts, uses and variances)
- Land development and subdivision (Planning Commission and Council or Supervisors)
- Permits and Licenses, Building Codes

### State

- Department of Environmental Protection (DEP) – Sewage
- Department of Transportation – Highway Occupancy Permits
- Labor and Industry – Fire and Safety, American with Disabilities Act
- Licenses and Certificates

### Federal

- American with Disabilities Act – (Through State for buildings)
- Occupational Safety and Health Administration (OSHA)
- Department of Labor – wages
- Equal Employment Opportunity Commission (EEOC), Department Of Justice – personnel
- Specialized Regulations
- Environmental Protection Agency (EPA)
- Federal Communications Commission (FCC)
- Federal Trade Commission (FTC)

## The Financial Plan

### Start-Up Costs

List your one-time, start-up costs expected prior to day one of operation:

- |   |                 |
|---|-----------------|
| 1. Start-up investment, (Purchase of business, franchise etc.)        | \$ _____        |
| 2. Initial inventory  | \$ _____        |
| 3. Building Acquisition   | \$ _____        |
| 4. Machinery and equipment  | \$ _____        |
| 5. Remodeling and decorating  | \$ _____        |
| 6. Licenses and permits   | \$ _____        |
| 7. Pre-paid insurance   | \$ _____        |
| 8. Utility deposits   | \$ _____        |
| 9. Pre-opening advertising/promotion                                  | \$ _____        |
| 10. Professional (Legal/accounting)                                   | \$ _____        |
| 11. Other _____   | \$ _____        |
| <b>Total Start-up Investment Needed Prior to Day One of Operation</b> | <b>\$ _____</b> |

# The Financial Plan

## Operating Expenses\*\*\*

Please list your estimated monthly operating expenses. These are incurred on a regular basis.

1. Salaries and Wages (Employees)	\$ _____
2. Owner's Withdrawal	\$ _____
3. Employment taxes (FICA, FUTA, Workmen's Comp.)	
4. Employee Fringe Benefits	\$ _____
5. Rent/Mortgage	\$ _____
6. Telephone	\$ _____
7. Electricity	\$ _____
8. Gas	\$ _____
9. Water	\$ _____
10. Office Supplies	\$ _____
11. Shop Supplies	\$ _____
12. Existing Debt	\$ _____
13. Maintenance and Repair	\$ _____
14. Local Taxes/Licenses	\$ _____
15. Legal and Accounting	\$ _____
16. Insurance	\$ _____
17. Vehicle Expense	\$ _____
18. Advertising and Promotion	\$ _____
19. Miscellaneous	\$ _____
<b>Total Monthly Operating Expenses</b>	<b>\$ _____</b>

\*\*\*If an existing company, please include three years of your income tax profit and loss record, if available.

# The Financial Plan

## Working Capital

Working Capital is the cash that you need to pay your expenses during the periods when your sales receipts are not collected or they are below the break =even point. For start-ups we suggest multiplying total monthly operating expenses by a minimum of 2 to 3 months to arrive at a suitable working capital amount.

$$\begin{matrix} \$ & \underline{\hspace{4cm}} & X & \$ & \underline{\hspace{4cm}} & = & \underline{\hspace{4cm}} \\ & \text{(Monthly Operating Expenses)} & & & \text{(\# of months)} & & \text{(Working Capital)} \end{matrix}$$

### Total Cost To Start Business:

- 1. Start-up costs prior to day one: (page 26 total) \$ \_\_\_\_\_
- 2. Working capital: (From above) + \$ \_\_\_\_\_
- 3. Total capital required (Add lines 1 and 2) = \$ \_\_\_\_\_

### Available Capital:

- 4. Minus Owner's Equity - \$ \_\_\_\_\_
- 5. Financing needed (Subtract line 4 from line 3) \$ \_\_\_\_\_

Owner's equity and external financing should be equal to the amount of capital required. Make a list of possible resources for the above figure. Consider if you desire to seek commercial financing or approach private investors. There are different issues involved with both strategies.

### Possible Resources

### Amount

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

**Total Financing** \$ \_\_\_\_\_

# The Financial Plan

## Sales

In the first 12 months of operation, what will be your estimated business sales by month?  
On the next page, explain how you arrived at these figures.

Month 1	\$ _____
Month 2	\$ _____
Month 3	\$ _____
Month 4	\$ _____
Month 5	\$ _____
Month 6	\$ _____
Month 7	\$ _____
Month 8	\$ _____
Month 9	\$ _____
Month 10	\$ _____
Month 11	\$ _____
Month 12	\$ _____
<b>TOTAL</b>	\$ _____

What are you paying for the product? This figure, known as **Cost of Goods Sold**, is expressed either as an absolute dollar amount or as a percentage of total sales.

**Estimated Cost of Goods Sold\*:** \_\_\_\_\_  
(Dollars or percentage)

If an existing company, what is your company's average cash balance? \_\_\_\_\_  
(Or your average daily balance from your bank statement)

*\* The cost of goods sold for service firms is typically zero but employee costs should be carefully considered.*

