

Coffeyville Area Chamber of Commerce Business Startup Guide

Planning Your Business

Business planning is considered by many to be the most important factor in determining business success. Become familiar with the environment, market, and technology surrounding your business idea and what it will take to get it up and running. Consider taking a course or seminar on small business management. Even if you have worked in a business similar to the one you are planning to start, you can still learn valuable information that will save you time and money down the road.

Do these common personal characteristics of business owners describe you?

- A leader and self-starter
- Willing to invest a significant portion of your savings or net worth to start your business
- Self-confident about your abilities to sustain yourself in business, even if things get tough
- Enjoy making your own decisions
- Prepared, if needed, to temporarily lower your standard of living until your business is firmly established
- Others tend to turn to you for help in making decisions
- Willing to commit long hours to make your business work
- Others consider you a team player

If the majority of these characteristics describe you, your chances of success at managing your own business are increased. Few people can say that they have all of these characteristics, and business owners vary immensely in their strengths and weaknesses in each of these areas.

Next, take a look at our suggested checklist for starting your new business.

Checklist For Starting Your New Business

1. Have a business plan.
2. Know what form of legal ownership (sole proprietor, partnership, or corporation) is best for your business.
3. Know whether your business will require a special license or permit and how to obtain it.
4. Obtain an EIN (Employer Identification Number) for your business.
5. Know how to compute the financial “break-even point” for your business and how to prepare and/or interpret a balance sheet, income statement, and cash flow statement.
6. Know how to compute the start-up costs for your business.
7. Understand how a business loan can impact your credit and be aware of the various loan programs available from banks in your area and the Small Business Administration.
8. Be sure your planned business fills a specific market need, know your target market and where to find demographic data and information about your customers.
9. Have a marketing plan.
10. Understand the tax requirements associated with your business.
11. Know how to learn about your business competitors.
12. Have a payroll process planned for your business.
13. Have a customer service strategy in mind or in place.
14. Know whether your business should have some form of intellectual property protection.
15. Know where to obtain information about regulations and compliance requirements that impact your business.

If you have difficulties with any of the above items on the checklist, the U.S. Small Business Administration is available to help you.

SBA Answer Desk

409 3rd St. SW

Washington, D.C. 20416

800.U.ASK.SBA/800.827.5722

Send emails to: answerdesk@sba.gov

Writing a Business Plan

Once you have determined that you are ready to start your own business and have decided what type of business you are going to start, you must plan for the implementation of your concept and its ongoing operations.

A written business plan is a critical component of opening a successful business. Regardless of the type of business that you plan to start, a business plan is the foundation for launching your business.

A business plan serves two functions: 1. It helps secure financing by demonstrating technical competence, marketing knowledge, and organizational ability. 2. It helps establish goals, identify risks, recognize financial and physical needs, and provide guidelines to establish performance.

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions.

A good business plan is a crucial part of any loan application. It provides specific and organized information about your company and how you will repay borrowed money. This business plan serves as a road map for your business success, and a well-thought out business plan is necessary for obtaining loans and other aid. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

Before you begin writing your business plan, consider four core questions:

1. What service or product does your business provide and what need does it fill?
2. Who are the potential customers for your product or service, and why will they purchase it from you?
3. How will you reach your potential customers?
4. Where will you get the financial resources to start your business?

Elements of the Plan

When writing your business plan, be sure to address each of the vital elements:

- 1. Description:** Define the type of business you are starting. Write out your mission statement and set goals for your new company—both short-term and long-term. Provide background on your organization's history and principals.
- 2. Organization:** At this stage, you must determine what type of organizational structure, management, and personnel your company will require. Identify key management members and their responsibilities. List goals and a time schedule for hiring and training your staff. Determine what is needed to establish and maintain your company's culture.
- 3. Market:** Understand and define your company's market. Describe the targeted customer. Determine the number, location, and size of the various competitors in the area. Describe your marketing goals and strategies, and illustrate how you plan to achieve these goals.
- 4. Location:** Research the area and determine where you wish to locate your company. When selecting a location for your business, it is important to consider economic factors and the environment of the area in which you are looking, noting the location of not only your potential competitors but also your target audience.
- 5. Financing:** This section should include your proposed financing, past financial performance, and future expectations for financial performance. What are your financial goals to ensure the success of your business? Careful financial planning is necessary for a successful business. Your banker can offer valuable assistance in financial assessment. During this stage, you must also determine what resources are needed to reach your financial goals. An incubator may be a possible resource option as well.

Your business plan should include an executive summary, supporting documents, and financial projections. Although no single formula exists for developing a business plan, some elements are common to all business plans. They are summarized in the outline that follows.

Outline of a Business Plan

- 1. Cover sheet**
- 2. Statement of purpose**
- 3. Table of contents**

I. The business

- A. Description of business
- B. Marketing
- C. Competition
- D. Operating procedures
- E. Personnel
- F. Business insurance

II. Financial data

- A. Loan applications
- B. Capital equipment and supply list
- C. Balance sheet
- D. Break-even analysis
- E. Pro forma income projections (profit and loss statements)
- F. Three-year summary
- G. Detail by month, first year
- H. Detail by quarter, second and third years
- I. Assumptions upon which projections were based
- J. Pro forma cash flow

III. Supporting documents

- A. Tax returns of principals for last three years
- B. Personal financial statement (all banks have these forms)
- C. For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor
- D. Copy of proposed lease or purchase agreement for building space
- E. Copies of licenses and other legal documents
- F. Copies of resumes of all principals
- G. Copies of letters of intent from suppliers, etc.

Using Your Business Plan

A business plan is a tool with three basic purposes:

- Communication
- Management
- Planning

As a **communication tool**, a business plan is used to attract investment capital, secure loans, convince workers to hire on, and assist in attracting strategic business partners. The development of a comprehensive business plan shows whether a business has the potential to make a profit. It requires a realistic look at almost every phase of business and allows you to show that you have worked out all of the problems and decided on potential alternatives before actually launching your business.

As a **management tool**, the business plan helps you track, monitor, and evaluate your progress. The business plan is a living document, which you will modify as you gain knowledge and experience. By using your business plan to establish time lines and milestones, you can gauge your progress and compare your projections to actual accomplishments.

As a **planning tool**, the business plan guides you through the various phases of your business. A thoughtful plan will help identify roadblocks and obstacles, so that you can avoid them and establish alternatives. Many business owners share their business plans with their employees to foster a broader understanding of where the business is going.

If you have difficulty drafting your business plan, Pittsburg State University has a small business center to assist you in preparing a thoughtful and comprehensive business plan.

Site and Building Selection

The following resources are provided to help you with site and building selection for your business.

City of Coffeyville

102 W. 7th St./P.O. Box 1629

Coffeyville, KS 67337

Phone: 620-252-6100

Fax: 620-252-6175

email:

<http://www.coffeyville.com/>

Coffeyville Area Chamber of Commerce

807 Walnut/PO Box 457

Coffeyville, KS 67337

Phone: 620-251-2550

Fax: 800-626-3357

email:

<http://coffeyvillechamber.org>

Montgomery County Action Council

116 S. 6th St./PO Box 588

Independence, KS 67301

Phone: 620-331-3830

Fax: 620-331-3834

Email:

Web: <https://www.actioncouncil.com/>

Where to find Small Business Development Assistance in the Area

City of Coffeyville

102 W. 7th St./P.O. Box 1629

Coffeyville, KS 67337

Phone: 620-252-6100

Fax: 620-252-6175

<http://www.coffeyville.com/>

The City Planning Commission makes the plan for the development of the city and any unincorporated territory lying outside of the city, but within Montgomery County which in the opinion of the planning commission forms the total community of which the city is part. The plan constitutes the basis for public action to insure a coordinated and harmonious development or redevelopment which best promotes the health, safety, morals, order, convenience, prosperity and general welfare as well as a wise and efficient expenditure of public funds.

Coffeyville Area Chamber of Commerce

807 Walnut/PO Box 457

Coffeyville, KS 67337

Phone: 620-251-2550

Fax: 800-626-3357

<http://coffeyvillechamber.org>

The [Coffeyville Area Chamber of Commerce](http://coffeyvillechamber.org) provides a working alliance of business and professional people that work together to make a positive impact on the economic, educational, civic and social welfare of Coffeyville and the area.

Montgomery County Action Council

116 S. 6th St./PO Box 588

Independence, KS 67301

Phone: 620-331-3830 Fax: 620-331-3834

<https://www.actioncouncil.com/>

The Montgomery County Action Council ([MCAC](https://www.actioncouncil.com/)) members promote business and economic development in Montgomery County.

Pittsburg State University Small Business Development Center

Pittsburg State University

1701 South Broadway Street

Pittsburg, KS 66762

Phone: 620-231-7000

<http://www.btikansas.com/home/SBDC/>

The [KSBDC](#) in Southeast Kansas is a REGIONAL resource and support center for the small business person. Any individual interested in starting a small business or existing small business firm may receive assistance from the KSBDC. There is no charge for our services, however, there may be fees charged to cover costs associated with training courses.

Kansas Small Business Administration

Wichita District Office of the Small Business Administration

220 W. Douglas Ave. Suite 450

Wichita, KS 67202

Phone: 316-269-6616

Link: [SBA-Wichita](#)

Kansas Department of Commerce

Kansas Department of Commerce

1000 S.W. Jackson St., Suite 100

Topeka, KS 66612-1354

Phone: 785-296-3481

Link: <http://www.kansascommerce.com/>