



Rising Enterprise Summit
SMALL BUSINESS PLAN WORKSHOP
March 18th, 2016

Making the Dream
of Business Ownership
a Reality

The Mission

Operation HOPE is a self-help organization striving to educate and empower individuals.

To convert:

- Small Business Dreamers into Small Business Owners
- Check Cashing Customers into Bank Customers
- Renters into Home Owners

HOPE INSIDE

- Popular Community Bank and Operation HOPE are building on their 20-year partnership to reach more families in Brooklyn, Harlem and the Bronx.

Free!!! HOPE Inside Services

- Entrepreneurial Training
 - New Entrepreneur and Small Business Programs
 - Assistance Small Business Loan Preparation
- Home Ownership
 - First-Time Mortgage Program & Home Equity Loan Application Assistance
 - Foreclosure Prevention Counseling.
- Credit & Money Management Counseling
- Youth Empowerment Education

Seminar Purpose

- Provide overview of the importance of a Business Plan.
- Explain why Access to Capital is important.
- Pre-requisite for Entrepreneurial Training Program (ETP Invitation)
- Offer future One-on-One Technical Assistance

FAST FACTS

- A new business is born every 11 seconds in the United States.
- In a study of influential Americans – the defining issue of the 21st Century:
 - **Entrepreneurship!**
- One of 12 Americans is actively involved in trying to start a new business.

Benefits of Ownership

Advantages

- Create your own destiny
 - Reach your full potential
 - Reap unlimited profits
- Make a difference - Contribute to society and be recognized for your efforts
- Do what you enjoy and have fun at it

Benefits of Ownership

Disadvantages

- Uncertainty of income
- Risk of losing your entire investment
- Long hours and hard work
- Lower quality of life until the business gets established
- High levels of stress
- Complete responsibility
- Discouragement or loss of HOPE

GETTING STARTED

- Summarize your business idea in 50 words or less. Is this a product or service business, or a combination of both?
- What is special or unique about what you are offering that will give you an advantage over your competition?
- List the products or services you plan to sell.
- Who will own the business? Will it be you or will you have partners?

GETTING STARTED

- List the top three qualifications you have that will make you likely to succeed in this business.
- Describe the two most significant barriers you expect while starting and operating your business. How will you overcome these?
 - How much money will you need to start your business?
 - How do you know? And how will you finance the start of your business?
- Who will be your major competitors?

CHECKLIST TO GET YOUR BUSINESS STARTED

- **Employer Identification Number (EIN)**
- **Sales and Use Permit (Seller's Permit)**
- **Business License and Permits**

CHECKLIST TO GET YOUR BUSINESS STARTED

Other items that may be applicable:

- Business Insurance
- Federal Registration of Trademarks and Patents
- Contracts
- Business Lease Agreement
- Documentation of Corporate Filing
- Partnership Agreement

THE BUSINESS PLAN

A complete written plan describing your business.

WHY WRITE A BUSINESS PLAN?

- To sell yourself on the business and evaluate your skills
- For strategic planning and evaluation
- To obtain bank financing for a new business or expansion
- To arrange cooperative or strategic alliances to help you start your business or expand it
- To obtain large contracts to secure sales income
- To attract key employees and/or partners
- To motivate and focus your management team
- To gauge growth and resolve problems

COMPONENTS OF A BUSINESS PLAN

- 1. Table of Contents**
- 2. Executive Summary**
- 3. The Business/ Company**
- 4. Product and Services**
- 5. Marketing Analysis**
- 6. Business Strategy or Operating procedures**
- 7. Organization/ Personnel**
- 8. Financial Data**
- 9. Supporting Documents**

ACCESS TO CAPITAL

It is important to plan how much capital it will take to launch or expand your business. Make your personal financial statement, a start-up expense list, and projections for the business. Once you do your financial planning it will allow you to analyze whether you need additional funds to successfully start or expand your business.

Capital: What do you need it for?

- Buying supplies and inventory while waiting to get paid
- Paying payroll and rent
- Buying equipment and fixtures
- Buying the business (i.e., franchising)
- Purchasing commercial property

Credit

When Financial Institutions review a potential borrower they will look at different categories. Credit score is an important factor for their decision. There are five additional factors that are taken in consideration for a loan evaluation.

****Operation HOPE Offers a FREE Credit Workshop****

The Five C's

- Capacity** → This is the most important; how will the loan be repaid?
- Capital** → How much the owner or partners have invested or have at risk.
- Collateral** → The guarantee that the loan will be repaid.
- Conditions** → Three fundamentals: General Economics, Geographic and Industry.
- Character** → Some banks may consider this to be the most important.

Documents That May Be Required By Lenders

- Business tax returns for the past 2 years or personal tax returns for the past 2 years
- Recent paycheck stubs
- Business filings (inclusive of the business)
- Articles of Incorporation (for Corporations)
- Proof of insurance (workers comp/fire/comprehensive/etc.)
- Lease Agreement
- Business Plan (may not be required pending loan amount)

Documents That May Be Required By Lenders

- Recent Personal/Business Financial Statement
- Business bank statements
- Collateral (pending loan amount and credit score)
- Copy of Drivers License and second form of ID (i.e., credit card)
- Statement of what the loan is going to be used for

Note: Some banks may change or have exemptions for start-ups.

General Loan Qualifications

- Must have a business plan
- Must be in business for a minimum of 2 years
- Must have a strong credit profile
- Must inject 15-25% of their own funds
- Must have a profitable business
- Must have collateral in the form of either real estate equity, inventory, or contracts
- Must have personal and business tax returns
- Must have balance sheet and income statements for the business

Note: Some banks may change or have exemptions for start ups.

Loan Programs

Operation HOPE can assist with access to capital. Most business loan programs are for existing businesses, that is, for businesses that have been operating for at least 2-3 years.

- US Small Business Administration
 - Credit Unions
 - Micro-lenders
 - Crowdfunding

General Resources (Contents of handout)

- Start Up and Small Business Resources**
- Business Plan Resources**
- General Resources**
- General Business Support Services**

The next step to owning a business:

Make an appointment

With Mr. Pedro L. Barry

Small Business Program Coordinator

HOPE Inside in *Brooklyn or The Bronx:*

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