

# **BUSINESS PROJECT**

**CREATING A VIABLE SMALL BUSINESS  
PLAN**



# 11/7

## Goals for the period:

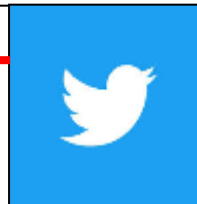
1. Brainstorm and discuss potential business ideas.
2. Select one *viable* plan.
3. Create a **mission statement** and identify your niche.
4. Sketch your **physical layout** and find a location to rent.



# MISSION STATEMENTS

Mission statements are very brief and direct, and they attempt to explain what your company does, as well as the value your company brings to its customers.

The **mission** we serve as **Twitter**, Inc. is to give everyone the power to create and share ideas and information instantly without barriers. Our business and revenue will always follow that **mission** in ways that improve – and do not detract from – a free and global conversation.



To bring inspiration and innovation to every athlete in the world.

Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality, yet at a reasonable price for worldwide customer satisfaction.



# NICHE

## Three Essential Questions to Consider:

- Where does your company fit in the marketplace?
- How is your company new or different?
- Why should customers come to you rather than the competition?



# PHYSICAL LAYOUT

## Consider the following:

- What type of space will you need?
  - Industrial
  - Retail
  - Office
- How much space will you need?*(square feet)*
- How will it be organized?

## You need to determine:

1. Actual Location
2. Cost of Monthly Rent
3. Diagram of Physical Layout  
*(produced on the computer)*



Use sites like  
Loopnet.com or  
Craigslist



< Search Results

# 705 N. Dixie Freeway

New Smyrna Beach, FL 32168 (3,604 SF) Retail For Lease

**\$14 /SF/Year**

Share Watch Property Get Alerts Create Report Print

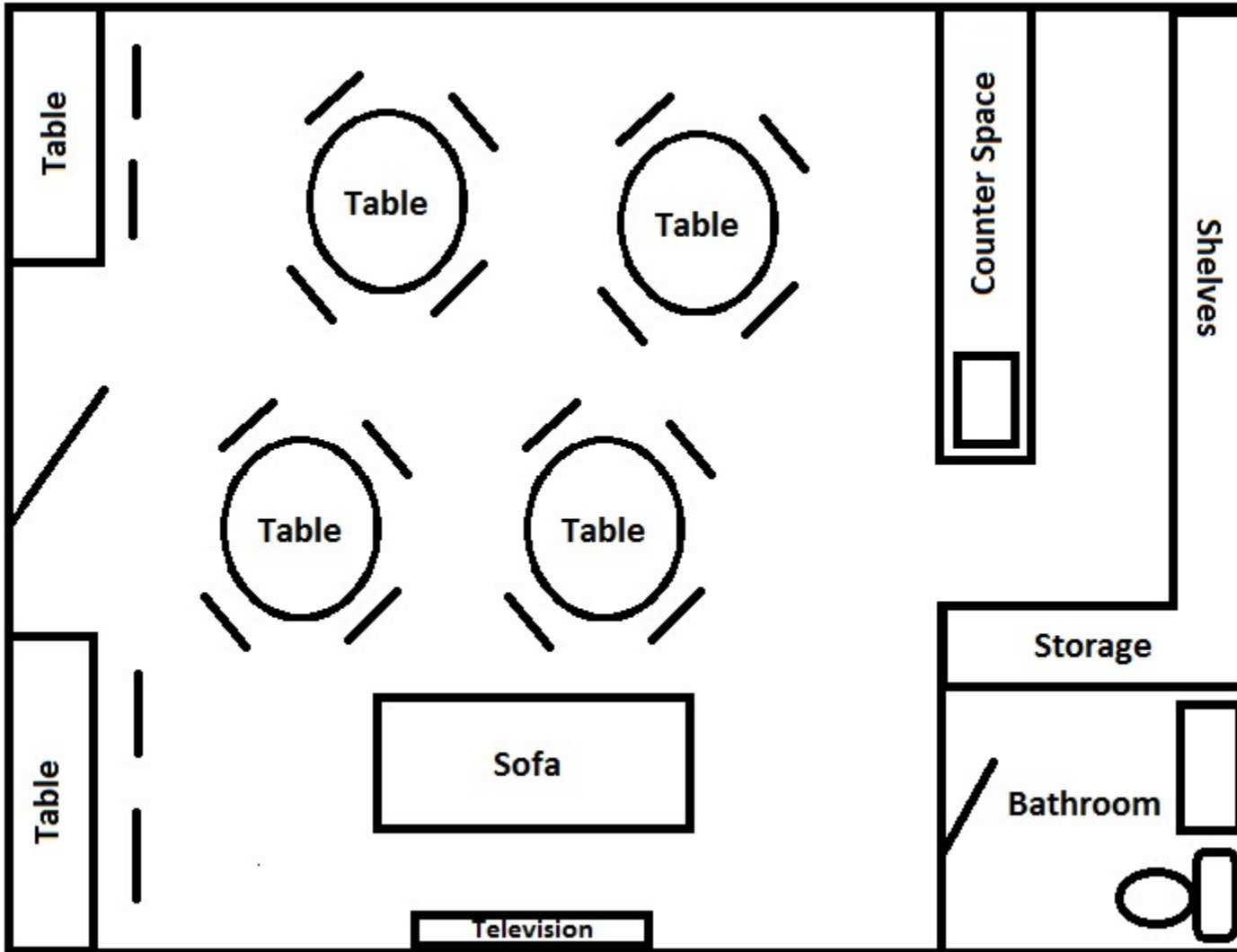


$\$14 \times 3604 = \$50,456$  per year!  
 $50456 / 12 = \$4,204.67$  per month.

Front view-1



# SAMPLE FLOOR PLAN



**\*\*You can use Microsoft Paint to easily create a floorplan!**





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## Goals for the period:

1. Complete a market analysis.
2. Identify your management team.





# MARKET ANALYSIS

**You need to know your competition. If you don't, it's almost impossible to be successful.**

**In this section:**

1. Identify three local competitors.
2. Answer the following questions:
  - How long has the competitor been in business?
  - How many locations/employees do they have?
  - How much do they charge for comparable items or services?
  - How much did they earn in sales last year?
  - How is their business model different than yours?
3. Be thorough. If no direct competitors exist, **EXPAND YOUR SEARCH!**



# MANAGEMENT TEAM

**Clearly defined roles are critical for success, especially in a new business.**

**In this section:**

1. Describe your role within in the company, and explain your day-to-day responsibilities.
2. Explain what qualifies you to fulfill this role (*ex. work experience, training, education, etc.*). If you do not yet have the required knowledge/experience, how do you plan to get it?
3. Describe your partner's role within the company, as well as his/her day-to-day responsibilities. What qualifies your partner to fulfill this role?
4. Will you hire additional employees in the future? Describe your ideal worker, and explain his/her expected role(s) within the company.



# 11/9

## Goals for the period:

1. Develop a **marketing plan**.
2. Identify and explain **potential weaknesses**.



# MARKETING PLAN

**The first year of business can be one of the most difficult and stressful times, especially if you have very few customers. Explain how you plan to market your product or service.**

1. Create a name, slogan and logo for your company. THIS SHOULD NOT OCCUPY ALL OF YOUR TIME.
2. Explain how you plan to advertise (*digital, print, radio, tv, etc*). Be very specific. Also, determine how much your marketing plan will cost.
3. Develop a sample flyer or other promotional material, and store sign for your grand opening.



# POTENTIAL WEAKNESSES

**Anticipating potential weaknesses and shortcomings is a great way to overcome and be successful.**

**In this section:**

1. Identify at least three potential problems you might encounter during your first year of business
2. Explain how you plan on overcoming each of these problems.



# 11/10

## Goals for the period:

1. Create a list of **company expenses**.
2. Create a **production cost and revenue schedule**.





Use Bankrate's Loan Calculator to estimate your monthly start-up loan cost.

# COMPANY EXPENSES

New business owners must have some idea of how much it will cost to open and operate their businesses on a monthly basis. In this section:

- Create a table like the one below.

Start-Up Costs (\$)		Monthly Fixed Costs (\$)		Monthly Variable Costs (\$)	
My Salary	2000	Rent	4000	Electricity	500
1 <sup>st</sup> Month's Rent	4000	My Salary	2000	Water	100
Furniture	2000	Advertising	2000	Misc. Supplies	250
Inventory	5000	Start-up Cost Loan	339		
Cash Registers	4500				
<b>Total Start-Up Costs</b>	<b>17500</b>	<b>Monthly Fixed</b>	<b>8339</b>	<b>Monthly Variable</b>	<b>850</b>
				<b>Monthly Fixed</b>	<b>8339</b>
				<b>Total Monthly Cost</b>	<b>9189</b>

- Start-up costs include anything necessary to get your doors open (*i.e. first month's rent, building renovations, furniture, signage, first month's salaries, etc.*).
- In order to pay the start-up costs, you will obtain a loan from a bank that needs to be repaid over 5 years (*or 60 months*) at a 6% interest rate. Include this payment in your list of fixed costs.
- Create a list of fixed costs (*i.e. rent, managers' salaries, company car payment, car insurance, start-up loan payment, etc.*) and monthly variable costs (*i.e. electricity, water, materials and resources, hourly wages, etc.*). Variable costs may be estimated.
- Once all lists are complete, calculate the monthly total. **YOUR TABLE SHOULD CONTAIN MORE ITEMS!**

# PRODUCTION COST AND REVENUE SCHEDULE

Use Figure 5.9 on page 143 of the textbook as a reference.

How many products do you need to sell in one month in order to cover your monthly expenses? In this section:

- Identify one item that you sell. Total Product assumes you only sell that item.
- Total cost should include monthly cost from previous section + resources.

Total Product (TP)	Total Cost (TC)	Marginal Cost (MC) Change in TC/change in TP	Marginal Revenue (MR)	Total Revenue (TR)	Profit (P)
0	9,189	---	---	0	-9,189
1000	9,189	0	10	10,000	811
2000	10,189	1	10	20,000	9,811

- $MC = \text{change in TC} / \text{change in TP}$
- $TR = TP \times MR$
- Plot total costs and total revenue on a graph (x-axis: quantity and y-axis: price/revenue). Identify the point of production where total revenue exceed total monthly cost.

$MR = \text{amount charged per item}$   
 $P = TR - TC$

