

INNOVATIVE BUSINESS EXECELENCE

Wealth and Wellness Summit Howard University September 27, 2012

Carl E. Brown, Jr.
Executive Director
301-583-5205
brownce@pgcc.edu



www.cmbd.biz

How to Start a Small Business

1. Write a business plan
 - a. Marketing plan
2. Establish a board of advisors
 - a. Three to five subject matter experts
3. Determine the Legal Structure of your business
4. Determine how you are going to Finance your business
5. File articles of incorporation and register with the state
6. Obtain any licenses and permits
 - a. Tax identification number (EIN)
7. Get all the training you can handle

What is a Business Plan?

A business plan precisely defines your business, identifies your goals and serves as your firm's resume. Its 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 the right decisions.

A business plan provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan package.

Marketing plan is part of your business plan.

This is your blueprint for success.

Elements of a Business Plan

1. Cover Sheet
2. Executive summary (statement of the business purpose)
3. Table of contents
4. Body of the document
 1. Business
 1. Description of business
 2. Marketing
 3. Operational procedures
 4. Key Personnel resumes
 5. Business Insurance
 2. Financial Data
 1. Loan applications
 2. Balance sheet
 3. Profit and loss statement
 4. Projections

Elements of a Business Plan Cont.

3. Supporting documents
 1. Tax returns
 2. Franchise agreement (if applicable)
 3. Office space lease agreement
 4. Copy of licenses and permits
 5. Supplier agreements

Marketing Plan

A good marketing plan:

- Sets clear, realistic and measurable targets
- Includes deadlines for meeting targets
- Provides a budget for each marketing activity
- Specifies who is responsible for each activity
- Identify your target customers
- Write one or more positioning statements
 - Specify the customer needs you are fulfilling
 - Benefits your products/services offer
- Describe the strengths, weaknesses, opportunities, and threats your business faces (SWOT analysis)
- Explain the business environment. What are your competitors' strategies?
- Include the trends in your industry
- Show growth projections

Marketing Plan Cont.

How will you reach your audience?

- Facebook
- Twitter
- Yellow Pages
- Blog
- Website
- Print media – magazines, newspapers
- Business cards, flyers, capability statements
- Volunteering, provide free or reduced cost service (Christmas in April)
- What are your competitors' strategies?
- Conferences
- Chamber of Commerce
- Speaking engagements (Cake bakers and chefs, home remodeling)
- Sales
- Festivals
- Give-a-ways and free samples

Board of Advisors

Why?

You are seeking quality feedback on how to start, grow and sustain your business

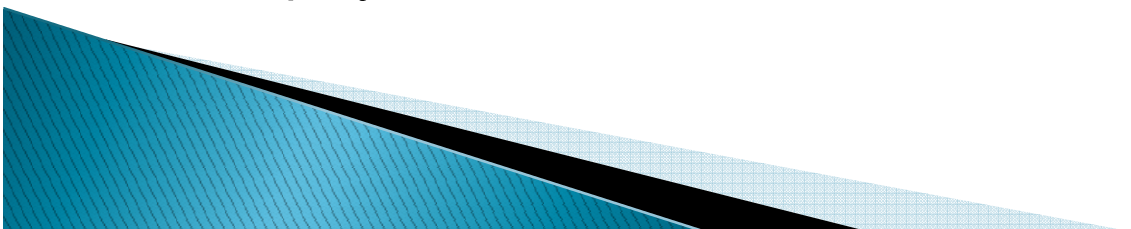
You need the expertise you do not have

Seek advisors that compliment your skills

Be honest and truthful with your advisory board

Compensate them when you can – business dinners go a long way

Meet quarterly – remember they are advisors and not paid employees



Legal structure of your business

Sole Proprietorship - A sole proprietor is someone who owns an unincorporated business by himself or herself.

Partnership - A partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses of the business.

Corporation - an organization formed with state governmental approval to act as an artificial person to carry on business (or other activities), which can sue or be sued, and (unless it is non-profit) can issue shares of stock to raise funds with which to start a business or increase its capital. One benefit is that a corporation's liability for damages or debts is limited to its assets, so the shareholders and officers are protected from personal claims, unless they commit fraud.

Legal structure of your business cont.

S Corporation - An S corporation differs from a regular corporation in that it is not a separate taxable entity under the Internal Revenue Code. This means that the S corporation does not pay taxes on its net income. The net profits or losses of the corporation pass through to its owners. An S corporation status is attractive to smaller, family-owned corporations that want to avoid double taxation

Limited Liability Company (LLC) - The limited liability company (LLC) is a hybrid legal entity that has both the characteristics of a corporation and of a partnership. An LLC provides its owners with corporate-like protection against personal liability. It is, however, usually treated as a non-corporate business organization for tax purposes.

State LLC statutes specifically provide that members of an LLC are not personally liable for the LLC's debts and obligations. This limited liability is similar to the liability protection for corporate shareholders, partners in a limited partnership, and partners in a limited liability partnership.

Financing your Business

Where will the money come from?

How much are you investing in your business?

What does your credit report look like?

Bank financing is typically done on a secured basis meaning that some collateral or asset, such as equipment, inventory, or accounts receivables.

The SBA guarantees loans made by banks and other financing institutions. You are responsible for the full amount of debt.

Private individuals (Angel investors)

Micro loan opportunities

Stock offerings and Venture capital companies

Articles of Incorporation

Maryland Articles of Incorporation (Professional Corporation)

(INSERT NAME OF CORPORATION)
ARTICLES OF INCORPORATION

FIRST: The undersigned (insert name(s), whose post office address(es) is (are) (insert post office address(es), being at least eighteen years of age, does (do) hereby form a professional service corporation under the general laws of the State of Maryland.

Articles of Incorporation Cont.

SECOND: The name of the corporation (which is hereinafter called the Corporation) is (INSERT NAME OF CORPORATION.)

THIRD: The purposes for which the corporation is formed are as follows:

1 To engage in (insert the specific professional service, e.g. "general practice of law or the general practice of medicine.")

2 To do such acts and carry on such business as may be permitted by Title 5 Subtitle (1) of the Corporations and Associations Article of the Annotated Code of Maryland.

FOURTH: The post office address of the principal office of the Corporation in Maryland is (insert street, number, city, county and zip code.) The name and post office address of the resident agent of the Corporation in Maryland are (insert name, street, number, city, county and zip code.)

Articles of Incorporation Cont.

FIFTH: The total number of shares of stock which the Corporation has authority to issue is () shares of the par value of (\$) a share, all of one class, and having an aggregate par value of (\$.)

SIXTH: The number of directors of the Corporation shall be (insert number) which number may be increased or decreased pursuant to the by-laws of the Corporation, and so long as there are less than three (3) stockholders, the number of directors may be less than three (3) but not less than the number of stockholders, and the name(s) of the director(s) who shall act until the first meeting or until their successors are duly chosen and qualified is (are) (insert names.)

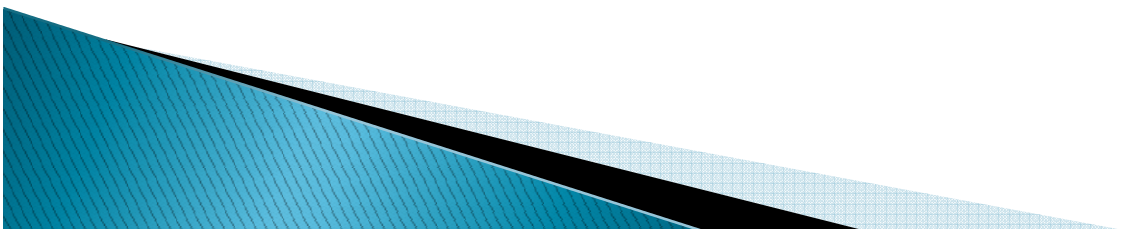
SEVENTH: The following provisions are hereby adopted for the purposes of defining, limiting and regulating the powers of the Corporation and of the directors and stockholders:

Articles of Incorporation Cont.

EIGHTH: The duration of the Corporation shall be perpetual.

IN WITNESS WHEREOF, I (We) have signed these Articles of Incorporation on (insert date), and severally acknowledge the same to be my (our) act.

(TYPE OR PRINT NAME UNDER EACH SIGNATURE)



Misc. information to think about

Location of your business.

How easy is it for your customers to get to you - Parking

Safety – Is it a safe area, is it a well lit area?

Walk able, near metro or other types of public transportation?

Proximity to your competitors

Zoning and signage

Understand market conditions – healthcare vs. record stores

Where do your customers live/work?, what are their income levels?

When was the last time they purchased what you are selling?

How much of your product and service is being bought in the area/location you are going to open up a business?

Internet , store front or home based

