



SAMPLE BUSINESS PLAN

(A SERVICE)

SMITH E-COMMERCE CONSULTING
MARY SMITH

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SECTION 1: THE BUSINESS PROFILE

Description of My Business

I plan to provide a complete service for the design, installation and maintenance of E-commerce marketing functions for my retail clients. I intend to evaluate the success of each installation and follow up to make changes to improve the effectiveness of the each site.

Targeted Market and Customers

My customers will be small businesses that can enhance their present sales by the utilization of E-commerce. Typical clients will require sites for the dual purpose of providing 24-hour information to customers as well as providing a purchasing venue. Potential clients are businesses in which E-commerce can provide additional incremental sales. The businesses will range widely: from restaurants to neighborhood drug stores.

Growth Trends In This Business

The market for my services is growing at an unprecedented rate. In 2004 and 2005, year-end holiday shopping increased 25% each year.

Can you document from trade sources the anticipated rate of growth of your industry? If industry sources are not available, you will need to give a logical explanation as to the trend and potential of your intended market. This segment will provide you and your backers with information as to whether your market is growing or shrinking.

Pricing Power

Initially, my pricing power will be limited by what other consults charge for their time. However, I expect my business to be built by favorable word-of-mouth and my services to command a somewhat higher schedule of rates than average. I therefore expect that my reputation will gain me a degree of pricing power. Another factor is if my type of services are rendered ineffectively, it can be very costly and of no value to a client. On the other hand, if done well (by myself) the services can be affordable and immensely valuable. By gaining this reputation, I expect to be well paid for my work.

SECTION 2: THE VISION AND THE PEOPLE

Through my work experience and my former moonlight business, I possess unique skills to provide specialized E-commerce services. Also, I have had a long-term desire to be in business full time for myself and to utilize this knowledge. I have worked with many hardware and software vendors and Web site designers. Utilizing the resources of these associates, I can demonstrate competency in all aspects of successful E-commerce implementation. I am passionately committed to my new business and have the realism to make inevitable hard choices.

Educational Credentials

My education includes: _____ grade school, graduation from _____ high school (class of _____).

My higher education includes a _____ degree earned in _____ at _____ university, _____ year.

In _____ school I participated in the following activities (student council, student body officer, sorority/fraternity, clubs, etc.) I have also taken the following courses and seminars: My Own Business Internet Course, _____, _____.

My hobbies are: _____

My ongoing education includes subscriptions to the following professional journals: Wall Street Journal, Plastics World, etc.

I belong to the following professional and service organizations: National Association of Importers, Rotary Club, etc.

Work Experience Related to My Intended Business

My work experience has been as follows:

1995 – 1998: Position _____ at _____ Co. Describe your work responsibilities in detail: _____

1998 – 2005 Position _____ at _____ Co. Describe your work responsibilities in detail: _____

My work experience with _____ company mentioned above included responsibility for Web-site design, implementation and maintenance. I have included a list of work references and character references in Exhibit A, attached.

I belong to the following professional organizations: National Association of E-commerce Designers

SECTION 2: THE VISION AND THE PEOPLE

My consulting service will require specialized knowledge in all aspects of implementing E-commerce sites for small businesses. I have been moonlighting in this activity for 2 years and have successfully executed contracts with 5 small businesses. (See Exhibit __ including references, attached). I feel that this background qualifies me to undertake this business on a full time basis.

SECTION 3: COMMUNICATIONS

Computer and Communications Tools

My business equipment requirements consist primarily of computer and communications tools. I have all of the following resources in place:

Resource Requirements:

Communications

Enter a description of all communications equipment.

Telephones

Enter a description of all telephone equipment.

Facsimile

Enter a description of all fax equipment.

Computers

Enter a description of all computer equipment.

Internet

Enter a description of necessary Internet providers.

SECTION 4: BUSINESS ORGANIZATION

Business Organization

The form of business organization:

Initially I will be starting up the operation of Smith E-Commerce Consulting as a proprietorship. At my business grows and at a time my attorney feels appropriate, I will begin operating as a Limited Liability Corporation.

My main focus will be on the creation of websites that are user and search engine friendly for on-line purchasing functions.

SECTION 5: LICENSES PERMITS AND BUSINESS NAMES

Due Diligence Procedures for Licenses, Permits and Business Name

DBA: Smith E-Commerce Consulting. My intellectual property lawyer, an important consultant since I will be creating intellectual property for my clients, will do a search and if possible register my DBA (Doing Business As) name and logo.

Zoning: My start-up will be as a home based business. I have been advised by the City Hall clerk's office that I will qualify as an approved home business. My future office premises will be in a commercially zoned office space.

Licenses: The licenses I will need at the local, state, and federal level include:

Local: Municipal Business License from City Hall.

State: A state identification number will be secured from the Board of Equalization.

Federal: A federal EIN number will be secured from the IRS

Trademark: My trademarks will include my logo (to be designed) and my DBA name.

Sellers Permit: While I will not be charging sales tax on my services, at a future time when I begin marketing Internet equipment, I will secure a sellers resale permit from the state board of equalization.

SECTION 6: INSURANCE

I plan to consult with insurance agent Dan Deductable, who has been recommended by my accountant. My insurance coverage will be maintained in a “package” type insurance policy tailored for small service business such as mine.

SECTION 7: LOCATION AND LEASING

The criteria for my future office space will include:

- Space requirements including growth
- Site analysis study if needed (attach)
- Demographic study if needed (attach)
- Lease check-off list (attach)
- Estimated occupancy cost as a % of sales
- Zoning and use approvals

SECTION 8: ACCOUNTING AND CASHFLOW

Accounting

Attached as a separate exhibit is my starting balance sheet and projected income statements for the first six months to one year.

Cash Flow Planning

Attached is an exhibit of my first year's cash flow projecting including estimated sales, all costs and capital investments.

Following is a checklist of all expense items included in the cash flow projection.

Analysis of Costs

Since my service business will initially be essentially intellectual property and advice, my start-up costs will be based on my living expenses and costs related to set-up of Websites, maintenance and operation of my office equipment, communication and computer functions. However pricing will include overhead, general and administrative expenses as if I were operating out of leased premises.

Internal Controls

As a service provider, I will personally be the only person controlling expenses, accounting and check signing. But at no time in the future will I delegate the authority for large purchase orders or check signing.

SECTION 9: HOW I WILL FINANCE THE BUSINESS

Financing Strategy

Attached is a spreadsheet showing all of the sources of my start-up capital. The major part of my start-up costs will come from savings. I have saved some money every month since I was fifteen years old and this nest egg will be my major source of initial working capital and equipment. I have also maintained three credit cards with balances paid promptly each month. The use of these credit lines will be for reserve purposes only and provided there are sources of repayment for any use of the cards. For example, to tide me over during periods of outstanding receivables. Once I have three years of profitable earnings statements, I plan to seek a regular line of bank credit. At a future time when I will begin marketing Internet technology hardware and software along with my services, I will look to my vendors for credit and advertising assistance.

SECTION 10: E-COMMERCE

E-Commerce Plans

Since my business will be to deliver E-Commerce solutions to retail businesses, it will be important for my clients to have outstanding website functions, furnishing valuable information and user-friendly navigation. Marketing by work-of-mouth referrals will be initially the most single means of new business. Once my initial client's sites are live and successful, I plan to start making calls on larger clients, using my successful installations as references.

As backlog builds, I plan to build a team of outsourced vendors including programmers, website designers, search engine consultants and copy experts. Ultimately Smith Consulting will become a turn-key outsourced E-commerce department for major retail operators.

SECTION 10: E-COMMERCE

E-Commerce Budgeting

My initial costs will be living expenses, purchase of additional office supplies, computer equipment and communications devices which are outlined as follow:

E-Commerce Competition

My best competitors are individual I.T. experts who moonlight as website developers and individuals who practice full-time. I plan to project a full-time business-like entity that merchants can look to as an ongoing and primary resource for designing, installing and continually upgrading their Internet marketing of goods and services. By emphasizing my full-time commitment as a consulting professional, I intend to grow to ongoing contracts with major players of retail Internet marketing.

SECTION 11: BUYING A BUSINESS OR FRANCHISE

Looking into the future, I may find opportunities to grow by purchasing the consulting practices of other Website designers. For example, to become a national firm there may be designers in other major markets who have reasons to sell their businesses and whose acquisition could result in “Smith Consulting Group” becoming a major national resource for major chain retailers.

Before starting my practice at home I will have my consulting team in place including business lawyer, accountant and intellectual property lawyer.

Acquisition of other businesses in my field will require a formal due-diligence checklist to investigate all aspects of the purchase:

Sellers records to be inspected: Financial statements, income tax returns, sales backlog, cash deposit records, utility bills, accounts payable and receivable, backlog, financial comparisons of similar businesses, etc.

Inspections and approval of leases and contracts.

Appraisals, as appropriate.

If a franchise, interview with randomly selected franchisees.

Finance plan for acquisitions: include sources including seller financing.

Market conditions.

Value of goodwill.

Method of purchase: stock, assets, etc.

SECTION 12: MARKETING

Marketing Plan

My initial marketing will be to spend four hours per day on sales calls to local merchants who are not engaged in E-commerce. I will take initial assignments at reduced fees in order to establish a growing portfolio of successful users. I feel that the time spend on personal calls will outperform other means of marketing. Also I plan to promote and conduct free seminars that are addressed to local business owners. From these seminars I would make follow-up calls to seek out clients. I may collaborate with my C.P.A. in the conduct of these seminars.

Advertising and Promotion Plans

My initial advertising budget will be limited to expenses connected with seminars including room expense, local newspaper advertising and other expenses connected with seminar programming.

Purchasing and Inventory Control

Since I will be dealing entirely with intellectual property, my expenses connected with inventory and problems associated with purchasing goods will be eliminated.

SECTION 12: MARKETING

The Competition

As covered in Section 10 of this plan, my principal competitors will be either moonlight operators or established firms.

How I Plan to Take Advantage of Competitors Weak Points

My emphasis will be to remove myself from competition by furnishing ongoing marketing advice, equipment upgrades, and new market opportunities to clients. The goal will be to establish, in effect, an ongoing consulting services to my clients to keep them on the cutting edge of not only technology but in e-commerce marketing techniques. I will be collaborating with my team of advisors including C.P.A. and attorney to be furnishing ongoing business insights as well as pitfalls to avoid.

SECTION 13: GROWTH PROGRAM

Expansion

My objectives of growth will be to expand from local individual businesses to small chains and ultimately to the major e-commerce chains throughout the country. It will be important to stay focused on providing all aspects of E-commerce solutions but not become engaged in unrelated IT responsibilities. By keeping my focus on E-commerce, I can carve out a niche that overtime can become a huge consultancy while avoiding competing with the major players in the IT hardware and software fields.

Handling Major Problems

An important part of my planning includes how I plan to handle adverse business conditions. The greatest risk I face is a large drop off in sales which would impact future liquidity. Attached are two pro-forma (estimated) cash flows, one with a 25% reduction in forecasted sales and another with a 40% drop in sales. In each case it will require prompt reduction in costs to avoid loss of liquidity (running out of money). In this manner I will have a plan in place to handle future cyclical swings in my business. These two cash flows are attached as exhibits.

SECTION 14: INTERNATIONAL TRADE

Due Diligence Procedures for International Trade

Export Counseling: I do not plan to operate out of my own country for the next five to ten years. But at some point I anticipate that Smith Consulting will be engaged by multinational firms that will require me to have specialized knowledge of international business. My first step at this point will be to retain legal counsel specializing in international transactions. My international trade advisor will need to assist me in outlining the following preparations.

Export Readiness: Describe the economic reasons and justification for my plans. Outline the personnel, budget and procedures I plan to implement.

Agent/distributor Agreement: Provide a draft of my agent/distributor agreement and the agents/distributors I are considering to do business with.

Analysis of Competitive Considerations: Explain the due diligence resources to be used in the evaluation opportunities including appropriateness of my business.

Evaluation of Country Risk: Explain the resources to be used in the evaluation of country risk (is the country in good standing?) including potential sources of financing.

Describe my plans to insure protection of intellectual property rights.

Describe marketing and advertising plans.

Evaluate potential problems regarding product adaptation to standards and measurements.

Describe the licensing requirements for export of my services.

SECTION 15: MANAGING EMPLOYEES

I plan to use a payroll service provider from the initial start-up, even including the early times I will working by myself. This cost can be delegated for less than it would cost me to be handling start-up payroll, payroll deductions, local state and federal withholdings. I have received three proposals and intend to use _____ company.

Before hiring my first employee or delegating services to outsourced suppliers, I will prepare job description for each responsibility.

I have attached a copy of the job application I plan to use which is a stand form available at my office supplier.

When I begin to hire employees, I strongly feel that there will need to be an ample package of benefits for my employees in order to avoid turnover due to larger firms having more generous plans. My plan will include paid vacations, full medical coverage for my employees (not their dependants) and the company contributing \$_____ per year to a Simple IRA plan.

I plan to complete an employee handbook before hiring any employees.

SECTION 15: MANAGING EMPLOYEES

My initial and ongoing training programs for employees are attached as an exhibit.

Since future payroll problems can include great legal risks, at the time of hiring the first employee I plan to retain an attorney whose practice is limited to labor law.

SECTION 16: HOME BASED BUSINESS ISSUES

1. Factors in Starting as a home based business:

1. My previous experience qualifies for conducting my own consulting business.
2. For me, a home based start is appropriate and will keep my costs down.
3. I can fully utilize Internet and communications tools at home.
4. Home based zoning and licensing required have been approved.
5. As a full-time home based business I can project a professional image as my larger competitors.

2. The Home Based Business Format

At the very beginning I plan to start as a moonlighter (without quitting my job) then switch to full time business at home, and later in a office setting.

My preparations before quitting my job include: (see check list in session)

3. Conflict of interest management

Since I will initially be starting business at home while working at my present job, I plan to strictly avoid conflict-of-interest risks by compartmentalizing my business completely away from my job responsibilities.

4. Operating personnel

I do not plan to use any other family members in the home based operation of Smith Consulting, except for help in marketing seminars. My high school son, however, is fascinated with the prospects of a family business and is hoping to learn the basics as I expand.