How to Start Your Own Business As A Military Spouse

and have it move with you

A webinar series brought to you by the Department of Defense and U.S. Small Business Administration

Military OneSource

SECO
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Business Plan Basics

Find Help to Prepare Your Business Plan

- SBA Resource Partners – https://**www.sba.gov/localresources**
  - SCORE mentors
  - Small Business Development Centers
  - Women's Business Centers
  - Veterans Business Outreach Centers
- Local chambers of commerce
- Local colleges and universities
- Accountants
- Business consultants

Why write a business plan?

- Decision Making
  - As an evaluation tool for making strategic choices
- Communication!
  - Necessary to get loans, investment, supplies, employees, etc.
- Analysis!
  - Thinking/finding critical areas before investing cash, time
- Guide to action!
  - How to do things, when, and with what
  - Taking insurmountable task into smaller, more manageable ones

When to do it?

- Before you get started
- When you need money, ‘stuff’ & people
- As a regular part of running your business
- CAVEAT: All of the above depends on what you are doing, your goals, and what yours needs are

BUSINESS SMART

What do people want in your BP?

Different people look for different things

- Friends & Family
- Lenders
  - Debt = looking at your ability to re-pay
  - Reducing risk (how use $, how much $, how long need $, collateral, credit rating, current cash flow, etc.)
- Private Investors
  - Ability to grow value
  - Potential return (market size, market growth, competitors, lead time)
  - Ability to ensure return (team experience, education, scope of market, IP, exit strategy)

What's in the plan?

1. Your Concept
2. Industry Description
3. Market Analysis
4. Economics of the Business
5. Marketing Strategy
6. Operations
7. Management Team
8. Risks & Assumptions
9. Timeline
10. Financial Projections
11. Offering

BUSINESS SMART

The Concept

- Your basic idea… what you do & why!
- *Remember*, Opportunity = Problem + Solution
- The concept must be:
  - Clear
  - Compelling
  - Detail a plan of action

The Concept

Articulate the concept in the form of its ‘value proposition’

“A concise statement that summarizes why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings.”

The Market

IDENTIFY: Who are they?

SEGMENT: How are they different? What characterizes them? (demographics, geography, lifestyle)

QUANTIFY: How many are there? How many will there be? How many have the incentive/ability to give you their money?

How do you know?

- Conduct Primary Market Research
- Talk to your customers & PUT IT IN THE PLAN
  - Friends & family!
  - Surveys, Focus Groups, & Interviews
  - Trade Shows & Product Demonstrations
  - Be Viral! Blogs, Facebook, etc.
  - Give-aways
- Review Secondary Market Research

Economics

- What kinds of resources do you need?
- Where are the main ‘costs’? Are they fixed or variable?
- What’s the price of this product? How much profit do you make per item sold?
- How many customers do you need to breakeven? To achieve the profit you want?
- Which of you product/service offering can you make money on? Which can you not?

Preparing Financial Reports

- Having good **financial systems** is critical to ensure that –
  - All taxes are paid as required and
  - Lenders know what they need to know about your business operations
- Accounting and bookkeeping software is available to help you set up your financial records and record your income and expenses on a regular basis
- Assuming that your historical data is in order, the next most critical information – whether new or existing business – is your **cash flow projections and assumptions**

Preparing Financial Reports

Cash flow projection = estimate of money coming in and money going out of your business and the earnings and the payments

Projections should:

- Reflect how the loan will impact business either through purchase of additional assets, expansion of facilities/capacity, or other loan purpose
- Be reasonable and include explanations (***assumptions***)
- Reflect industry data to help assure that projections make sense and can be verified by lenders

Risks & Assumptions

- This demonstrates to the reader that you fully understand what you are getting into
- It gives you an opportunity to explain contingencies based on your strengths and opportunities (to offset weaknesses and threats)
- Answers key questions before they can be asked
  - Pricing Assumptions
  - Cost assumptions
  - Volume/Sales Assumptions
- Use this opportunity to show off your deep knowledge of the opportunity

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Biggest Pitfalls in BP's

- Clarity
  - Big idea vs. details
  - Providing support
  - Writing style & jargon
- Realism
  - Financials, market sizing, suppliers, etc. too optimistic
  - Not using what's closest at hand!
  - Provide scenarios, be more conservative, bootstrap!
- Flexibility vs. Rigidity
  - Predicting the unpredictable
  - Updating as needed
- Continuity & Consistency
  - Numbers
  - Verbiage

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Key Takeaways

- What do you really want to accomplish?
  - Determine what will go into process, focus, expectation level
- Start thinking about your team
  - Accountant, Lawyer, Insurance Agent, Lender/Banker, Advisor/Mentor
- Use your network (who, what, how)
  - Both social & professional networks are important
  - Get immediate feedback
- Tap into the Resource Partner Network
  - SCORE, SBDC, WBC, VBOC **https://www.sba.gov/localresources**
- Ask the important "what if" questions. How do you solve them?
  - Both social & professional networks are important
  - Get immediate feedback

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