



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Business Planning New Ventures Working Together with your SBDC



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Agenda

- How the SBDC can help you
- Business Planning Outline
- Importance of Financial Projections
- Funding Your Small Business
- Getting Started on your Business Plan
- Websites of Interest
- Question and Answers



The Small Business Development Centers (SBDC)

- Who We Are...
 - A staff of trained, Certified Business Advisors, many of which currently or have previously owned and operated a small business and have an established network of partners and resources to benefit our client needs
- What We Do...
 - Provide **NO COST**, confidential, in-depth, one-on-one small business counseling for business plan assistance, product development, company assessments, financial planning, access to capital, expansion planning, assistance with state and federal programs, loan package assistance, marketing assistance, supply chain assistance and development and certification assistance.



Developing Your Business Plan

Your business plan serves as a road map. Helps answer such questions as:

- Who
- What
- When
- Where
- How





5 Things to include that are essential for a Lender

- Operation Overview
 - Basics of the Operation, Owners, Overall Mission & Objectives
- Identify Strengths and Weaknesses
 - Capitalize on Strengths, Address the Weaknesses
- Include a Balance Sheet – (Assets & Liabilities) “own/owe”
 - Do every December 31, Compare annually, Net Worth - Increase
- Include a Budget
 - Project Income and Expenses (conservatively), Plan for Worst Case Scenario, Avoid Under Estimating Expenses or Over Estimating Income
- Include Goals
 - Write them Down, Research shows if written down you're more likely to achieve those goals



Business Plans usually consist of Sections:

- Executive Summary
- Business Description
- Marketing
- Management
- Money





The Executive Summary

- Brief Overview of the Business – This is read first but sometimes is easier if written last!
- Includes the compelling reason the business will succeed.
- If being used to seek financing – include how much money is needed, for what, and from where.



Business Description

- Describe what you're plans are
 - Why does the company exist?
 - What need does the company fill?
 - What is the status of the business?
 - New start-up, or existing business planning expansion?
 - What is the current state of the industry you serve?
 - Characteristics and trends
 - What are your products/services?
 - What sector of the industry are you in?
 - Wholesale, Retail, etc.



Marketing

- Develop a detailed Marketing Plan and Budget
 - Who is your target customer?
 - Age, Income Level, Level of Education, etc.
 - What is your competitive advantage?
 - Why will customers buy from you?
 - What is your marketing strategy– how will you position your products/services?
 - Best Value, Highest Quality, Cheapest, Most Convenient
 - What are your 4 P's?
 - Product, Place, Price, Promotion
 - How will you market your business?
 - TV, Newspaper, Radio, Flyers, Billboards, Social Media, etc.
 - How much will you Budget for Marketing?



Management

- Key Owners/Managers
 - Resumes of key owners/managers
 - Demonstrate their experience, education, classes/courses, programs, etc.
 - Organizational Chart
 - Who's responsible for what?
 - How does the decision making process flow?
- How Many Employees will you Hire?
 - What skills do they need to possess
- How do/will you manage risk?
- What Professional Support do you have/need?
 - Accountant, Attorney, Insurance Agent, etc.



Money

- There are 5 main areas lenders focus on
 - Personal Credit History
 - 700+ preferable
 - Below 600 makes it difficult
 - Personal Financial Statement
 - Assets and Liabilities
 - Debt – Income ratio (below 36)
 - Available Collateral
 - What do you have equity in?
 - Cash Contribution
 - How much \$ can you put down?
 - Business Plan
 - Cash Flow Projections
 - Personal Experience





Financial Projections

- What are your start up costs
 - Land, Buildings, Equipment, Permits, etc.
- What are your Fixed Operating Expenses
 - Rent, Utilities, Feed costs, Insurance, Labor, etc.
- What Income can be achieved with this new endeavor. (conservatively)
- Begin with industry averages for income and costs related to your type of business.
 - No business is exactly the same however with the proper research you should be able to get a good handle on these two areas and how they relate to your system.
 - Work with current business owners in the industry, Extension Specialists, Business Development Specialists, etc.
 - Use excel models available that have been created to assist in figuring all the costs associated with running a business.
 - Generate 3 years projections for your Financial Institution



Funding your Small Business

- Self-financing
 - 15+% is normally required as your “skin in the game”
- The 3 “F’s” (Friends, Family and Fools)
 - Although it’s normally frowned upon to mix business with family and friends, if pitched and treated appropriately this could be a very lucrative funding source especially in today’s economy
- Banks
 - Hometown Banks, Traditional Lending, Commercial Lending
- Government Loan Programs/Partnership Loan Programs
 - USDA, SBA, NRCS, FSA, GrowNOW, ReEnergize Ohio (through the Office of the Ohio Treasurer), ECDI (Economic & Community Development Institute)
- Other Lending Organizations
 - Gap Lenders, Micro loans, Community Revolving Loan Programs
 - Normally Regionally based - Check with Local Chamber of Commerce, Economic Development Office or Small Business Development Center for local funding opportunities that may be available.



Funding your Small Business

- Investors
 - Venture Capitalists, Angel Investors, Go Public, Crowd Funding
- Suppliers
 - Buy now and Pay later (Discounts for quantity, terms, consignment)
- Equity Capital
 - Money raised by a business in exchange for a share of ownership in the company
- Credit Cards
 - Take advantage of 0% – low interest for period of time however run the risk of high interest in the future.
 - Make sure you are paying down your balance during the low interest time period and not just the minimum payment/interest due

***Check with Local Chamber of Commerce, Economic Development Office or Small Business Development Center for local funding opportunities that may be available to fit your needs



So What's Next?

- Together we are going to develop a business plan for your business.
 - If you already have one started no problem
 - If you already have one “completed” ... Let's review it.
- There are many business plan templates you can find on the web.
- To make this project easier for you and our team here at the South Centers we are going to be using FishBizPlan - www.FishBizPlan.org
- This is a University of Minnesota online tool designed to help business owners work with an educator or consultant while developing a business plan. You can give access to your business plan to the reviewers of your choice and FishBizPlan will facilitate interaction with them.
- When you enter the site, you will be able to select your business type either Traditional or Value Added (We'll discuss more in depth in a moment)
- Each business type has an outline designed specifically for that particular type of business, tips or questions that help you develop each section of the plan, sample business plans, and links to additional resources for each section of the plan.



\$\$\$ Websites of Interest

- \$ Treasurer of Ohio www.tos.ohio.gov
- \$ Ohio Development Services Agency www.development.ohio.gov
 - Has a variety of bonds, grants, loans and tax credits that can assist Ohio companies as they grow and create jobs
- \$ Finance Fund www.financefund.org
 - Connects local small business owners and entrepreneurs with public and private funding to help spark community development and create jobs.
- \$ United States Dept. of Agriculture www.usda.gov
 - *USDA Farm Service Agency www.fsa.usda.gov
 - *USDA Natural Resources Conservation Service www.nrcs.usda.gov
- \$ Small Business Administration (SBA) www.sba.gov
- \$ Ohio Valley Regional Development Commission www.ovrdc.org
- \$ Southern Ohio Ag & Community Development Foundation www.soacdf.net
- \$ Economic & Community Development Institute (ECDI) www.ecdi.org



Informative Websites of Interest

The Ohio State University South Centers	<u>http://southcenters.osu.edu</u>
Business Development Network	<u>http://southcenters.osu.edu/business</u>
Ohio Small Business Development Centers	<u>www.ohiosbdc.ohio.gov</u>
The Ohio Secretary of State	<u>www.sos.state.oh.us</u>
Ohio Business Gateway	<u>www.business.ohio.gov</u>
Ohio Department of Taxation	<u>www.tax.ohio.gov</u>
Ohio Department of Agriculture	<u>www.agri.oda.gov</u>
Internal Revenue Service	<u>www.irs.gov</u>
United States Dept. of Agriculture	<u>www.usda.gov</u>
*USDA Farm Service Agency	<u>www.fsa.usda.gov</u>
*USDA Natural Resources Conservation Service	<u>www.nrcs.usda.gov</u>



Questions or Comments??

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