



**MATURE BUSINESS PLAN TEMPLATE
FOR EXISTING BUSINESS**



Table of Contents

Confidentiality Agreement.....	3
I. Instructions: Executive Summary.....	5
<i>Executive Summary</i>	<i>6</i>
II. Instructions: Company Description	7
<i>Company Description Worksheet.....</i>	<i>9</i>
III. Instructions: Products & Services	10
<i>Product & Service Description Worksheet.....</i>	<i>11</i>
IV. Instructions: Marketing Plan.....	12
<i>SWOT Analysis Worksheet</i>	<i>13</i>
<i>Competitive Analysis Worksheet.....</i>	<i>15</i>
<i>Marketing Expenses Strategy Chart</i>	<i>17</i>
<i>Pricing Strategy Worksheet</i>	<i>19</i>
<i>Distribution Channel Assessment Worksheet.....</i>	<i>21</i>
V. Instructions: Operational Plan.....	23
VI. Instructions: Management & Organization.....	25
<i>Management Worksheet.....</i>	<i>26</i>
<i>Organization Chart.....</i>	<i>27</i>
VII. Instructions: Personal Financial Statement.....	28
VIII. Instructions: Financial History & Analysis	29
IX. Instructions: Financial Plan.....	30
X. Instructions: Appendices.....	32
XI. Instructions: Refining the Plan	33
Now That You're (Almost) Finished . . .	35

Business Plan Template for an Established Business

Business plans aren't just for startups. Developing a business plan for an established business serves several purposes: It can help convince investors or lenders to finance your business, persuade a business buyer to purchase your business, or entice partners or key employees to join your company. Most importantly, it serves as a roadmap guiding the growth and continued success of your business throughout its next stages.

Writing a business plan is an opportunity to carefully think through every step to achieving your goals for your company. This is your chance to discover any weaknesses that may threaten your business, identify opportunities you may not have considered, and plan how you will deal with challenges that are likely to arise. Be honest with yourself as you work through your business plan. Don't gloss over potential problems; instead, figure out solutions.

A good business plan is clear and concise. A person outside of your industry should be able to understand it. Avoid overusing industry jargon or terminology.

Most of the time involved in writing your plan should be spent researching and thinking. Make sure to document your research, including the sources of any information you include.

Avoid making unsubstantiated claims or sweeping statements. Investors, lenders, business buyers and others reading your plan will want to see accurate past data and realistic future projections. They will expect your assumptions to be supported with facts.

If your plan is primarily for internal use, it doesn't need to be as fine-tuned as a plan for outside readers. However, you should still think it through carefully, particularly the financial sections.

This template includes instructions for each section of the business plan, followed by corresponding fillable worksheet/s.

The last section in the instructions, "Refining Your Plan," explains ways you may need to modify your plan for specific purposes, such as getting a bank loan, or for specific industries, such as retail.

Proofread your completed plan (or have someone proofread it for you) to make sure it's free of spelling and grammatical errors and that all figures are accurate.



Confidentiality Agreement

The undersigned reader acknowledges that any information provided by _____ in this business plan, other than information that is in the public domain, is confidential in nature, and that any disclosure or use of same by the reader may cause serious harm or damage to _____. Therefore, the undersigned agrees not to disclose it without express written permission from _____.

Upon request, the undersigned reader will immediately return this document to _____.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.



Business Plan

[Insert Date]

Company name
Street address 1
Street address 2
City, state, ZIP
Business phone
Website URL
Email address

I. Instructions: Executive Summary

The Executive Summary is the most important part of your business plan. If you're using your plan to persuade prospective investors or lenders, know this is often the only part they read before deciding whether or not to read the rest of your plan. Your Executive Summary must convey your enthusiasm for your business and get readers excited about it, too.

Write your Executive Summary **LAST**, after you have completed the rest of the business plan. That way, you'll have thought through all the other elements of your plan and be prepared to summarize them.

The Executive Summary should briefly explain each of the below.

1. **An overview of your business** (one or two sentences).
2. **A description of your product and/or service.** What problems are you solving for your target customers?
3. **Your goals for the business.** Where do you expect the business to be in one year, three years, five years, etc.?
4. **Your target market.** Who are your ideal customers?
5. **Your competition and what differentiates your business.** Who are you up against, and what unique selling proposition has helped you succeed?
6. **Your management team.** What do they bring to the table that gives your business a competitive edge?
7. **Financial outlook for the business.** If you're using the business plan for financing purposes, explain exactly how much money you want, how you will use it, and how that will make your business more profitable, allow you to expand or achieve other goals.

Limit your Executive Summary to one or two pages in total.

After reading the Executive Summary, readers should have a basic understanding of your business, should be excited about its growth potential, and should be interested enough to read further.

After you've completed your business plan, come back to this section to write your executive summary on the next page.

Executive Summary

(Write after you've completed the rest of the business plan.)

II. Instructions: Company Description

This section explains the basic elements of your business. Include each of the below:

1. Company mission statement

A mission statement is a brief explanation of your company's reason for being. It can be as short as a marketing tagline (*"GettingFit is an app that helps motivate users to exercise in a fun, convenient way"*) or more involved: (*"Grand Place is a senior day-care center specializing in dementia patients. Our mission is to provide service, safety and a family atmosphere, easing stress for dementia patients and their caregivers alike."*) In general, it's best to keep your mission statement to one or two sentences.

2. Company philosophy and vision

- a. What values does your business live by? *Honesty, integrity, caring, innovation and community* are values that might be important to your business philosophy.
- b. *Vision* refers to the long-term outlook for your business. What do you ultimately want it to become? For instance, perhaps your goal for your senior day-care center is to build a national chain or add more senior-care services to your offerings.

3. Target market

You will cover this in-depth in the Marketing Plan section. Here, briefly explain who your target customers are.

4. Industry

Describe your industry and what makes your business competitive: Is the industry growing, mature or stable? What is the industry outlook long-term and short-term? How is your business taking advantage of projected industry changes and trends? What might happen to your competitors, and how will your business successfully compete?

5. Legal structure

- a. Is your business a sole proprietorship, LLC, partnership or corporation? Why did you choose this particular form of business?
- b. If there is more than one owner, explain how ownership is divided. If you have investors, explain the percentage of shares they own. This information is important to investors and lenders.

6. Company history

Tell the story of your business, including how long you've been in business, any previous owners of the business, an overview of your sales and profit history, how many employees you have and your business's reputation in the community. Highlight past successes, but also mention your failures and what you learned from them. Explain the most important challenges you faced and how you overcame them.

7. Key strengths and core competencies

What is your business's core competency? What are its competitive strengths? What strengths do you personally bring to the business?

8. Significant challenges the company faces

Explain the biggest challenges your company faces, both now and in the near future. If your plan is intended to help you get financing, explain how the money will help you meet these challenges.

9. Company goals

What are your plans for the future? These might include growth, diversifying your products or services, increasing production or selling the business. Specify both short- and long-term goals, as well as the benchmarks or milestones you plan to use to measure your progress. For example, if one of your goals is to open a second location, milestones might include reaching a specific sales volume or signing contracts with a certain number of clients in the new market.

After reading the Company Description, the reader should have a basic understanding of your business's mission and vision, goals, target market, competitive landscape and legal structure.

Use the [Company Description Worksheet](#) on the next page to help you complete this section.

Company Description Worksheet

Business Name	
Company Mission Statement	
Company Philosophy/ Vision	
Target Market	
Industry/ Competitors	1. 2. 3.
Legal Structure	
Company History	
Strengths/Core Competencies	
Challenges	
Company Goals/Plans	

III. Instructions: Products & Services

This section expands on the basic information about your products and services included in the Executive Summary and Company Description. Explain in detail each of the below:

1. **Your company's products and/or services:** What do you sell, and how is it manufactured or provided? Include details of relationships with suppliers, manufacturers and/or partners that are essential to delivering the product or service to customers.
2. **The problem the product or service solves:** Every business needs to solve a problem that its customers face. Explain what the problem is and how your product or service solves it. What are its benefits, features and unique selling proposition? Yours isn't the only solution (every business has competitors), but you need to explain why your solution is better than the others, targets a customer base your competitors are ignoring, or has some other characteristic that gives it a competitive edge.
3. **Any proprietary features that give you a competitive advantage:** Is your product patented, or do you have a patent pending? Do you have exclusive agreements with suppliers or vendors to sell a product or service that none of your competitors sell? Do you have the license for a product, technology or service that's in high demand and/or short supply?
4. **How you price your product or service:** Describe the pricing, fee, subscription or leasing structure of your product or service. How does your product or service fit into the competitive landscape in terms of pricing—are you on the low end, mid-range or high end? How does that pricing strategy help you attract customers? What is your profit margin?

Include any product or service details, such as technical specifications, drawings, photos, patent documents and other support information, in the Appendices.

After reading the Products & Services section, the reader should have a clear understanding of what your business does, what problem it solves for customers, and the unique selling proposition that makes it competitive.

Use the Product and Service Description Worksheet on the next page to help you complete this section.

Product & Service Description Worksheet

Business Name	
Product/ Service Idea	
Special Benefits	
Unique Features	
Limits and Liabilities	
Production and Delivery	
Suppliers	
Intellectual Property Special Permits	
Product/ Service Description	

IV. Instructions: Marketing Plan

This section provides details on your industry, the competitive landscape, your target market and how you will market your business to those customers. Even if you're confident you know all there is to know about your market, doing market research will confirm your beliefs and give you supporting evidence to include in your plan.

I. Market research

There are two kinds of research: *primary* and *secondary*. *Primary* market research is information you gather yourself. This could include going online or driving around town to identify competitors; interviewing or surveying people who fit the profile of your target customers; or doing traffic counts at a retail location you're considering.

Secondary market research is information from sources such as trade organizations and journals, magazines and newspapers, Census data and demographic profiles. You can find this information online, at libraries, from chambers of commerce, from vendors who sell to your industry or from government agencies.

This section of your plan should explain:

- The total size of your industry
- Trends in the industry – is it growing or shrinking?
- The total size of your target market and the share you currently have
- Trends in the target market – is it growing or shrinking? How are customer needs or preferences changing?
- The growth potential of your business. What market share is realistic for you to obtain in the future?

2. Barriers to entry

What barriers to entry do new competitors in your industry face? Are these sufficient to protect your business from new competitors entering the market? Barriers to entry might include:

- High startup costs
- High production costs
- High marketing costs
- Brand recognition challenges
- Need for qualified employees
- Need for specialized technology or patents
- Tariffs and quotas
- Unionization in the industry

3. Threats and opportunities

What threats does your business face, and what opportunities could arise from the following:

- | | |
|-------------------------------------|----------------------------|
| • Changes in government regulations | • Changes in technology |
| • Changes in the economy | • Changes in your industry |

Use the [SWOT Analysis Worksheet](#) on the next page to identify your company's weaknesses and potential threats, as well as its strengths and the potential opportunities you plan to exploit.

SWOT Analysis Worksheet

	Strengths	Weaknesses	Opportunities	Threats
Product/ Service Offering				
Brand/ Marketing				
Staff/HR				
Finance				
Operations/ Management				
Market				
Can any of your strengths help with improving your weaknesses or combating your threats? If so, please describe how below.				
Based on the information above, what are your immediate goals/next steps?				
Based on the information above, what are your long-term goals/next steps?				

4. Product/service features and benefits

Describe all of your products or services, being sure to focus on the customer's point of view. For each product or service:

- Describe the most important features. What is special about it?
- Describe the most important benefits. What does it do for the customer?

In this section, explain any after-sale services you provide, such as:

- Product delivery
- Warranty/guarantee
- Service contracts
- Ongoing support
- Training
- Refund policy

5. Target customer

Describe your target customer. You may have more than one target customer group. For instance, if you sell a product to consumers through distributors, such as retailers, you have at least two kinds of target customers: the distributors (businesses) and the end users (consumers).

Explain your target customer groups, and create a demographic profile for each group that includes:

For consumers:

- Age
- Gender
- Location
- Income
- Occupation
- Education level

For businesses:

- Industry
- Location
- Size
- Stage in business (startup, growing, mature)
- Annual sales

6. Key competitors

Be realistic about your competition, and use your business plan to show that you know how to effectively differentiate your business. This section should:

List companies that compete with yours (including names and locations), products that compete with yours and/or services that compete with yours. Do they compete across the board, or just for specific products, for certain customers or in certain geographic areas?

Also include indirect competitors. For instance, if you own a restaurant that relies on consumers' discretionary spending, then bars and nightclubs are indirect competitors.

Then, assess how your business compares to the competition based on key competitive factors such as price, quality, service and selection. If you find it hard to be impartial, conducting customer surveys or focus groups can help you see how your business stacks up.

Use the Competitive Analysis Worksheet on the next page to compare your business to your competitors. You can customize the competitive factors to your industry.

Competitive Analysis Worksheet

For each factor listed in the first column, assess whether you think it's a strength (S or W) for your business and for your competitors. Then rank how important each factor is to your target customer on a scale of 1 to 5 (1 = very important; 5 = not very important). Use this information to explain your competitive advantages and disadvantages.

FACTOR	Me	Competitor A	Competitor B	Competitor C	Importance to Customer
Products					
Price					
Quality					
Selection					
Service					
Reliability					
Stability					
Expertise					
Company Reputation					
Location					
Appearance					
Sales Method					
Credit Policies					
Advertising					
Image					

7. Positioning/Niche

After analyzing your industry, product/service, customers and competition, you should be able to clearly state your business's niche (your unique segment of the market) as well as your positioning (how you present your company to customers). Explain these in a short paragraph.

8. How you market your product/service

In this section, explain the marketing and advertising tactics your business uses. Advertising may include:

- Online
- Print
- Radio
- Cable television
- Out-of-home

Which media do you advertise in, why and how often? How effective has your advertising been? How do you measure its success?

Marketing may include:

- Business website
- Social media marketing
- Email marketing
- Mobile marketing
- Search engine optimization
- Content marketing
- Print marketing materials (brochures, flyers, business cards)
- Public relations
- Trade shows
- Networking
- Word-of-mouth
- Referrals

Which marketing methods do you use and why? How effective has your marketing been? How do you measure its success?

What steps do you take to retain existing customers and sell more to them? How effective are your customer retention efforts? What percentage of customers become repeat customers?

What image do you project for your business brand?

9. Promotional budget

How much do you currently spend on the marketing and advertising outreach above? How much do you plan to spend going forward? Include these numbers in your operating plan budget.

Use the [Marketing Expenses Strategy Chart](#) on the next page to calculate the cost of reaching different target markets.

Marketing Expenses Strategy Chart

	Target Market 1	Target Market 2	Target Market 3
One-Time Expenses			
Monthly or Annual Expenses			
Labor Costs			

Download the [Annual Marketing Budget Template](#). Using the information you've gathered, create your annual marketing budget.

10. Pricing

You explained pricing briefly in the “Products & Services” section; now it’s time to go into more detail. How do you determine your prices? Keep in mind that few small businesses can compete on price without hurting their profit margins. Instead of offering the lowest price, it’s better to go with an average price and compete on quality and service.

- Does your pricing strategy reflect your positioning?
- How do your prices compare with your competitors’ prices? Are they higher, lower or the same? Why?
- How important is price to your customers? It may not be a deciding factor.
- What are your payment acceptance and credit policies?

Use the [Pricing Strategy Worksheet](#) on the next page to help with your pricing.

Pricing Strategy Worksheet

Business Name		
Which of the following pricing strategies do you employ? Circle one.		
<p>Cost Plus</p> <p><i>The costs of making/obtaining your product or providing your service, plus enough to make a profit</i></p>	<p>Value Based</p> <p><i>Based on your competitive advantage and brand (perceived value)</i></p>	<p>Other:</p>
<p>Provide an explanation of your pricing model selection. Include strategy info on your major product lines/service offerings. List industry/market practices and any considerations to be discussed with your mentor.</p>		

11. Location

Do customers visit your physical location? If so, explain how your location affects your customers. (You'll discuss the physical building itself in the Operations section). Location factors that may benefit your business include:

- Convenient location for customers
- Adequate parking for customers
- Proximity to public transportation or major roads
- Complementary businesses or businesses that draw customers are nearby
- Consistency with your business image

12. Distribution channels

What methods of distribution do you use to sell your products and/or services? These may include:

- Retail
- Direct sales
- Ecommerce
- Wholesale
- Inside sales force
- Outside sales representatives
- OEMs

If you have any strategic partnerships or key distributor relationships that are a factor in your success, explain them here.

How effective is your current distribution strategy? Do you need to make any changes?

If you are planning to add new distribution channels, use the Distribution Channel Assessment Worksheet on the next page to assess the pros and cons of each new channel you are considering.

Distribution Channel Assessment Worksheet

	Distribution Channel 1	Distribution Channel 2	Distribution Channel 3
Ease of Entry			
Geographic Proximity			
Costs			
Competitors' Positions			
Management Experience			
Staffing Capabilities			
Marketing Needs			

13. 12-month sales forecast

Download the [Sales Forecast](#) spreadsheet and use it to create a month-by-month sales projection.

Base this on your past sales history, your market research, your marketing strategies and your industry data.

Create two forecasts: a “best guess” scenario (what you really expect) and a “worst case” scenario (one you’re confident you can reach no matter what).

Keep notes on the research and assumptions that go into developing these sales forecasts. Financing sources will want to know what you based the numbers on. If the forecast is significantly different from your past sales history, your plan should explain why.

After reading the Marketing Plan section, the reader should understand who your target customers are, how you market to them, what sales and distribution channels you use, how you position your product/service relative to the competition and how effective these tactics are for your business.

A mentor can help you complete your Marketing Plan tailored for your business.

V. Instructions: Operational Plan

This section explains the daily operation of your business, including its location, equipment, personnel and processes.

1. Production

How do you produce your product or deliver your service? Describe your production methods, the equipment you use and how much it costs to produce what you sell.

2. Quality control

How do you maintain consistency? Describe the quality control procedures you use.

3. Location

Where is your business located? You briefly touched on this in the Company Overview. In this section, expand on that information with details such as:

- a. The size of your location
- b. The type of building (retail, industrial, commercial, etc.)
- c. Zoning restrictions
- d. Accessibility for customers, employees, suppliers and transportation if necessary
- e. Costs including rent, maintenance, utilities, insurance
- f. Whether you own or lease

If you're trying to get financing for a new or bigger location, include a drawing or layout of the proposed facility.

4. Legal environment

What type of legal environment does your business operate in? How do you handle legal requirements? Include details such as:

- g. Required licenses and/or permits
- h. Trademarks, copyrights or patents (pending, existing or purchased)
- i. The insurance coverage your business requires
- j. Environmental, health or workplace regulations affecting your business
- k. Special regulations affecting your industry
- l. Bonding requirements, if applicable

5. Personnel

What type of personnel does your business employ? Explain details such as:

- m. How many employees do you have?
- n. What types of employees? Are there any licensing or educational requirements?
- o. Do you hire freelancers or independent contractors?
- p. Include job descriptions.
- q. What is the pay structure (hourly, salaried, base plus commission, etc.)?
- r. Do you plan to hire new employees, freelancers or independent contractors in the coming year?
- s. How do you train employees?
- t. What schedules and procedures are in place?

6. Inventory

If your business maintains inventory, explain:

- What kind of inventory do you keep on hand (raw materials, supplies, finished products)?
- What is the average value of inventory in stock (in other words, how much are you investing in inventory)?
- What is your rate of inventory turnover? How does this compare to industry averages?
- Do you need more inventory than normal during certain seasons? (For instance, a retailer might need additional inventory for the holiday shopping season.)
- What is your lead time for ordering inventory?

7. Suppliers

List your key suppliers, including:

- Names, addresses, websites
- Type and amount of inventory furnished
- Their credit and delivery policies
- History and reliability
- Do you expect any supply shortages or short-term delivery problems in the coming year? If so, how will you handle them?
- Do you have more than one supplier for critical items (as a backup)?
- Do you expect the cost of supplies to hold steady or fluctuate? If the latter, how will you deal with changing costs?
- What are your suppliers' payment terms?
- Are your current suppliers satisfactory or do you plan to look for new suppliers in the coming year?

8. Credit policies

If you sell to customers on credit, explain:

- Whether this is typical in your industry (do customers expect it)?
- How much credit do you extend? What are your criteria for extending credit?
- How do you check new customers' creditworthiness?
- What credit terms do you offer?
- Do you offer discounts for prompt payment or early payment?
- Detail how much it costs you to offer credit, including the cost of capital tied up in receivables and the cost of bad debt. Show that you've built these costs into your pricing structure.
- Do you age your accounts receivable every month to monitor late payments?
- How do you handle delinquent customers? Explain your policies, such as when and how you follow up on late payments, and when you get an attorney or collections agency involved.

Also explain how you manage your business's credit and accounts payable.

- How do you monitor your business's credit rating?
- Do you age your accounts payable every month to track and manage what you owe?
- Do your vendors offer prompt or early payment discounts? Do you take advantage of them?

After reading the Operational Plan section, the reader should understand how your business operates on a day-to-day basis.

VI. Instructions: Management & Organization

This section should give readers an understanding of the people behind your business, their roles and their responsibilities. If you're using your business plan to get financing, know that investors and lenders carefully assess the qualifications of your management team.

1. Biographies

Include brief biographies of the owner/s and key employees. Include resumes in the Appendix. Here, summarize your experience and those of your key employees in a few paragraphs per person. Focus on the special experience and skills each person brings to the business.

2. Organization Chart

If you have more than 10 employees, include an organization chart showing who is responsible for key functions. Describe the positions of key employees.

3. Continuation Plan

How would you continue the business if owner/s or key employees left or were incapacitated?

4. Advisors

List the members of your professional/advisory support team, including:

- a. Attorney
- b. Accountant
- c. Board of directors
- d. Advisory board
- e. Insurance agent
- f. Consultants
- g. Banker
- h. Mentors and other advisors

Explain any relevant experience or specializations your advisors have. For instance, does your mentor have experience running and expanding a similar business?

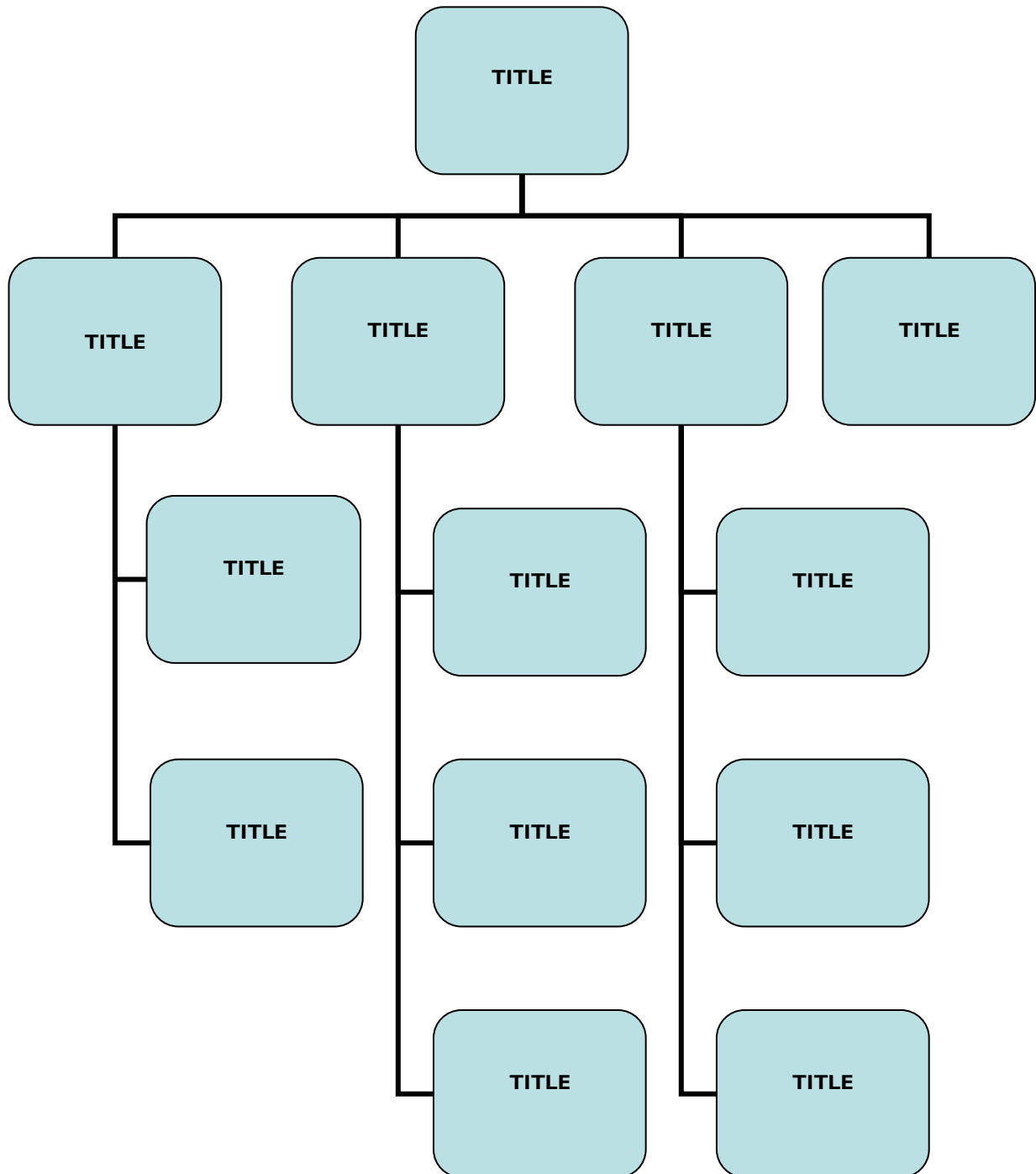
After reading the Management & Organization section, the reader should feel confident in the qualifications of your team.

Use the Management Worksheet and Organization Chart on the next two pages to highlight your management team.

Management Worksheet

<p>Bio/s</p>	
<p>Continuation Plan</p>	
<p>Advisors</p>	

Organization Chart



VII. Instructions: Personal Financial Statement

At some point, you may have to draw on your personal assets to finance your business. If you're using this business plan for internal purposes, including a personal financial statement will show you how much capital you have available. If you're presenting the plan to lenders or investors, they'll want to see your personal financial information because they may ask you to personally guarantee the loan.

Download the [Personal Financial Statement](#) template, and use it to create a personal financial statement for each owner and each major stockholder. Detail each person's assets and liabilities outside of the business and their personal net worth.

Use Page 2 of the spreadsheet to provide details of notes, securities, contracts, etc. Be sure to document your assumptions, and explain any special financial situations.

After reading the Personal Financial Statement section, the reader should know how much money the business owners and/or stockholders have available to finance the business.

VIII. Instructions: Financial History & Analysis

Reviewing your business's financial history will help you make more accurate financial projections. Financing sources will also consider your financial history to assess your prospects for future growth.

Download the [Financial History & Ratios Spreadsheet](#), and use it to show information from your past three years' financial statements and your current year-to-date financial statements. Putting all of this financial information into one spreadsheet makes it easy to compare and analyze your financial history. You can also enter industry average ratios for comparison.

Include your year-end balance sheets, operating statements and business tax returns for the past three years in the Appendices, along with your most current balance sheet and operating statement.

Debt Schedule

The Debt Schedule table gives in-depth information not usually included in the financial statements themselves. Include a debt schedule in the format below for each note payable on your most recent balance sheet.

Debt Schedule Table

To whom payable	Original amount	Original date	Present balance	Rate of interest	Maturity date	Monthly payment	Security	Current/past due

IX. Instructions: Financial Plan

Developing your financial plan gives you important insights into your company's financial situation and provides an estimate of its financial future. Your financial plan should include the following:

1. 12-month profit & loss projection

Download the [12-Month Profit and Loss Projection](#), and fill in your projected sales, cost of goods sold and gross profit. (Refer to the Sales Forecast you created in Section IV). Then list your expenses, net profit before taxes, estimated taxes and net operating income.

Be sure to explain the assumptions behind the numbers in your P&L, especially if they differ widely from your business's past financial performance. Keep detailed notes about how you came up with these figures; you may need this information to answer questions from bankers or investors.

2. Optional: 3-year profit & loss projection

Unless you're seeking venture capital, a three-year profit and loss projection is not essential to a business plan for an existing business. (Bankers usually pay more attention to the 12-month projections.) However, if you want to expand your forecasts beyond the next 12 months, download the [3-Year Profit and Loss Projection](#) template, and use it to create your projection.

As with the 12-month P&L, be sure to document the assumptions behind your figures.

3. Cash flow projection

Think of the cash flow projection as a forecast for your business checking account. It details when you need to spend money on expenses such as inventory, rent and payroll, and when you expect to receive payments from customers and clients. For example, you may make a sale, have to buy inventory to fulfill the sale, and not collect payment from the customer for 30, 60 or 90 days. The cash flow projection takes these factors into account, helping you budget for upcoming expenses so you have enough working capital. If your cash flow projection predicts negative cash flow, you'll need to get working capital from lenders or investors.

Download the [12-Month Cash Flow Statement](#), and use it to create your projections. Explain the assumptions behind the numbers, such as:

- How long after you make a sale do you actually get paid?
- Do you pay for inventory or materials in advance, on delivery or at a later date? How does this affect cash flow?
- Can some of your expenses be paid in advance?
- If you expect to have irregular expenses, purchase equipment or stock up on inventory in the next 12 months, do you need to budget for these costs?

4. Projected balance sheet

The projected balance sheet estimates what your company's balance sheet will look like at the end of the 12 months covered in your projections. Lenders and investors may want to see this projection. Download the [Balance Sheet \(Projected\)](#), and create a projected balance sheet. If it is vastly different from your last historical balance sheet, explain the assumptions you used to arrive at the projection.

5. **Break-even calculation**

The break-even analysis projects the sales volume you need in order to cover your costs. Download the [Break-Even Analysis](#) template, and, using your profit and loss projections, enter your expected fixed and variable costs. Adjust the categories to reflect your own business.

You can create different break-even analyses for different scenarios, such as pricing a new product you plan to add higher or lower than your competitors' going rates. Reviewing various break-even analyses can help you determine the best option.

6. **Use of capital**

If you're using this business plan to seek financing from lenders or investors, provide a breakdown of how you will use the capital and what results you expect. For example, perhaps you will use the money to buy new equipment and expect that to double your production capacity.

After reading the Financial Plan section, the reader should understand the assumptions behind your financial projections, and be able to judge whether these projections are realistic.

A mentor can help you complete your Financial Plan tailored for your business.

X. Instructions: Appendices

Don't slow your readers down by cluttering your business plan with supporting documents, such as contracts or licenses. Instead, put these documents in the Appendices, and refer to them in the body of the plan so readers can find them if needed.

Below are some elements many business owners include in their Appendices.

1. Agreements (Leases, contracts, purchase orders, letters of intent, etc.)
2. Intellectual property (trademarks, licenses, patents, etc.)
3. Resumes of owners/key employees
4. Advertising/marketing materials
5. Public relations/publicity
6. Blueprints/plans
7. Maps/photos of location
8. List of equipment
9. Market research studies
10. List of assets that can be used as collateral
11. Documents supporting your financial history

You can also include any other materials that will give readers a fuller picture of your business or support the projections and assumptions you make in your plan. For instance, you might want to include illustrations or photos of a product you are patenting or charts showing the projected growth of your market.

After reviewing the Appendices, the reader should feel satisfied that the assumptions throughout the plan are backed up by documentation and evidence.

XI. Instructions: Refining the Plan

Modify your business plan for your specific needs, audience and industry. Here are some guidelines to help:

For Raising Capital from Bankers

Bankers want to know that you'll be able to repay the loan. If the business plan is for bankers or other lenders, include:

- How much money you're seeking
- How you'll use the money
- How the money will make your business stronger
- Requested repayment terms (number of years to repay)
- Any collateral you have, and a list of all existing liens against your collateral

For Raising Capital from Investors

Investors are looking for dramatic growth, and they expect to share in the rewards. If the business plan is for investors, include:

- Investment amount you need short-term
- Investment amount you'll need in two to five years
- How you'll use the money and how that will help your business grow
- Estimated return on investment
- Exit strategy for investors (buyback, sale or IPO)
- Percentage of ownership you will give investors
- Milestones or conditions you will accept
- Financial reporting you will provide to investors
- How involved investors will be on the board or in management

For a Manufacturing Business

- Your current production levels
- Your direct production costs and indirect (overhead) costs
- Prices for each product line
- Gross profit margin, both overall and for each product line
- How could you increase production efficiency?
- Production/capacity limits of your existing physical plant
- Production/capacity limits of an expanded physical plant (if you plan to expand)
- Production/capacity limits of your existing equipment
- Production/capacity limits of new equipment (if you plan to buy new equipment)
- What is your supply chain?
- What quality control procedures do you use?
- Purchasing and inventory management procedures
- Explain any planned changes to or improvements on existing products.
- Explain any new products you're developing or plan to begin developing.

For a Service Business

- Explain your prices and the methods used to set them.

- What systems and processes do you use for ensuring consistent delivery of services?
- What quality control procedures do you use?
- How do you measure employee productivity?
- What percentage of total available hours do you bill to customers?
- What is your breakeven amount of billable hours?
- Do you subcontract any work to other businesses? If so, what percentage of work is subcontracted?
- Do you make a profit on subcontracting?
- Explain your credit, payment and collections policies and procedures.
- How do you maintain your client base and get long-term contracts?
- How do you attract new clients?
- Explain any new services you're developing or services you plan to add.

For a Retail Business

- List specific brands you carry that give you a competitive advantage.
- How do you manage inventory?
- What is your annual inventory turnover rate? How does it compare to the industry average (available in the [RMA](#) book)?
- Explain your markup policies. Your prices should be profitable, competitive and in line with your brand.
- What are your customer service policies? Are they consistent with industry expectations?
- Does your retail store also have an ecommerce site, or is one planned for the future?

For an Ecommerce Business

- Do you sell a physical product, a service, a digital product (such as eBooks) or some combination of these?
- If selling physical products, how do you brand and package them?
- Do you sell on your own website, online marketplaces (such as Amazon) or both?
- What technology providers and platforms do you use to run your ecommerce site?
 - Web hosting service
 - Web design service
 - Shopping cart provider
 - Payment processing service
 - Fulfillment & shipping services
 - Email marketing services
- Can the solutions you've chosen quickly scale up or down as needed?
- Where do you get your products? Do you manufacture them in-house, buy them from manufacturers or use drop shippers?
- What are your customer service policies? Are they consistent with industry expectations?
- Do you use any proprietary technology of your own? If so, what advantages does that give you?
- Does your business also have a brick-and-mortar store, or is one planned for the future?

For a Software or SaaS business

- What is the economic outlook for your industry?
- What is your pricing structure? Do you use a free trial, "freemium" or paid business model?
- If you offer free services or a free trial option, how do you upsell customers to a payment model? What percentage of free customers become paying customers?
- How do you encourage long-term contracts in order to create recurring revenues?

- How do you conduct R&D?
- What do you do to avoid technological obsolescence and stay competitive?
- How do you manage rapidly changing markets, technologies and costs?
- How do you protect your company's intellectual property?
- Do you use in-house developers or outsource this function?
- How do you provide customer support?
- How do you retain key personnel?
- Do you use any proprietary or exclusive software that gives you a competitive edge?
- How will you protect your intellectual property?
- What additional products or updates to current products are you planning after launch?

Now That You're (Almost) Finished . . .

Remember to go back and complete the [Executive Summary](#).

After you've filled out all the worksheets and executive summary, print them out, and you have a business plan. Work with a mentor to review and refine your plan.



COMPLETE CHECKLIST OF ITEMS NEEDED FOR BUSINESS LOANS



CHECKLIST OF ITEMS NEEDED FOR BUSINESS LOANS

- ☐ **Business Financial Statements** – Balance Sheet and Profit and Loss Statements for the last three (3) full years. Also, a current Balance Sheet and Profit and Loss Statement no older than sixty (60) days for the interim. Income tax returns for the last three (3) year ends may be used.
- ☐ **Projections** – Three (3) years projections of income and expenses on all new businesses and also on any business that does not show obvious repayment ability based on past operations. If requesting a line of credit loan or an SBA 7(a) loan for working capital purposes, provide cash flow projections as well.
- ☐ **Historical Monthly Sales** – If the request is for a line of credit, or if the company experiences seasonality in its sales, provide two (2) years of historical monthly sales figures.
- ☐ **Accounts Receivable and Accounts Payable Aging** – If the request is for a line of credit, provide an accounts receivable and accounts payable aging dated as of the same date and any bank line of credit balance as of the same date. Provide explanations for delinquencies of accounts.
- ☐ **Personal Financial Statement** – Provide personal financial statements on all principals of the business and all guarantors for the loan (anyone who owns 20% or more).
- ☐ **Personal Tax Returns** – Provide three (3) years of tax returns on all proposed guarantors for the loan.
- ☐ **Collateral** – Provide a list of all collateral offered to secure the loan. Pictures will be needed prior to submitting the loan request package to lenders for final approval.
- ☐ **Resumes** – Provide a brief resume on each person involved in management of the business. Include educational achievements and work history.
- ☐ **Business History and Description** – Provide a brief history and description of your business. Explain the expected benefits the business will receive from the loan.
- ☐ **If a New Business or a Buy Out of Existing Business** – Describe the amount and source of your investment.
- ☐ **If a Buy Out** – Provide explanation of the seller's reasons for selling.
- ☐ **Business Form** – Corporation, Partnership, Sole Proprietorship, Professional Corporation, etc. Explain the ownership of the business.
- ☐ **Other Business Interests** – If any principal of the applicant business, individually or collectively own, or exercise controlling interest in another business, provide the latest available fiscal year end financial statements and tax returns.



SMALL BUSINESS LOAN APPLICATION

Small Business Loan Application Checklist

Thank you for your interest in applying for a small business loan. In order for us to give full consideration to your loan request, please submit the following:

General

1. Completed and signed application for small business loan
2. \$250 loan application fee (check made out to **BIRMINGHAM BUSINESS RESOURCE CENTER / BBRC**)

FINANCIAL STATEMENTS

1. Audited financial statements for prior three years and any subsequent quarters to date whether audited or unaudited. If audited financial statements are not available, submit federal corporate tax returns for prior three years and interim financial statements (profit and loss statement, balance sheet, statement of cash flows - if available) for any subsequent quarters to date.
2. Copies of business bank statements for prior three months.

GUARANTOR(S)

BBRC requires personal guaranties from each individual owning 20% or more of the business. Guaranties may also be requested from third parties during the loan review process. Please submit the following for each guarantor:

1. Completed and signed Personal/Joint Financial Statement
2. Copies of personal federal tax returns for prior three years.
3. Copy of official photo identification (e.g. driver's license)

OTHER BUSINESS INFORMATION

1. Copy of current lease
2. Business loan promissory note(s) for all existing debt
3. Corporate documents (Certificate of Incorporation or Articles of Organization, and By-Laws or Operating Agreement)
4. Insurance Certificates for business insurance (Worker's Compensation and Employer's Liability, Disability, and Commercial General Liability)
5. Business plan (if available)

It is customary for BBRC staff to request additional information during the loan review process. Commonly-requested materials include but are not limited to: federal corporate tax returns for any affiliate business entities; monthly financial statements; accounts receivable and accounts payable aging reports; quarterly sales tax reports; financial projections; recent business credit card and loan/line of credit statements; copies of contractor bid(s) or contract (for leasehold improvements/construction projects).

Please send materials to: **BIRMINGHAM BUSINESS RESOURCE CENTER**
1500 1st Avenue North Suite B - 106/Unit 12
Birmingham, Alabama 35203

**Materials may be
sent by email to:**

BOB DICKERSON
bdickerson@bbrc.biz

or

LAWANDA BAKER
lawanda@bbrc.biz

The application will be reviewed once the application fee has been processed.

If you have any questions or need assistance with completing the forms or compiling the required materials, please contact us at **(205) 250-6350**. We look forward to working with you.

Section 1: Business Information

Name (of Individual): _____ Contact Phone #: _____

Title (of Individual): _____ Email Address: _____

Business Legal Name: _____ Federal Tax ID/EIN #: _____

D/B/A Name (if applicable): _____

Business Location: ☐ Home ☐ Office Building ☐ Storefront ☐ Other: _____

Business Street Address: _____ Phone: _____

City: _____ State: _____ Zip: _____ Fax: _____

Neighborhood: _____ Business Website: _____

Legal Entity: ☐ C-Corp ☐ S-Corp ☐ LLC ☐ Partnership ☐ Sole Proprietor ☐ Other: _____

Industry: ☐ Food/Restaurants ☐ Manufacturing ☐ Retail ☐ Services ☐ Other: _____

Brief Description of Business: _____

Primary Products or Services: _____

Year Business Established: _____ Years in Operation: _____ Years under Current Ownership: _____

Does the Business have all necessary licenses and permits to operate? ☐ Yes ☐ No

What was the Business's gross revenue for prior year? \$ _____

What was the Business's net income (i.e. profit/loss) for prior year? \$ _____

Does the Business currently have any loans or lines of credit from a bank? ☐ Yes ☐ No

Business accounting records prepared by: ☐ Professional/CPA ☐ Partner/Employee ☐ Spouse ☐ Self ☐ Not Kept

Does the Business or any of its owners hold an equity stake of more than 10% in another business entity? ☐ Yes ☐ No

If yes, please attach a list of related entities and a description of any intra-company transactions.

Does the Business have a Board of Directors? ☐ Yes ☐ No

Does the Business have an Advisory Board? ☐ Yes ☐ No

How did you hear about BBRC (i.e., newspaper, friend)? _____

If you were referred by another organization, which organization? _____

Section 2: Loan Request *(Estimated amounts are acceptable. Please attach additional detail if necessary)*

Total Amount Requested: \$ _____ Requested Loan Term (6-60 months): _____ months

USES OF LOAN PROCEEDS	AMOUNT REQUESTED
<input type="checkbox"/> Purchase/develop real estate	\$ _____
<input type="checkbox"/> Perform leasehold improvements/renovation	\$ _____
<input type="checkbox"/> Purchase equipment/inventory	\$ _____
<input type="checkbox"/> Re-location	\$ _____
<input type="checkbox"/> Finance sales/marketing initiative	\$ _____
<input type="checkbox"/> Finance hiring activity	\$ _____
<input type="checkbox"/> Other working capital (general operating expenses)	\$ _____
<input type="checkbox"/> Other (specify): _____	\$ _____

Section 3: Credit & Financial History *(Please attach an explanation for any question answered "Yes")*

Have you ever filed for personal bankruptcy? ☐ No ☐ Yes If yes, Type & Date Filled: _____

Has the Business ever filed for bankruptcy? ☐ No ☐ Yes If yes, Type & Date Filled: _____

Do you have any accounts in collection, judgments or unpaid taxes filed against you personally? ☐ No ☐ Yes

Section 3: Credit & Financial History *(Please attach an explanation for any question answered "Yes") (continued)*

- Have any Federal or State tax liens ever been filed against your business? ☐ No ☐ Yes
- Have you ever been personally sued or are you currently being sued? ☐ No ☐ Yes
- Has your business ever been sued or is it currently being sued? ☐ No ☐ Yes
- Have you or your Business defaulted on any loans? ☐ No ☐ Yes
- Have you ever been convicted, charged or indicted for a felony? ☐ No ☐ Yes

Section 4: Banking Information & Debt Schedule

BUSINESS DEPOSITORY ACCOUNTS (attach additional sheets for further detail if necessary.)

Purchase/develop real estate	Account Number	Average Balance
_____	_____	\$ _____
_____	_____	\$ _____

EXISTING BUSINESS DEBT

Please supply the following information for all term loans, lines of credit, mortgages, credit cards, equipment leases, etc.
 Attach additional sheets with further detail if necessary.

Name of Creditor	Loan #	Type (e.g. loan, line of credit, credit card)	Date Opened	Original Amount	Present Balance	Interest Rate	Maturity Date	Monthly Payment	Current or Past Due
				\$	\$	%		\$	
				\$	\$	%		\$	
				\$	\$	%		\$	
				\$	\$	%		\$	

Section 5: Demographic & Impact Data

This information is used to record the demographics and measure the impact of assistance provided by BBRC It is used internally and reported to funding sources only in the aggregate.

BUSINESS OWNERSHIP

Please list each individual owning 20% or more of the Business.

Name	% Ownership	Race/Ethnicity	Gender	Veteran Status	Living with a Disability?
		<input type="checkbox"/> Asian-Indian Subcontinent <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> Native American <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Other: _____	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Asian-Indian Subcontinent <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> Native American <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Other: _____	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Section 5: Demographic & Impact Data *(continued)*

Name	% Ownership	Race/Ethnicity	Gender	Veteran Status	Living with a Disability?
		<input type="checkbox"/> Asian-Indian Subcontinent <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> Native American <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Other: _____	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Asian-Indian Subcontinent <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> Native American <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Other: _____	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Asian-Indian Subcontinent <input type="checkbox"/> Hispanic <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> Native American <input type="checkbox"/> Black/African American <input type="checkbox"/> White <input type="checkbox"/> Other: _____	<input type="checkbox"/> Female <input type="checkbox"/> Male	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is the Business **certified** as Minority- or Women-Owned? ☐ Minority-Owned ☐ Women-Owned

BUSINESS STAFFING *(The past three years)*

Number of Employees (including self), 20____: Full-Time:_____Part-Time:_____Independent Contractors:_____

Number of Employees (including self), 20____: Full-Time:_____Part-Time:_____Independent Contractors:_____

Number of Employees (including self), 20____: Full-Time:_____Part-Time:_____Independent Contractors:_____

If you decreased your workforce in any year, please describe your reasons for doing so (contracting, revenue, etc.):_____

Current Wage Range for Hourly Employees (if applicable): From \$_____to \$_____per hour

Do all employees receive health benefits/insurance? ☐ No ☐ Yes If no, Please explain:_____

Jobs Created: Projected New Employees in the Next 12 Months if Financing is Received: Full-Time:_____Part-Time:_____Contractors:_____

Jobs Retained: Projected Employees Retained if Financing is Received (list only the number of jobs that would be eliminated if financing is not received): Full-Time:_____Part-Time:_____Contractors:_____

Section 6: Authorization and Certification

I [We] authorize BBRC and/or its agents to make any investigations of credit either directly or through any agency, lender, governmental entity or other third-party which has credit or related information. I [We] agree that this application and any attachments shall remain BBRC's property whether or not the loan is granted. I [We] hereby certify that all information contained in this document and any attachments is true and correct to the best of my/our knowledge. Should it come to my/our attention that any information is inaccurate I [we] will immediately notify BBRC and provide the correct information. In addition, it is understood that neither BBRC nor its agents will directly benefit from this relationship. BBRC does not warrant or guarantee in any manner that its assistance will result in business success. I [We] specifically waive and release any claims now or in the future regarding the assistance provided by BBRC and/or its agents.

 Name of Individual Completing Application

 Signature

 Date

 Name of Other Owner with ≥ 20% Ownership

 Signature

 Date

 Name of Other Owner with ≥ 20% Ownership

 Signature

 Date

 Name of Other Owner with ≥ 20% Ownership

 Signature

 Date

 Name of Other Owner with ≥ 20% Ownership

 Signature

 Date

Section 7: Personal/Joint Financial Statement

PURPOSE

This form helps to demonstrate your personal financial situation. Because you will be asked to personally guarantee the loan, BBRC Financial will review your assets, liabilities, and ability to handle additional debt. If you are married, include all joint assets and include the signature of your spouse.

INSTRUCTIONS

1. Each person owning 20% or more of the business should complete a separate Personal/Joint Financial Statement.
2. Do not include any business assets or debt on this form. Business information should be included in Section 4 of this application and in financials provided separately as part of the application package.
3. Be sure to include complete detailed information on all open accounts as this statement will be cross-referenced with your credit report. Incomplete information typically holds up the application review process.
4. If you have any questions about how to fill out this form, please contact us.

Individual Name: _____ Social Security #: _____

Percent Ownership of Business (if applicable): _____ % Relationship to Business, if not Owner: _____

Spouse's Name (if married): _____ Spouse's Social Security #: _____

Home Address: _____ Home Phone: _____

City: _____ State: _____ Zip: _____ Cell Phone: _____

ASSETS		LIABILITIES	
Checking accounts/Cash on hand	\$ _____	Notes Payable (See section 2)	\$ _____
Savings accounts & CDs	\$ _____	Auto Loans/Leases (See section 2)	\$ _____
Vehicles (estimate current market value)	\$ _____	Credit Cards (See section 2)	\$ _____
Yr/Make _____	\$ _____	Student Loans (See section 2)	\$ _____
Yr/Make _____	\$ _____	Other Installment Loans (See section 2)	\$ _____
Yr/Make _____	\$ _____	Mortgages on Real Estate (See section 3)	\$ _____
Tax Refund (See section 3)	\$ _____	Loans on Life Insurance	\$ _____
Real Estate (See section 4)	\$ _____	Unpaid Taxes (See section 8)	\$ _____
Stocks & Bonds (See section 5)	\$ _____	Accounts Payable	\$ _____
Other Assets & Personal Property (See section 5)	\$ _____	Other Liabilities (See section 9)	\$ _____
Accounts/Notes Receivable (See section 6)	\$ _____	TOTAL LIABILITIES	\$ _____
IRAs/Retirement accounts (See section 6)	\$ _____		
Life Insurance-Cash Value only (See section 7)	\$ _____		
TOTAL ASSETS	\$ _____		
		NET WORTH	
		Total Assets - Total Liabilities	\$ _____

Section 7: Personal/Joint Financial Statement *(continued)*

SECTION 1: INCOME AND LIABILITIES

SOURCES OF INCOME			CONTINGENT LIABILITIES	
	<i>Self</i>	<i>Spouse</i>		
Annual Salary/Wages	\$ _____	\$ _____	As guarantor or co-maker	\$ _____
Real Estate Income	\$ _____	\$ _____	Legal claims and judgments	\$ _____
Net Investment Income	\$ _____	\$ _____	Income/Self employment tax	\$ _____
Other Income	\$ _____	\$ _____	Other special debt	\$ _____
TOTAL	\$ _____	\$ _____	TOTAL	\$ _____

SECTION 2: NOTES PAYABLE, AUTO LOANS/LEASES, CREDIT CARDS, STUDENT LOANS & OTHER INSTALLMENT LOAN

(Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Name & Address of Noteholder	Original Balance	Current Balance	Payment Amount	Terms (Monthly, etc.)	How Secured or Endorsed and Type of Collateral

SECTION 3: REAL ESTATE OWNED

(Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Name & Address of Property	Title is in Name of	Date Purchased	Original Cost	Present Value	Mortgage Balance(s)	Amount of Payment	Status of Mortgage

SECTION 4: STOCKS & BOND *(Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)*

Number of Shares	Name of Securities	Cost	Market Value Quotation/ Exchange	Date of Quotation/ Exchange	Total Value

SECTION 5: OTHER ASSETS & PERSONAL PROPERTY *(List and describe items.)*

Section 7: Personal/Joint Financial Statement *(continued)*

SECTION 6: IRAS, RETIREMENT ACCOUNTS & NOTES RECEIVABLE *(Describe in detail.)*

SECTION 7: LIFE INSURANCE HELD *(Give face amount of policies — name of company and beneficiaries)*

SECTION 8: UNPAID TAXES

(Describe in detail, as to type, to whom payable, when due, amount, and what, if any property the tax lien attaches.)

SECTION 9: OTHER LIABILITIES *(Describe in detail.)*

The undersigned certifies that the above facts are true and accurate statements of FINANCIAL CONDITION AS OF _____
(date) and further agrees to advise BIRMINGHAM BUSINESS RESOURCE CENTER (BBRC) immediately if there are material changes
in your financial condition. I [We] further authorize BBRC to make any verification of the above information it deems necessary in order
to approve this loan.

Applicant Signature

Date

Spouse Signature (if married)

Date



PERSONAL FINANCIAL STATEMENT

PERSONAL FINANCIAL STATEMENT

Statement Date: _____

Personal Information

Name: _____	SSN: _____
Address: _____	Birthdate: _____
City, State Zip: _____	Dependents: _____
Home Telephone: _____	Business Telephone: _____

Section I

ASSETS	LIABILITIES
1 Cash on Hand & in Banks	21 Notes Due to Banks
2 Cash Value of Life Insurance	22 Notes Due to Relatives & Friends
3 U.S. Gov. Securities	23 Notes Due to Others
4 Other Marketable Securities	24 Accounts & Bills Payable
5 Notes & Accounts Receivable - Good	25 Unpaid Income Taxes Due - Federal State
6 Other Assets Readily Convertible to Cash - Itemize	26 Other Unpaid Taxes & Interest
7	27 Loans on Life Insurance Policies
8	28 Contract Accounts Payable
9	29 Cash Rent Owed
10 TOTAL CURRENT ASSETS	30 Other Liabilities Due within 1 Year - Itemize
11 Real Estate Owned	31
12 Mortgages & Contracts Owned	32
13 Notes & Accounts Receivable - Doubtful	33 TOTAL CURRENT LIABILITIES
14 Notes Due from Relatives & Friends	34 Real Estate Mortgage Payable
15 Other Securities - Not Readily Marketable	35 Liens & Assessments Payable
16 Personal Property	36 Other Debts - Itemize
17 Other Assets - Itemize	37
18	38 TOTAL LIABILITIES
19	39 Net Worth (Total Assets - Total Liabilities)
20 TOTAL ASSETS	40 TOTAL LIABILITIES & NET WORTH

ANNUAL INCOME	ESTIMATE OF ANNUAL EXPENSES
Salary, Bonuses & Commissions	Income Taxes
Dividends & Interest	Other Taxes
Rental & Lease Income (Net)	Insurance Premiums
Other Income - Itemize	Mortgage Payments
Other Persons Salary, Bonuses & Commissions	Rent Payable
Other Income of Other Person - Itemize	Other Expenses
Total	Total

GENERAL INFORMATION	CONTINGENT LIABILITIES
Are any Assets Pledged? <input type="checkbox"/> No <input type="checkbox"/> Yes	As Endorser, Co-maker or Guarantor- Yes
Are you a Defendant in any Suits or Legal Actions? <input type="checkbox"/> No <input type="checkbox"/> Yes	On Leases or Contracts
(Explain)	Legal Claims
Have you ever been declared Bankrupt in the last 10 years? <input type="checkbox"/> No <input type="checkbox"/> Yes	Federal - State Income Taxes
(Explain)	Other -

Section II

A CASH IN BANKS AND NOTES DUE TO BANKS

Name of Bank	Type of Account	Type of Ownership	On Deposit	Notes Due Banks	COLLATERAL (If any) & Type of Ownership
Cash on Hand					
TOTALS			\$0.00	\$0.00	

SECTION II (Continued)

B LIFE INSURANCE (List only those Policies that you own)

Company	Face of Policy	Cash Surrender Value	Policy Loan from Insurance Co.	Other Loans Policy as Collateral	BENEFICIARY
TOTALS		\$0.00	\$0.00		

C SECURITIES OWNED

Face Value-Bonds No. of Shares Stock	Indicate those Not Registered in Your	Type of Ownership	COST	Market Value U.S. Gov. Sec.	Market Value Marketable Sec.	MARKET VALUE Not Readily Marketable SECURITIES	Amount Pledged to Secured Loans
TOTALS				\$0.00	\$0.00	\$0.00	

D NOTES AND ACCOUNTS RECEIVABLE (Money Payable or Owed to You Individually-Indicate by a X if Others have an Ownership Interest)

MAKER/DEBTOR	X	When Due	Original Amount	Balance Due Good Accounts	Balance Due Doubtful Accounts	Bal. Due Notes Rel. & Friends	Security (if any)
TOTALS				\$0.00	\$0.00	\$0.00	

E REAL ESTATE OWNED (Indicate by a X if Others have an Ownership Interest)

TITLE IN NAME OF	Description & Location	X	Date Acquired	Original Cost	Present Value of Real Estate	Amount of Ins. Carried	MORTGAGE OR CONTRACT PAYABLE			
							Bal. Due	Payment	Maturity	To Whom Payable
TOTAL					\$0.00	TOTAL	\$0.00			

F MORTGAGES AND CONTRACTS OWNED (Indicate by a if Others have an Ownership Interest)

Contract	Mortgage	X	Maker Name	Maker Address	Property Covered	Start Date	Payment	Maturity	Balance Due
TOTALS									\$0.00

G PERSONAL PROPERTY (Indicate by a X if Others have an Ownership Interest)

DESCRIPTION	X	Date When New	Cost When New	Value Today	Balance Due	To Whom Payable
TOTAL				\$0.00		

H NOTES (Other than Bank, Mortgage and Insurance Company Loans)

PAYABLE TO	Other Obligors (if any)	When Due	Notes Due To Rel. & Friends	Notes Due 'Others' (Not Banks)	Accounts & Bills Payable	Contracts Payable	COLLATERAL (if any)
TOTALS			\$0.00	\$0.00	\$0.00	\$0.00	

For the purpose of procuring credit from time to time, I/We furnish the foregoing as a true and accurate statement of my/our financial condition. Authorization is hereby given to the Lender to verify in any manner it deems appropriate any and all items indicated on this statement. The undersigned also agrees to notify the Lender immediately in writing of any significant adverse change in such financial condition.

Signature: _____ Signature: _____ Date: _____

PERSONAL FINANCIAL STATEMENT

BIRMINGHAM BUSINESS RESOURCE CENTER
1500 1st Avenue North Suite B - 106/Unit 12 • Birmingham, Alabama • 35203 • (205) 250-6350



GLOSSARY OF BUSINESS TERMS

Business and Finance Terms to Know

Running a business involves a constant learning curve. And that applies whether you're a rookie entrepreneur just starting out with a great idea for a new business or a more established small business owner with a quickly growing business that needs to expand. You *should* always be learning as a business owner, no matter where you are in your career—there's always a new tool to master, new problems to solve, and new vocabulary to understand.

In order to not get totally overwhelmed, it's helpful to take things one segment at a time. For instance, feeling confident when discussing the business's financial needs should be a priority for every small business owner. After all, you represent the heart and soul of your business in the marketplace. So knowing the “language” of business finance is an integral part of your job as the owner.

The good news is that you don't have to be an accountant or a financial planner to negotiate in the world of [business finance](#). Here are some business terms and finance terms that will help you find your way to successful small business funding.

From accounting, to [business loans](#), to general business financial operations, this booklet contains the ultimate list to all the business finance terms and definitions you need to know!

1. Accounts Payable

Accounts payable is a business finance 101 term. This represents your small business's obligations to pay debts owed to lenders, suppliers, and creditors. Sometimes referred to as A/P or AP for short, [accounts payable](#) can be short or long term depending upon the type of credit provided to the business by the lender.

2. Accounts Receivable

Also known as A/R (or AR, good guess), accounts receivables is another business finance 101 term that means the money owed to your small business by others for goods or services rendered. These accounts are labeled as assets because they represent a legal obligation for the customer to pay you cash for their short-term debt.

3. Accrual Basis

The [accrual basis of accounting](#) is an accounting method of recording income when it's actually earned and expenses when they actually occur. Accrual basis accounting is the most common approach used by larger businesses to record and maintain financial transactions.

4. Accruals

A business finance term and definition referring to expenses that have been incurred but haven't yet been recorded in the business books. Wages and payroll taxes are common examples.

5. Asset

This business finance key term is anything that has value—whether tangible or intangible—and is owned by the business is considered an asset. Typical items listed as business assets are cash on hand, accounts receivable, buildings, equipment, inventory, and anything else that can be turned into cash.

6. Balance Sheet

Along with three other reports relating to the financial health of your small business, the [balance sheet](#) is essential information that gives a “snapshot” of the company’s net worth at any given time. The report is a summary of the business assets and liabilities.

7. Bookkeeping

A method of accounting that involves the timely recording of all financial transactions for the business.

8. Capital

Refers to the overall wealth of a business as demonstrated by its cash accounts, assets, and investments. Often called “fixed capital,” it refers to the long-term worth of the business. Capital can be tangible, like durable goods, buildings, and equipment, or intangible such as intellectual property.

9. Working Capital

Not to be confused with fixed capital, working capital is another business finance 101 term. It consists of the financial resources necessary for maintaining the day-to-day operation of the business. Working capital, by definition, is the business's cash on hand or instruments that you can convert to cash quickly.

10. Cash Flow

Every business needs cash to operate. The business finance term and definition cash flow refers to the amount of operating cash that “flows” through the business and affects the business's liquidity. Cash flow reports reflect activity for a specified period of time, usually one accounting period or one month. Maintaining tight control of [cash flow](#) is especially important if your small business is new, since ready cash can be limited until the business begins to grow and produce more working capital.

11. Cash Flow Projections

Future business decisions will depend on your educated [cash flow projections](#). To plan ahead for upcoming expenditures and working capital, you need to depend on previous cash flow patterns. These patterns will give you a comprehensive look at how and when you receive and spend your cash. This info is the key to unlock informed, accurate cash flow projections.

12. Depreciation

The value of any asset can be said to depreciate when it loses some of that value in increments over time. Depreciation occurs due to wear and tear. Various methods of [depreciation](#) are used by businesses to decrease the recorded value of assets.

13. Fixed Asset

A tangible, long-term asset used for the business and not expected to be sold or otherwise converted into cash during the current or upcoming fiscal year is called a fixed asset. Fixed assets are items like furniture, computer equipment, equipment, and real estate.

14. Gross Profit

This business finance term and definition can be calculated as total sales (income) less the costs (expenses) directly related to those sales. Raw materials, manufacturing expenses, labor costs, marketing, and transportation of goods are all included in expenses.

15. Income Statement

Here is one of the four most important reports lenders and investors want to see when evaluating the viability of your small business. It is also called a [profit and loss statement](#), and it addresses the business's bottom line, reporting how much the business has earned and spent over a given period of time. The result will be either a net gain or a net loss.

16. Intangible Asset

A business asset that is non-physical is considered intangible. These assets can be items like patents, goodwill, and intellectual property.

17. Liability

This business finance key term is a legal obligation to repay or otherwise settle a debt. Liabilities are considered either current (payable within one year or less) or long-term (payable after one year) and are listed on a business's balance sheet. A business's accounts payable, wages, taxes, and accrued expenses are all considered liabilities.

18. Liquidity

[Liquidity](#) is an indicator of how quickly an asset can be turned into cash for full market value. The more liquid your assets, the more financial flexibility you have.

19. Profit & Loss Statement

See "Income Statement" above.

20. Statement of Cash Flow

One of the important documents required by lenders and investors that shows a summary of the actual collection of revenue and payment of expenses for your business. The [statement of cash flow](#) should reflect activity in the areas of operating, investing, and financing and should be an integral part of your financial statement package.

21. Statement of Shareholders' Equity

If you have chosen to fund your small business with [equity financing](#) and you have established shares and shareholders as part of the controlling interests, you are obligated to provide a financial report that shows changes in the equity section of your balance sheet.

22. Annual Percentage Rate

The business finance term and definition [APR](#) represents the yearly real cost of a loan including all interest and fees. The total amount of interest to be paid is based on the original amount loaned, or the principal, and is represented in percentage form. When shopping for the right loan for your small business, you should know the APR for the loan in question. This figure can be very helpful in comparing one financial tool with another since it represents the actual cost of borrowing.

23. Appraisal

Just like your real estate appraisal when buying a house, an appraisal is a professional opinion of market value. When closing a loan for your small business, you will probably need one or more of the three types of appraisals: real estate, equipment, and business value.

24. Balloon Loan

A loan that is structured so that the small business owner makes regular repayments on a predetermined schedule and one much larger payment, or balloon payment, at the end. These can be attractive to new businesses because the payments are smaller at the outset when the business is more likely to be facing strict financial constraints. However, be sure that your business will be capable of making that last balloon payment since it will be a large one.

25. Bankruptcy

This federal law is used as a tool for businesses or individuals who are having severe financial challenges. It provides a plan for reduction and repayment of debts over time or an opportunity to completely eliminate the majority of the outstanding debts. Turning to bankruptcy should be given careful thought because it will have a negative effect on the business credit score.

26. Bootstrapping

Using your own money to finance the start-up and growth of your small business. Think of it as being your own investor. Once the business is up and running successfully, the business finance term and definition [bootstrapping](#) refers to the use of profits earned to reinvest in the business.

27. Business Credit Report

Just like you have a personal credit report that lenders look at to determine risk factors for making personal loans, businesses also generate credit reports. These are maintained by credit bureaus that record information about a business's financial history.

Items like how large the company is, how long has it been in business, amount and type of credit issued to the business, how credit has been managed, and any legal filings (i.e., bankruptcy) are all questions addressed by the business credit report. Lenders, investors, and insurance companies use these reports to evaluate risk exposure and financial health of a business.

28. Business Credit Score

A business credit score is calculated based on the information found in the business credit report. Using a specialized algorithm, business credit scoring companies take into account all the information found on your credit report and give your small business a credit score. Also called a commercial credit score, this number is used by various lenders and suppliers to evaluate your creditworthiness.

29. Collateral

Any asset that you pledge as security for a loan instrument is called collateral. Lenders often require [collateral](#) as a way to make sure they won't lose money if your business defaults on the loan. When you pledge an asset for collateral, it becomes subject to seizure by the lender if you fail to meet the requirements of the loan documents.

30. Credit Limit

When a lender offers a business line of credit it usually comes with a credit limit, or a maximum amount that you can use at any given time. It is said that you reach your credit limit or “max out” your credit when you borrow up to or exceed that number. A business line of credit can be especially useful if your business is seasonal or if the income is extremely unpredictable. It is one of the fastest ways to access cash for emergencies.

31. Debt Consolidation

If your small business has several loans with various payments, you might want to consider a business debt consolidation loan. It is a process that lets you combine multiple loans into a single loan. The advantages are possibly reducing the interest rates on the borrowed funds as well as lowering the total amount you repay each month. Businesses use this tool to help improve cash flow.

32. Debt Service Coverage Ratio

The business finance term and definition [debt service coverage ratio](#) (DSCR) is the ratio of cash your small business has available for paying or servicing its debt. Debt payments include making principal and interest payments on the loan you are requesting. Generally speaking, if your DSCR is above 1, your business has enough income to meet its debt requirements.

33. Debt Financing

When you borrow money from a lender and agree to repay the principal with interest in regular payments for a specified period of time, you're using [debt financing](#). Traditionally, it has been the most common form of funding for small businesses.

Debt financing can include borrowing from banks, business credit cards, lines of credit, personal loans, merchant cash advances, and invoice financing. This method creates a debt that must be repaid but lets you maintain sole control of your business.

34. Equity Financing

The act of using investor funds in exchange for a piece or "share" of your business is another way to raise capital. These funds can come from friends, family, angel investors, or venture capitalists.

Before deciding to use equity financing to raise the cash necessary for your business, decide how much control you are willing to share when it comes to decision-making and philosophy. Some investors will also want voting rights.

35. FICO Score

A [FICO score](#) is another type of credit score used by potential lenders for evaluating the wisdom of entering a contract with you and your business. FICO scores comprise a substantial part of the credit report that lenders use to assess credit risk. It was created by the Fair Isaac Corporation, hence the name FICO.

36. Financial Statements

An integral part of the loan application process is furnishing information that shows your business is a good credit risk. The standard [financial statement](#) packet includes four main reports: the income statement, the balance sheet, the statement of cash flow, and the [statement of shareholders' equity](#), if you have shareholders.

Lenders and investors want to see that your business is well-balanced with assets and liabilities, has positive cash flow, and will have capital to make expected repayments.

37. Fixed Interest Rate

The interest rate on a loan that is established in the beginning and does not change for the lifetime of the loan is said to be fixed. Loans with fixed interest rates are appealing to small business owners because the repayment amounts are consistent and easier to budget for in the future.

38. Floating Interest Rate

In contrast to the business finance term and definition fixed rate, the [floating interest rate](#) will change with market fluctuations. Also referred to as variable rates or adjustable rates, these amounts may often start out lower than the fixed rate percentages. This makes them more appealing in the short term if the market is trending down.

39. Guarantor

When starting a new small business, lenders might want you to provide a guarantor. This is an individual who guarantees to cover the balance owed on a debt if you or your business cannot meet the repayment obligation.

40. Interest Rate

All loans and other lending instruments are assigned the business finance key term interest rates. This is a percentage of the principal amount charged by the lender for the use of its money. Interest rates represent the current cost of borrowing.

41. Invoice Factoring or Financing

If your business has a significant amount of open invoices outstanding, you may contact a factoring company and have them purchase the invoices at a discount. By raising capital this way, there is no debt, and the factoring company assumes the financial responsibility for collecting the invoice debts.

42. Lien

This business finance term and definition is a creditor's legal claim to the collateral pledged as security for a loan is called a lien.

43. Line of Credit

A lender may offer you an unsecured amount of funds available for your business to draw on when capital is needed. This [line of credit](#) is considered a short-term funding option, with a maximum amount available. This pre-approved pool of money is appealing because it gives you quick access to the cash.

44. Loan-to-Value

The LTV comparison is a ratio of the fair-market value of an asset compared to the amount of the loan that will fund it. This is another important number for lenders who need to know if the value of the asset will cover the loan repayment if your business defaults and fails to pay.

45. Long-Term Debt

Any loan product with a total repayment schedule lasting longer than one year is considered a long-term debt.

46. Merchant Cash Advance

A merchant may offer a funding method through a loan based on the business's monthly sales volume. Repayment is made with a percentage of the daily or weekly sales. These tend to be short-term loans and are one of the costliest ways to fund your small business.

47. Microloan

Microloans are loans made through nonprofit, community-based organizations and they are most often for amounts under \$50,000.

48. Personal Guarantee

If you're seeking financing for a very new business and don't have a high value asset to offer as collateral, you may be asked by the lender to sign a statement of personal guarantee. In effect, this statement affirms that you as an individual will act as guarantor for the business's debt, making you personally liable for the balance of the loan even in the event that your business fails.

49. Principal

Any loan instrument is made of three parts—the principal, the interest, and the fees. The principal is a business finance key term and is the original amount that is borrowed or the outstanding balance to be repaid less interest. It is used to calculate the total interest and fees charged.

50. Revolving Line of Credit

This business finance term and definition is a funding option is similar to a standard line of credit. However, the agreement is to lend a specific amount of money, and once that sum is repaid, it can be borrowed again.

51. Secured Loan

Many lenders will require some form of security when loaning money. When this happens, this business finance term and definition is a secured loan. The asset being used as collateral for the loan is said to be “securing” the loan. In the event that your small business defaults on the loan, the lender can then claim the collateral and use its fair-market value to offset the unpaid balance.

52. Term Loan

These are debt financing tools used to raise needed funds for your small business. Term loans provide the business with a lump sum of cash up front in exchange for a promise to repay the principal and interest at specified intervals over a set period of time. These are typically longer term, one-time loans for start-up expenses or costs for established business expansion.

53. Unsecured Loans

Loans that are not backed by collateral are called unsecured loans. These types of loans represent a higher risk for the lender, so you can expect to pay higher interest rates and have shorter repayment time frames. Credit cards are an excellent example of unsecured loans that are a good option for small business funding when combined with other financing options.

54. Articles of Incorporation

This is legal documentation of the business’s creation, including name, type of business, and type of business structure or incorporation. This paperwork is one of the first tasks you will complete when you officially start your business. Once submitted, your [articles of incorporation](#) are kept on file with the appropriate governmental agencies.

55. Business Plan

Here is your tool for demonstrating how you want to establish your small business and how you plan to grow it into good financial health. When writing a business plan, it should include financial, operational, and marketing goals as well as how you plan to get there. The more specific you are with your business plan, the better prepared you will be in the long run.

56. Employer Identification Number (EIN) Certificate

In order to be more easily identified by the Internal Revenue Service, every business entity is assigned a unique number called an EIN. When you start your small business, an EIN will be assigned and mailed to the business address. This number never changes, and you will be asked to furnish it for many reasons.

57. Franchise Agreement

For a small business entrepreneur, entering into a franchise agreement with a larger company can be a way to enter the marketplace. The agreement made between you and the larger company gives you the right to operate as a satellite of the larger company in a certain territory for a given period of time. This lets you, the business owner, take advantage of a brand name that's already familiar in the marketplace and a process or operation that has already been tested.

58. Net Worth

This business finance term and definition is an expression of your business's total value, as determined by your total current assets less the total liabilities currently owed by the business. With your business's most recent balance sheet in hand, you can calculate the net worth using a simple formula:
$$\text{Assets} - \text{Liabilities} = \text{Net Worth}.$$

59. Retained Earnings

Just like it sounds, this term represents any profits earned that are retained in the business. This can also be referred to as bootstrapping.

60. Tax Lien

If your business fails to pay taxes owed to the designated government entity, namely the IRS, you may find your assets seized by the claim of a tax lien. The government can not only seize your assets for liquidation to resolve the tax debt, but they can also charge you penalties on the amount you owe.

Don't Be Overwhelmed

As a small business owner, you will be required to wear many different hats—often including that of chief financial officer or bookkeeper. Before you let yourself get intimidated by all the business terms and definitions, just remember that knowledge is power.

You can serve your small business most effectively by becoming familiar with terms used in business finance and how they will affect your business's financial health. Armed with a basic understanding of business finance key terms, you will be prepared to face the financial challenges that go along with being a small business owner.