

Appendix 16: Sample Business Plan

The Campground Concession

Business Plan

A Proposal in Response to

the Campground Prospectus for:

(List campground you are submitting a proposal for) Campgrounds

on the

Sam Houston Ranger District

National Forest and Grasslands in Texas

Name of Company _____

Address _____

Company Contact _____

Phone _____

Contents

Part I: The Business.....	16-3
Purpose and Goals.....	16-3
Location of Your Business.....	16-4
Market And Customers.....	16-4
Competitive Analysis.....	16-4
Management.....	16-5
Personnel.....	16-6
Part II: Financial Data.....	16-6
Capital-Equipment List.....	16-6
Start-Up Expenses.....	16-7
Sources and Uses of Financing.....	16-8
Monthly Cash Flow Projection.....	16-8
Start-Up Balance Sheet.....	16-12
Start-Up Income Statement Projection.....	16-12
Part III: Historical Financial Reports for Existing Business.....	16-15
Part IV: Supporting Documents.....	16-15
Part V: Appendices.....	16-15
Legal Organization.....	16-15
Sole Proprietorship.....	16-15
General Partnership.....	16-16
Corporation.....	16-17
Limited Partnership.....	16-18
Limited Liability Company (LLC).....	16-18

Part I: The Business

Purpose and Goals

What is your purpose in pursuing this business?

Define your business goals for the next year and what you foresee five years from now.

Description of the Business

This section should describe the nature and purpose of the company, background on your industry, and what opportunities you see for your services.

Brief description of the business.

Briefly describe your knowledge of this industry.

List the products and services you will provide.

Legal Structure

There are several ways in which your business can be legally organized.

How is your company legally organized?

- ☐ Sole Proprietorship
- ☐ General Partnership
- ☐ Corporation --- ☐ "C" Corp or ☐ "S" Corp
- ☐ Limited Partnership
- ☐ Limited Liability Company (LLC)
- ☐ Other

Why is this legal organization most appropriate for your business?

Does your operation require a state registration number? YES ___ NO ___. If "Yes", include a copy of the registration in the Supporting Documents.

Include any appropriate information, including shareholder or partnership agreements, in the Supporting Documents, and complete the following list of owners:

<i>Name</i>	<i>Address</i>	<i>SSN %</i>	<i>Ownership</i>
-------------	----------------	--------------	------------------

Location of Your Business

Describe the planned geographical location of the business and discuss the advantages and disadvantages of the site location in terms of wage rates, labor availability, closeness to customers or suppliers, access to transportation, state and local taxes, laws, and utilities. Describe your approach to overcoming any problems associated with the location.

Planned geographical location.

Discuss advantages or disadvantages of the site location.

Describe your approach to overcoming any problems.

Market And Customers

The purpose of this section is to present sufficient facts to convince the evaluation team that your service has a substantial market and can achieve success in the face of competition. Discuss who the customers are for your service. Where are the major purchasers for the service?

Describe your anticipated target market (e.g., age, income, hobbies, regional, national, international).

Describe the size of the current total market and potential annual growth.

Discuss your advertising campaign in terms of how, when, and where you will advertise, and estimated annual cost.

Competitive Analysis

Make a realistic assessment of the strengths and weaknesses of your competitors. Compare the competing services on the basis of image, location, price, advertising, and other pertinent features. Discuss your key competitors and explain why you think that you can capture a share of their business. Discuss what makes you think it will be easy or difficult to compete with them.

Identify your key competitors.

Discuss their strengths and weaknesses.

Compare your product or service on key areas. For each area of comparison rank yourself and your selected competitors on a scale of 1 (high) to 5 (low). Remember: no ties.

Area of Comparison	You	Competitors			
		A	B	C	D
Image					
Location					
Price					
Advertising					
Service					
Uniqueness					
Other					

Why do you think you can compete with your competitors and capture a share of the market?

Management

The evaluation team is looking for a committed management team with the proper balance of technical, managerial, and business skills and experience which supports your proposal. Be sure to include complete resumes for each key management member in the Supporting Documents section.

(Use additional pages and attach as necessary)

List owners and key management personnel and their primary duties. If any key individuals will not be onboard at the start of the venture, indicate when they will join the staff.

Discuss any experience when the above people have worked together that indicates how their skills complement each other and result in an effective management team.

List the advisors and consultants that you have selected for your venture. Capable, reputable, and well-known supporting organizations can not only provide significant direct and professional assistance, but also can add to the credibility of your venture.

Accountant _____

Attorney _____

Banker _____

Insurance Broker _____

Advertising _____

Others _____

Personnel

Explain how you plan to recruit, develop, and maintain your workers. List the number of employees you will have, as well as their job titles and required skills. (Use additional pages as necessary)

Identify essential employees, their job titles, and required skills.

Identify the source and your plan to recruit essential employees.

Discuss any training or retraining that you plan for your employees. Also, discuss any necessary first-aid certification or recertification, etc.

Part II: Financial Data

Capital-Equipment List

Capital equipment is defined as assets which have useful lives of more than one year. Examples include machines, equipment, vehicles, livestock, tack, gear, and computers. Describe the equipment, the quantity, whether the equipment is new or used (N/U), the expected useful life, and the cost. This includes equipment purchased from existing businesses.

Equipment	Quantity	N/U	Life	Cost
Total Cost of Capital Equipment				\$

Start-Up Expenses

Start-up expenses are the various costs it takes to open your doors for business.

Item	Cost
Total cost of capital equipment	\$ _____
Beginning inventory of operating supplies	\$ _____
Legal fees	\$ _____
Accounting fees	\$ _____
Other professional fees	\$ _____
Licenses and permits	\$ _____
Remodeling and repair work	\$ _____
Deposits (public utilities, etc.)	\$ _____
Advertising	\$ _____
Insurance	\$ _____
Bonds	\$ _____
Advance permit fees	\$ _____
Other expenses:	\$ _____
_____	\$ _____
_____	\$ _____
Total Start-Up Expenses	\$ _____

Sources and Uses of Financing

Sources of Financing Investment of cash by owners

Investment of cash by shareholders \$ _____

Investment of noncash assets by owners \$ _____

Investment of noncash assets by shareholders \$ _____

Bank loans to business: short term (one year or less) \$ _____

Bank loans to business: long term (more than one year) \$ _____

Bank loans secured by personal assets \$ _____

Small Business Administration loans \$ _____

Other sources of financing (specify) \$ _____

Total Sources of Financing \$ _____

Uses of Financing

Buildings \$ _____

Equipment \$ _____

Initial inventory \$ _____

Working capital to pay operation expenses \$ _____

Noncash assets contributed by owners
(use same amount as in Sources, above) \$ _____

Other assets (specify) \$ _____

Total Uses of Financing \$ _____

Monthly Cash Flow Projection

The cash flow projection is the most important financial planning tool available to you. The cash flow projection attempts to budget the cash needs of a business and shows how cash will flow in and out of the business over a stated period of time. A cash flow deals only with actual cash transactions. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent a cash disbursement.

NOTE: The Cash Flow Projection chart on the following page is required to be completed and submitted in the existing format.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total
2	Cash Receipts													
3	Sales Receivables													
4	Wholesale													
5	Retail													
6	Other Services													
7	Total Cash Receipts													
8	Cash Disbursements													
9	Cost of Goods													
10	Variable Labor													
11	Advertising													
12	Insurance													
13	Legal and Accounting													
14	Delivery Expenses													
15	Fixed Cash Disbursements													

16	Mortgages (Rent)													
17	Term Loan													
18	Line of Credit													
19	Other													
20	Total Cash Disbursements													
21														
22	Net Cash Flow													
23														
24	Cumulative Cash Flow													
25														
26	Fixed Cash Disbursements													
27	Utilities													
28	Salaries													
29	Payroll Taxes and Benefits													
30	Office Supplies													
31	Maintenance and Cleaning													

32	Licenses													
33	Boxes, Paper, etc													
34	Telephone													
35	Miscellaneous													
36	Total FCD/Year													
37	FCD/Month													
38	Cash on Hand													
39	Opening Balance													
40	+Cash Receipts													
41	- Cash Disbursements													
42	Total= New Balance													

Start-up Balance Sheet

Balance sheets are designed to show how the assets, liabilities, and net worth of a company are distributed at a given point in time.

NOTE: The following Start-up Balance Sheet is required to be completed and submitted in the existing format.

Start-up Balance Sheet

Assets

Current Assets	\$ _____
Fixed Assets	\$ _____
Less Accumulated Depreciation	\$ _____
Net Fixed Assets	\$ _____
Other Assets	\$ _____
Total Assets	\$ _____

Footnotes

Liabilities

	\$ _____
Current Liabilities	\$ _____
Long-Term Liabilities	\$ _____
Total Liabilities	\$ _____

Net Worth or Owner's Equity

	\$ _____
(Total assets minus total liabilities)	
Total Liabilities and Net Worth	\$ _____

Footnotes:

Start-up Income Statement Projection

Income Statements (also called Profit and Loss Statements) complement balance sheets. The income statement provides a moving picture of the company during a particular period of time. For most businesses (and for most bankers), income projections covering one to three years are more than adequate.

If you are in a start-up situation, look for financial-statement information and income ratios for businesses similar to yours. The Robert Morris Associates' *Annual Statement Studies* and trade association publications are two possible sources.

NOTE: The following Income Projection is required to be completed and submitted in the existing format.

Income Projection by Month: Year One

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Total
2														
3	Sales													
4	Wholesale													
5	Retail													
6	Total Sales:													
7														
8	Cost of Materials													
9	Variable Labor													
10	Cost of Goods Sold													
11														
12	Gross Margin													
13														
14	Operating Expenses													
15	Utilities													
16	Salaries													
17	Payroll Taxes and Benefits													
18	Advertising													
19	Office Supplies													
20	Insurance													
21	Maintenance and Cleaning													
22	Legal and Accounting													
23	Delivery Expenses													
24	Licenses													
25	Boxes, Paper, etc													
26	Telephone													
27	Depreciation													
28	Miscellaneous													
29	Rent													
30	Total Operation Expenses													
31														
32	Other Expenses													
33	Interest (Mortgages)													
34	Interest (Term Loans)													

35	Interest (Line of Credit)													
36	Total Other Expenses													
37	Total Expenses													
38														
39	Net Profit (Loss) Pre-tax													

Part III: Historical Financial Reports for Existing Business

Each applicant is required to submit all four items listed below.

- Balance sheet (past three years)
- Income statement (past three years)
- Tax returns (past three years)
- Current credit report from major credit bureau

Part IV: Supporting Documents

Each applicant is required to submit all five items listed below.

- Personal resumes of business owners, officers, and partners
- Personal financial statements of business owners, officers, and partners
- Bank or investor letters of intent to finance project
- Copies of business leases pertinent to this business
- Copies of all pertinent existing permits or licenses applicable to this business
(Submit only the face pages of all current concession permits)

Part V: Appendices

Legal Organization

The more popular legal organizations and their reasons are outlined below. Business Start-up Kits and information on registration, licensing, and permit requirements for Texas can be found at www.sba.gov.

Sole Proprietorship

A sole proprietorship is a business owned by one person. This form of business is regulated by the state only in that some states require you to register your trade name to do business as a sole proprietor. You do not have to register with the state if you are operating your business under your own full legal name. (Note: You must be licensed where required, and pay all appropriate taxes.)

Advantages

- ☐ Simple to start.
- ☐ Easy to dissolve.
- ☐ Owner makes all management decisions.
- ☐ Pay only personal income tax; business entity not taxed separately.

Disadvantages

- ☐ Unlimited liability (owner legally liable for all debts, claims and judgments).
- ☐ Difficulty in raising additional funds.
- ☐ No one to share the management burden.
- ☐ Impermanence (company can't be sold or passed on; however, you may sell or pass on assets of the company).

General Partnership

A partnership is an association of two or more persons to carry on as co-owners of a business for profit. Some states require that you register your name if it is a trade name (not your full legal name). You must file state and Federal "information returns," but business income and losses flow through to the partners' personal taxes. The business pays no separate income taxes. Partners may share the profits of the business (and the losses) on an equal basis, or may pro rate the proceeds as set forth in a Partnership Agreement. Whichever way you determine to share in the business, you need to have a written Partnership Agreement outlining the ownership, responsibilities, and eventualities of dissolution or liquidation for the business.

Advantages

- ☐ Simple to start.
- ☐ Fairly easy to dissolve.
- ☐ Additional sources of capital from partners.
- ☐ Broader management base.
- ☐ More opportunity for each partner to specialize.
- ☐ Tax advantages: no separate income tax.
- ☐ Limited outside regulation, compared to a corporation.

Disadvantages

- ☐ Unlimited financial liability for all general partners (some partners' personal debts can even be charged to the business).
- ☐ Difficulty if raising outside capital.
- ☐ Divided authority.
- ☐ Continuity problems (business dies when any partner leaves or dies, unless succession has previously been spelled out in a Partnership Agreement).
- ☐ Partnership terminates in the event of a personal bankruptcy on the part of any partner).
- ☐ Difficult to find suitable (compatible) partners.
- ☐ One partner may be responsible for the actions of another partner, regardless of whether that partner had prior approval.

Corporation

There are two types of corporations generally recognized today: a regular "C" corporation, organized under the laws of the state in which you do business; and an "S" Corporation, so designated by the IRS and not necessarily recognized by your state.

A corporation is a business entity separate and distinct from its owner(s) or shareholder(s). You must file incorporation papers with the state of your choice. The corporation must file annual reports with the Secretary of State, and may have to file separate quarterly income tax returns. The corporation exists forever, can be bought and sold, and is regulated by the state.

"C" Corporation Advantages

- ☐ Limited liability (as long as you *act* like a corporation-which means having a separate checking account and phone number, paying interest on any borrowed money, keeping up a corporate record book, filing annual reports, meeting with your Board of Directors at least annually, etc.).
- ☐ Easier to bring in additional capital.
- ☐ Ownership is transferable.
- ☐ Company has continuous, perpetual existence.
- ☐ Possible tax advantages (seek adequate advice from a tax professional).
- ☐ Gives you more sense of permanence, thus more ``weight," in the business world.

"C" Corporation Disadvantages

- ☐ More expensive to organize.

- ☐ Highly regulated.
- ☐ Extensive record-keeping requirements.
- ☐ Double taxation (corporation pays its own income taxes; if you pay yourself a salary or a dividend, you also pay personal income taxes).
- ☐ Shareholders/Board of Directors may counter your management decisions.

"S" Corporation Advantages

- ☐ Filing a Subchapter Selection with the Internal Revenue Service allows you to be taxed on your corporate profits through your personal tax return.
- ☐ You still maintain the limited liability of a corporation.
- ☐ If you have additional personal income against which to deduct company losses, or if your personal tax rate is lower than the corporate tax rate, this form may be advantageous for you. Again, please seek professional tax advice to make this determination.

"S" Corporation Disadvantages

- ☐ There are some restrictions on "S" corporations, mainly in how you can sell your shares. You can have a maximum of 35 shareholders, all of whom must be U.S. citizens, and be individuals (not corporations).
- ☐ You must request permission from the IRS to be an "S" corporation, and generally, must maintain the calendar year as your fiscal year.

Limited Partnership

In a Limited Partnership, there are two kinds of partners: general partners, who carry full liability; and limited partners, who carry limited liability. Limited partners must make known, through filing with the Secretary of state, that they indeed are limited partners, and they may not participate in the day-to-day management of the business. Again, as in the "S" Corporation, profits from Limited Partnerships are taxed through each partner's personal tax return. Limited partnerships are popular in industries where a great deal of "up-front" money is needed for projects that are expected to produce a high return, such as in real estate, energy, movie production, and sports teams.

Limited Liability Company (LLC)

While wearing the corporate form, essentially, an "LLC" is similar to a Limited Partnership, except the general partner also carries limited liability. Profits are taxed through individual owners' personal tax returns. The advantage of this form over an "S" Corporation is that other corporations may be owners, and the "LLC" may also hold 100% ownership in subsidiary companies. If you are a small corporation, but have interest from institutional or corporate investors, this form of organization may hold distinct advantages for you.

Be aware, however, that the "LLC" is a relatively new business form. Legal precedents have not yet been set to outline clearly all the legal and tax ramifications of this form of organization. If interested in becoming an "LLC", you are strongly urged to seek competent, professional legal and tax advice.