Rockland County SCORE
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Small Business Basics™

Bank of America

SCORE®
Counselors to America's Small Business

Congratulations on taking the first steps toward starting and building your own business. Small businesses are critical to the economic health of our nation and a priority at Bank of America.

Entrepreneurs and small business owners fuel the growth of our nation generating 75% of the new jobs, 50% of private gross domestic product (GDP) and 45% of all private payroll every year.

More than 100 years ago, Bank of America was founded to finance the aspirations of new immigrants to America hoping to realize their own entrepreneurial dreams. Today, more than ever, we are focused on helping small businesses thrive. Over 4.9 million small business owners choose Bank of America to meet their financial needs making Bank of America the nation's largest small business bank.

At Bank of America, we consider it a privilege to co-sponsor this guide with SCORE in order to help you make the dream of running your own business a reality. We are here to provide you with resources like this guide as well as products and services and other tools that you will find on our website at www.bankofamerica.com or by coming into any one of our 5,700 banking centers and talking with a Personal Banker.

I wish you success in your business.

Mark A Hogan

Mark Hogan
Small Business Banking President
Bank of America

Bank of America, N.A. Member FDIC

Dear Entrepreneur:

SCORE, Counselors to America's Small Businesses, is proud to bring you a practical workbook to help you pursue your business ideas. Small businesses in America account for 50 percent of the private workforce, which makes personal entrepreneurship a vital component of the American economy. SCORE, in cooperation with the Bank of America, presents this guide for anyone who seeks to put their ideas and dreams into action.

SCORE and Bank of America share the common goal to bring useful resources to small business owners. This booklet is intended to be a concise primer on how to transition from a fledgling idea to a fully functioning, successful small business. The following pages feature practical information and exercises that will enable you to build a business plan, decide whether to incorporate and how, develop a marketing campaign, and more.

Bank of America is dedicated to helping small businesses succeed and has partnered with SCORE to make educational resources available to help small businesses plan for success. You don't have to go it alone. Great resources like SCORE counseling and this workbook can help. It's all about living your dream.

SCORE's 10,500 counselors volunteer their time and expertise to help small businesses with confidential, free business counseling. Founded in 1964, the SCORE Association has helped more than 7.4 million build, expand, and protect their small businesses. On behalf of SCORE, we are pleased to unite with Bank of America to bring this resource booklet to small business owners.

I encourage all small business owners to contact their local SCORE office for a complimentary copy and take advantage of this opportunity. You can find the SCORE office nearest you by going to score.org/findscore/.

We wish you prosperity and success.
Regards,

Ken Yancey

Ken Yancey
Chief Executive Officer
SCORE Association

Small Business Basics™

There are 10.1 million women-owned businesses in the US, employing more than 19 million people and generating $3.6 trillion in revenue.

The Business Plan

A business plan provides you with a comprehensive, detailed overview of all the aspects of your business. This overview is the skeleton of your business — the underlying structure that provides the basis of your entire operation. Prepared in advance, a business plan allows you to review the pros and cons of your proposed business before you make a financial and emotional commitment to it.

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There are three reasons to create a written business plan:

1. The process of creating a business plan forces you to take an objective, critical, and unemotional look at your business prior to and after its inception.
2. It is an operating tool that will help you manage your business and ensure its success.
3. It will communicate your ideas to others and provide the basis for financing proposals.

The importance of planning cannot be overemphasized. Your business plan will help you identify and evaluate areas of strength and weakness; pinpoint business needs that might otherwise be overlooked; identify important business opportunities, and spot problems before they escalate. These insights and observations will help you achieve your business goals quickly and effectively.

Business Plan Outline

I. Cover Sheet
- A. Business Name and Address
- B. Names, Addresses, and Telephone Numbers of Principals

II. Statement of Purpose

III. Table of Contents

IV. SECTION ONE: The Business

Descriptions of:
- A. The Business
- B. Product/Service
- C. Market
- D. Location of the Business
- E. Competition
- F. Management
- G. Personnel

V. SECTION TWO: Financial Data
- A. Sources and Applications of Funding
- B. Capital Equipment List
- C. Balance Sheet
- D. Income Projections (Profit and Loss Statements)
  - 1. Three-Year Summary
    - a. First Year: Monthly Analysis
    - b. Second and Third Years: Quarterly Analysis
  - 2. Notes of Explanation
- E. Cash Flow Projections
  - 1. Three-Year Summary
    - a. First Year: Monthly Analysis
    - b. Second and Third Years: Quarterly Analysis
  - 2. Notes of Explanation
- F. Historical Financial Reports for Existing Businesses
  - 1. Balance Sheets (past 3 years)
  - 2. Income Statements (past 3 years)
  - 3. Tax Returns

VI. SECTION THREE: Supporting Documents

Among these: personal resumes, personal balance sheets, cost of living budget, letters of reference, letters of intent, copies of leases, contracts, legal documents, and business materials (brochures).

Creating Your Business Plan

I. Cover Sheet:
A cover sheet is simply a title page that includes the necessary name, address, and telephone information.

II. Statement of Purpose:
Generally, a business plan is submitted as part of a financing proposal. This statement of purpose is a brief explanation of your intent with regard to the financing you are seeking.

III. Table of Contents:
Business plans can be lengthy, so a Table of Contents is a necessity. It will help the reader find specific documents, while providing you with a checklist to ensure that the plan is complete.

Section One: The Business

A. The Business
A description of your business should answer the following questions:

1. Is the business a proprietorship, partnership, or corporation?
2. What is the product or service provided?
3. Is this a new business or an expansion?
4. What will make this venture profitable?

B. Product | Service
Explain your product or service.

1. What is unique (and, therefore, potentially profitable) about your product/service?
2. What are you selling?
3. What are the benefits?
4. Which products are fast sellers? Declining? Steady?

C. Market
Describe your potential customers as completely as possible. Be sure to answer the following questions:

1. Who are your customers? What are their segments?
2. Are your markets growing or shrinking?
3. Are you planning to concentrate on certain markets and shares?

D. Location

1. Where are you located? Why?
2. Do you need more space to grow?
3. Is the location important to your business?

E. Competition

1. Who are your competitors and where are they?
2. Who are your indirect competitors?
3. What is your competitive edge?
4. What is your market share? Is it growing?

F. Management

1. What is your background and what are the skills that make you the right person to run the business?
2. Is there a management team? Who are they?
3. What are their duties and why?

G. Personnel

1. What are your personnel needs and goals?
2. Do you need more employees to grow your business?
3. What skills do you need them to have?

Section Two: Financial Data

At the heart of any business operation is its accounting system. It is essential that you have a competent accountant set up a system that will provide you with the raw data for three essential documents: your balance sheet, your income statement (profit and loss statement), and your cash flow statement. It should be noted that there are many excellent and inexpensive computer software accounting packages on the market.

Today, there is absolutely no excuse for even the smallest company not to have up-to-date financial information on which to base management decisions.

A. Sources | Applications of Funding
Explain the financial set-up of your business by answering the following questions:

1. How is the business being financed? Is the business currently financed and is it adequate?
2. Are you renting or buying space? Leasing or buying equipment?
3. How much capital do you have? How will you make your borrowing decisions? Do you have investors?

B. Capital Equipment List

Provide a list of all business equipment that you own or plan to purchase.

C. Balance Sheet

Your balance sheet is a record of the liquidity of your business and your personal equity at a given point in time. It is a snapshot of your business at a particular point in time that shows what you own and what you owe.

D. Income Statement, or Profit & Loss Statement

Your income statement shows how well your company's operations are being performed over time, usually monthly, quarterly or annually, by subtracting expenses from sales. Based upon your past and current income statements, as well as your knowledge of the business, you can develop income projections. In reality, these projections are based on "best guess" information, but if you've done a thorough job researching your venture, these projections can be surprisingly accurate.

E. Cash Flow Statement

The cash flow statement is designed to show how well a company is managing its cash (liquidity) by subtracting disbursements (actual cash outlays) from cash received. The balance between profitability and liquidity can be hard to maintain, making these figures critical. Fast growth (high sales) can deplete cash, which explains why even profitable companies fail. The role of projected income and cash flow statements is to help you spot these severe problems in time to forestall them by raising new capital or arranging for appropriate financing.

Projections are an integral part of your business plan. These figures allow you to accurately assess the feasibility of your business and the investment required to achieve a stable level of operation. Your assumptions must be carefully thought-out and explained. Be honest. Be pessimistic. See the following cash flow chapter for an expanded look at this critical component.

F. Historical Financial Reports for Existing Business

If you own another business, or have owned another business, include the same documentation as above. Personal tax returns are essential as well.

Section Three: Supporting Documentation

As previously listed, this documentation should include any materials relevant to this business. See the outline at the beginning of this section.

Use your plan. Re-read it, and update it, on a regular basis. If your proposed venture is marginal at best, your business plan will show you why and help you make improvements or abandon the idea entirely. If your business is up and running, your business plan will provide you, your partner, your banker, your manager, and even your employees with guidelines and standards for evaluation and improvement. Whether good or bad, the insights offered by a business plan are things you need to know.

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The Marketing Plan

If you've ever tried to wade through a marketing textbook, you've probably come across some wordy and complicated definitions for marketing, like this one:

"The marketing concept is a management orientation that holds that the key task of the organization is to determine the needs and wants of the target markets and to adapt the organization to delivering the desired satisfactions more effectively and competitively than its competitors."

Though this definition is certainly comprehensive, marketing has been more easily defined by Murray Raphel, noted marketing guru, who said: "Find out what your customers want and give it to them."

A marketing plan is, essentially, the strategy that will help you "find out what your customers want and give it to them." Each element is an integral part of the whole, so it's crucial that your marketing plan include certain components.

Your marketing plan should answer the following questions:

1. Who/What is your market?
2. What are the trends of your market?
3. What is your market share (and the trends of your share)?
4. How can you increase your market share?
5. How can you increase profitability within your market share?

The six steps you'll follow to create your marketing plan will provide the answers to these questions as you prepare your marketing plan of attack.

Marketing Plan Outline

I. Objectives

II. Research to Support Objectives
- A. Who are your present and potential customers?
- B. What are your present and potential markets?
- C. Who is and will be your competition?
- D. What marketplace trends will impact your business? How?
- E. How will your service or product change in response to your research?

III. Marketing Mix
- A. How will you position your product or service?
- B. Will you change any elements of your mix?

IV. Strategy & Execution
- A. Advertising
  1. Tactics
  2. Budgets
  3. Schedule
- B. Public Relations
  1. Tactics
  2. Budget
  3. Schedule
- C. Expert Assistance
  1. Agency
  2. Independent Designer/ Copywriter

V. Anticipated Results
- A. Sales
- B. Customer Base
- C. Profits
- D. Image

VI. Tracking Actual Results
- A. Sales
- B. Customer Base
- C. Profits
- D. Image

VII. Final Review of Results with Respect to Objectives

Step One: The Five Components of Market Research

Research is the cornerstone of any marketing plan. Objectives, positioning, strategy, execution—all of these elements hinge on the accurate, insightful conclusions of thorough research. Don't assume you know how your customer feels about your service or product or that your competitors aren't encroaching on your market share. Let your research draw these conclusions for you. Remember, research never ends. It's a grim reality that on-going research is a function of any long-range marketing plan. You'll need to reevaluate your information on a regular basis.

A. Service | Product

You need to know what you're selling. To develop a true understanding of your service or product, ask yourself these questions:

1. Why would someone buy or use this?
2. How important is price?
3. How long does it last?
4. How often do people need it?
5. What do customers like and dislike about it?
6. What do customers base their purchase on?
7. Can it be improved? How?
8. Does it require any follow-up service?

B. Company

Before you can decide where your business is going, you need to look at where it's been. Unless you've just opened your doors, there's a wealth of information at your fingertips: sales figures, customer information, employee history, and financial data. You need to spend some time developing a profile of your company in order to familiarize yourself with the strengths and weaknesses that may affect your marketing plan. If you are a new business, begin tracking this information now—then you won't have to spend time compiling past figures.

In-House Data: Analyzing numbers is a great reason to plunge into the world of computer technology. If you don't have a computer system, it's time to get one. Your in-house data may include:

- Sales data
- Salesperson reports
- Warranty cards
- Old marketing plans

Use this information to answer the following questions:

1. How have sales changed from past years? Are there trends?
2. How has pricing affected sales?
3. Has the business become more (or less) profitable as it has grown?
4. How have past marketing efforts succeeded or failed? Why?

Another important note, don't simply look at data from the past year. Examine several years, and as time moves on, update your analysis with current figures.

C. Customer

There are a number of elements essential to customer research:

- Customer Profile
- Market Segmentation
- Potential Customers | Prospects
- Customer Tracking
- Customer Perceptions
- Customer Retention

Your customer profile should include statistical information like age, sex, income, occupation, and marital status (demographics); the location of your customers (geographics); and lifestyle information like interests, opinions, and values (psycho-graphics). If your customer is a business rather than an individual, these categories would change accordingly. For instance, demographic information would include size, age, number of employees, services and/or products offered, etc. Understanding your present customers will help you to identify potential or "look-a-like" customers for target marketing.

Your customer perceptions are the opinions your customer has about your business, your competition, and the service or product you provide. Tracking your present customers, and creating a profile of them, will give you a clear picture of their influence on your business. As a business owner or manager, you need to ask yourself: Am I getting the most from my customers? Do I offer services or products that they are not buying? Are there services or products that I should carry because my customers are buying them elsewhere? What do my customers like most and least about my service or product?

Once you've described your customers, you can begin to divide them into smaller groups. This is called ***segmentation***. There are two major reasons for segmenting your market:

1. You can pursue the most appropriate markets, and

2. You can develop a very specific and appropriate marketing strategy.

It's important to remember that your present customers may be your best prospects. This being the case, retention marketing must be included in your marketing objectives and strategy. Not only do you want to keep these people, you may be able to sell them something else. Maximizing the potential of clients you already have is much less expensive and less time-consuming than reaching out to potential customers. It's your customer base that provides stability, so be sure to include this group in your marketing plan.

D. Competition

There are lots of things you need to know about your competition:

- Who are they?
- What is their market share?
- How long have they been in business?
- What do they offer that you don't (and vice versa)?
- Do they advertise and to what extent?
- How do they position themselves?

E. Marketplace

In addition to your service or product, your company, your customer, and your competition, there are other factors that can have an impact on your marketing plan. Referred to as the ***marketplace***, this area (which includes factors like seasonality and economic trends) is often beyond your control. But while you can't change things, it's important to be aware of the effects of these outside sources.

Other marketplace concerns to watch for may include: legal issues, market size and growth potential, suppliers and resources, ethical/moral and environmental issues.

Step Two: Establish Your Objectives

Now that you've begun to develop a profile of your business, it's time to take a look at the future. From your research, you'll be able to make decisions about the focus of your marketing plan. Next, you'll need to list and prioritize your objectives. There are some issues to consider when you're establishing these goals:

1. What are your marketing goals for the next year and five years with regard to:
   - dollar sales, unit sales, profits
   - market share, customer base/market expansion, and service/product expansion
   - changes within your organization
2. What are your marketing problems? Rank them in order of urgency.
3. What opportunities/obstacles will you face during the next five years?
4. What will your competitors be doing during the next five years? Will you have more or less competition?

From your answers to these questions, you can make decisions about where you want to be (objectives) and how you're going to get there (strategy). Your objectives will keep you focused, and even more importantly, they will give you a way to measure the success of your efforts.

Your objectives will guide the development of your marketing plan. Your decisions from here on out are based on achieving these goals. Since these decisions will have a dramatic effect on your company's human and financial resources, it's very important that your objectives be realistic.

There are variables that will impact your marketing plan. A hard look at these factors will enable you to make realistic decisions about your plan of attack. These variables may or may not include:

- Budget limitations
- Limited knowledge of marketing vehicles
- Climate of your marketplace
- Perceptions about your business

Unfortunately, many marketing plans are completely driven by budget limitations. There may be no way around these limitations, but if you realize what you can and can't afford, at least you won't end up making unrealistic choices.

Step Three: Determining Your Marketing Mix

Your search for information should encompass the *Four P's of Marketing: Product/Service, Price, Place, and Promotion.* These tools must work in conjunction with each other in order for your marketing strategy to be effective. For example, let's say you're a veterinarian. No matter how good your treatments are (Product/Service), how reasonable your fees are (Price), how convenient your location is (Place), no on is going to bring their dog to you if they've never heard of you (Promotion). Or pretend you're an attorney. No matter how reasonable your percentage is (Price), how beautiful your office is (Place), how extensive your ad campaigns are (Promotion), no one is going to hire you if you've never won a case (Product/Service).

We would like to add a fifth "P" to this marketing mix: Positioning. Positioning is what sets you apart from the competition and establishing an effective position is the single most important task of any business owner. Your position can be based on service, price, convenience or image, as long as you have your own niche.

To be sure your "P's" are in working order, consider a marketing audit. Included on page 13 is a list of questions that will yield a tremendous amount of information about your business. This marketing audit will not only help you complete your research, it will point out specific problem areas that may need in-depth attention, and it will illustrate the strengths that may form the foundation of your long-range marketing plan.

Step Four: Strategy and Execution

Regardless of your objectives, your strategy and execution will be constrained by financial realities. The ideal way to budget is the objective and task method (where spending is based on the amount of money needed to get the job done), but for most of us, this isn't a realistic approach. Your budget will narrow the field of possibilities. So, we recommend that you complete your cash flow statement to determine the funds available for your marketing plan. Then, with your objectives ready, your marketing mix in place, and your budget established, you'll be ready to develop your strategy.

The two major areas to consider are advertising and public relations; generally, a mix of the two is recommended. Don't be overwhelmed by your choices and don't feel obligated to make a big splash (and a big investment). There are reams of materials available on these subjects in libraries and bookstores or through trade associations and consultants. Many PR agencies, as well as specialty or "boutique" firms, will work with smaller firms that don't have large advertising budgets. Ask for referrals from other small businesses and for recommendations from business associates and keep your eyes and ears open at business gatherings, and networking events for good contacts.

There are many inexpensive and creative methods to get your message across, and you can generally test the effectiveness before making a big commitment. We have included "100 Marketing Ideas to Use Today" on page 14 to give you an idea of the variety of inexpensive methods available.

Be sure to include enough funds for marketing (based upon your research) your cash flow projections and then track the results to make sure that you are spending those scarce marketing dollars effectively.

Step Five: Prepare Your Written Marketing Plan

Your written marketing plan is comprised of information from all of the steps we've discussed (an outline of a marketing plan is included in the front of this section). There are three reasons to prepare a written plan:

1. Your plan will give you and your employees an actual schedule to work from.
2. Your plan will give you criteria by which to measure the success of your strategy.
3. Your plan will provide you with a starting point. If your results aren't what you had hoped, you'll be able to go back to your plan and revise it.

Keep your marketing plan as brief and as specific as possible; support your ideas with specific costs and timetables; and revise and update your plan at least once a year (or whenever your goals or circumstances change).

Step Six: Track Your Results

The only way to measure the success of your marketing efforts is to track your results. You need to know and understand your successes and failures if you're going to do better the next time. This research can be conducted in the very same ways you conducted your initial research. In fact, this follow-up information will be the basis of your next set of objectives.

Marketing is a cyclical process. Just when you think you've finished, it's time to start again. So marketing becomes, and must become, a part of your daily business operations. When you open your doors in the morning, tune into all of the elements you've learned about in this chapter: your product/service, your customer, your own company, your competition, and your marketplace. Remind yourself of the objectives currently in place. Consider your advertising options. Take another look at your written marketing plan. Before you know it, marketing will become just another part of your business day.

Marketing Audit

Marketing Commitment
- Do you have a coordinated marketing program or is your sales department functioning without the support of research, objectives, and strategy?
- Are you using the computer as a marketing tool and do your employees understand its capabilities?
- Do you implement a marketing plan and measure its performance?

Service/product
- How will customer demands and trends affect your business?
- Have you investigated possible advantages that would result from new materials or technology?
- Do you have packages or brochures that can effectively sell the services or products they represent?
  Is your level of customer service adequate?
- How are your quality and reliability viewed by customers?

Customer
- Who are your current and potential customers? How do they compare to those of your competitors?
- Why do people buy your service or product? What motivates their preferences?
- What is the frequency and quantity of use?

Markets
- Have you defined and identified major segments of your marketplace? Have you overlooked any small but profitable groups?
- Are the markets for your service or product expanding or declining?

Competition
- Who are your principal competitors? How are they positioned? Where are they headed?
- What are their market shares?
- What features of their services and/or products stand out?
- What are their strengths and weaknesses?

Sales
- Do you know where your best sales are coming from? Which customers? Which segments?
- Are there unusual cycles or seasons in your business?
- Are there growth and profit trends reflected in your sales figures?
- Have you designed paperwork and/or computer programs to provide sales data and analyses?
- Are there deficiencies in the selection, training, motivation, performance, or compensation of your sales force?

Pricing
- Are your price policies set to produce volume or profit?
- How does your pricing compare with the competition?
- Do you know the profitability of each service or product? Does your customer know?
- Can your service or product support the costs of advertising?
- Do you have pricing problems to overcome?

Service
- Do your customers receive efficient, timely service?
- Is your service or product delivered in good condition?
- How does your service performance compare with the competition?

Advertising
- Do you have an advertising plan? If so, how is it linked to your marketing plan?
- What are the objectives of your advertising? How do you measure the results?
- Is your advertising budget realistic?

Public Relations
- Do you have a clear idea of what you would like your public image to be?
- Do you really know what your public image is, or are your impressions of your image based on a few customer letters or the opinions of friends?
- Does your company name and logo add to or conflict with your image?

100 Marketing Ideas to Use Today!

1. Improve your signs inside and out.
2. Be sure your facility is clean and neat.
3. Put a new coat of paint on your building.
4. Extend your hours.
5. Redecorate your office.
6. Improve your display areas.
7. Upgrade your indoor and outdoor lighting.
8. Improve the atmosphere in your waiting room.
9. Add landscaping to your storefront.
10. Improve parking.
11. Upgrade for handicapped accessibility.
12. Hire a cleaning service.
13. Hang credentials on your office wall.

Materials

14. Develop specific marketing goals and write them down.
15. Develop an annual marketing budget.
16. Publish a newsletter for your clients.
17. Send regular press releases to local newspapers.
18. Prepare a brochure of your services.
19. Send seasonal greeting cards to clients and colleagues.
20. Send personal thank-you notes.
21. Publish a book about your area of expertise.
22. Print your business name and logo on receipts, bags, etc.
23. Get a memorable telephone number.
24. Ask colleagues and clients for written recommendations.
25. Prepare a portfolio of samples and references.
26. Publish a business article and circulate reprints to colleagues and clients.
27. Provide telephone stickers to customers.
28. Start a file of local media by requesting media kits.
29. Send out discount coupons.
30. Start a file of ads that catch your eye.
31. Begin and maintain a computerized mailing list.
32. Upgrade your company logo.
33. Provide all employees with business cards.

Web Marketing

34. Create an attractive, easy to follow site.
35. Increase visits to your site by linking to others.
36. Get listed on as many search engines as possible.
37. Use your site to promote yourself and your business.
38. Refer prospects to your site for more information.
39. Encourage e-mail responses and capture those addresses.
40. Send out periodic e-mail messages, promotions, etc.
41. Be sure to include your web address on all printed materials.

Service/product

42. Promote new services or products.
43. Update your services or products.
44. Shop the competition to see what they offer.
45. Analyze and revamp your fee structure.
46. Set up a booth at a trade show.
47. Provide discounts for senior citizens.
48. Reduce waiting time.
49. Establish credit card services.
50. Sign on with a referral service.
51. Advertise in the Yellow Pages.
52. Offer gift certificates.
53. Read trade magazines regularly.
54. Visit your bookstore for information related to your business.
55. Take a marketing class.
56. Read market research.
57. Have a sale.
58. Advertise in anticipation of busy seasons.
59. Create company t-shirts.

Employees

60. Give employee incentives.
61. Send employees to training seminars.
62. Encourage employee input.
63. Provide employees with job descriptions.
64. Re-examine employee dress codes.
65. Offer employee discounts.
66. Implement a sick day/vacation day policy.
67. Conduct employee opinion surveys.
68. Inform your employees of your marketing plans.
69. Put together an employee handbook.

Customers

70. Offer payment plans.
71. Conduct customer satisfaction surveys.
72. Develop a system to track your customers.
73. Ask all customers how they heard of your business.
74. Identify a market you may have overlooked.
75. Return all telephone calls.
76. Ask your customers to come back again.
77. Offer incentives.
78. Learn customer names.
79. Keep track of customer comments.
80. Make follow-up phone calls to customers.
81. Provide regular clients with discounts.

Networking

82. Join your local Chamber of Commerce.
83. Teach a class at a local college.
84. Serve on a city board or commission.
85. Offer to speak to local groups.
86. Promote jointly with other professionals.
87. Attend a marketing seminar.
88. Organize a breakfast club with other professionals.
89. Appear on a local radio or television show.
90. Join a trade organization.
91. Promote a colleague's service or product.
92. Support programs in local schools.
93. Organize an open house at your business.
94. Host a holiday party.
95. Get listed on your local cable television community calendar
96. Participate in a local parade.
97. Start a file of potential customers.
98. Organize a benefit for a local charity.
99. Establish yourself as a spokesperson for your profession.
100. Display colleagues' brochures in exchange for the same.

Managing Cash Flow

The cash flow statement is the most important financial planning tool available to you. It allows you to not only manage your business for profitability but also for survival. The cash flow statement provides you with a format that will allow you to see where and when cash flows in and out of your business over a given period of time. The same format allows you to project your cash flow for future periods of time. The advantage of knowing when cash outlays will be made gives you the ability to plan for expenses rather than being forced to borrow to meet unexpected cash needs. Thus, a cash flow projection becomes your annual budget.

The Four Basic Steps of Cash Flow Management

Step 1. List and date cash inflows from all sources. This is self-explanatory, but note that you should also include any income from loans or equity investments.

Step 2. List all the ways in which cash leaves your business. Separate fixed disbursements, like rent or payroll, from variable disbursements, like inventory or advertising. Then determine when each expense must be paid. Remember, your expenses may be constant, but your cash disbursements won't be. For example, suppose your insurance costs $1200 a year—on an accrual system, that's $100 a month, but depending on your payment plan, that may be $1200 in March or $300 a quarter.

Step 3. Look at patterns. The most important part of any cash flow is not the preparation, but the information that results from careful analysis. For example, if your business is seasonal, your projection would help you reschedule payments to ease your cash flow during ›wer months.

‹ep 4. Establish reporting systems and controls. Once you've established an initial projection, get a reporting system (preferably computerized) in place. Your cash flow statement is only helpful if you use it.

In order to prepare a cash flow statement, you will need solid financial information. This information should be accessible through an established bookkeeping system that will provide you with the raw data for three documents: your balance sheet, your profit and loss statement, and your cash flow statement. A balance sheet records the cash position of your business (liquidity) at a given point in time; your profit and loss statement (income) is designed to show how well your company is performing over time by subtracting expenses from sales; and your cash flow statement is designed to show how well your company is managing its cash by subtracting cash outlays from cash received.

If you can only have one of these three documents available at all times, it should be your cash flow. Business owners and managers should place positive cash flow ahead of profitability; your primary concern is staying in business—profitability will come later.

The information you'll garner from a solid, detailed cash flow statement and projection will show:

1. The amount of cash your business needs on a periodic basis: monthly, quarterly or annually.
2. When cash is needed during these periods of time.
3. Whether you should look for equity, debt, profit, or asset sales.
4. Where your cash will come from.

Each month you should compare the actual performance to your projections, and adjust your future projections to reflect the actual numbers. If cash is not coming in as fast as projected, see if it is lack of sales or if collection of receivables has slowed. By comparing actual results to projections you can see if corrective actions are necessary.

On page 17 is a sample cash flow statement of a small law firm. It shows the actual cash in and outflows by month for the past year. By utilizing this historical information, along with sales projections and "best guesses" based upon the familiarity with the business, you can look forward and produce a cash flow projection. It should be obvious by now how important up-to-date financial information is to the management of your business.

In this example, there is one owner plus a staff attorney who is on salary. Although the owner's salary is shown under fixed costs, it could also be shown as a variable expense or split between the two. You will notice that the various sources of income are broken down by categories of business. Take note that one category, personal injury, represents 46% of the entire cash receipts and is also the most inconsistent. Careful planning is necessary to project future cash flow in any business where drastic swings in sales can take place.

Included on page 18 is a standard monthly cash flow projection sheet. Much of the information you will need to complete your cash flow statement is in two documents you should already have: a profit and loss statement (income and expense) and a balance sheet (receivables and inventory). A cash flow statement is not difficult to prepare but it does take time. Again, there are many inexpensive, computerized software programs that make this a simpler task, but we recommend filling out at least part of the form by hand to get a better understanding of the process. Then, by all means, let the computer crunch the numbers!

Analyzing Your Cash Flow Projection

Completing a cash flow projection is only the first step. You'll need to spend some time analyzing the information you've put together.

How much cash?

The cash flow projection, generally prepared to illustrate monthly outlays over the course of one to three years, is especially helpful in preparing for cash expenses that are not routine monthly payments. These outlays might include a health insurance payment, the purchase of a computer system, an office renovation, or the hiring of additional employees.

When will I need the cash?

The cash flow projection will illustrate the points in your calendar when money will come and go from your business. The advantage of knowing when your cash outlays will be made is that you'll be able to plan ahead.

How do I get cash?

Cash is generated by sales, but not all sales are cash sales. If your business offers credit, term payments, or trade credit, you need to be able to determine when, and if, those sales will turn into cash. These projections will form the basis of a budget and will minimize liquidity problems.

Where am I losing cash?

Depending on the type of business, your largest current assets are probably accounts receivable and inventory. To manage these assets properly, you must know:

1. The age of your receivables and inventory
2. The turnover of your receivables and inventory
3. The concentration of your receivables (how many customers, the amount of receivables they represent, what products the receivables cover)
4. The concentration of inventory by product lines

Managing inventory is a tricky business. If your inventory is selling too quickly, you may be forfeiting the benefits of buying in larger quantities and risking sales by being out of stock. On the other hand, if you have too much inventory, you can be tying up your money while your stock becomes outdated and obsolete. It's also important to note that bankers are becoming increasingly interested in the quality of inventory. A proven inventory policy will not only help you upgrade the quality of your stock, it will give your banker added confidence in your business—confidence that may help with future financing.

Another practice that can jeopardize your cash flow is offering credit. When you extend credit, you're making a loan; so it's important that these customers be good risks (you may need to ask for credit references and develop a standard application). Of course, it's not enough to simply establish your credit policies—you need to enforce them.

Collections can be a time-consuming and costly business. It's extremely important to understand the pros and cons of your account's receivables policy because you can literally sell yourself out of business if you let your receivables get out of control. Seek assistance from your banker and your accountant to establish a policy that will encourage sales, but won't let you "give away the store."

Once your cash flow projection has been developed, use it as a budget. If cash outlays for a given item increase over time, find out why and correct the problem. If cash outlays are lower than expected, review your books and be sure all your bills have been paid. If there's a positive discrepancy between expected and actual cash flows, there may be an opportunity at hand. If your projections were too low, determine where and why.

The Cash Flow Cycle

Measuring Performance

Just as you can measure physical health by tracking a few important numbers like heart rate and blood pressure, you can track your business' health by keeping an eye on its vital signs. All businesses share a need for sales, and all businesses need to show a profit at some point. But beyond these two vital indicators, there are other measurements that help you make sure you're on track, and these may not be the same for all businesses.

A cash business, for example, will not be concerned with the amount or the age of its accounts receivable. A service business will not have inventory levels to worry about. A retailer is interested in inventory turn and mark-up as well as product sales, while an accounting firm may be primarily interested in billable hours per employee/partner per month. The nature of your business will determine which factors you should watch most closely.

Personal computers have revolutionized bookkeeping, accounting, and financial analysis in the last decade or so. Now, even the smallest, homebased, part-time business can have the kind of complete financial information that would have required far more time and expense to prepare only a few years ago. The advent of simple, inexpensive accounting programs has given smaller companies access to the kind of information that used to be the hallmark of big businesses.

There are a variety of excellent, easy-to-use programs available for all types of computers that will allow you to track your:

- Sales
- Payables
- Receivables
- Bank balances

These programs will also generate financial statements at the press of a button. There's really no excuse for a lack of good and timely financial information.

Most viable businesses have access to the numbers they need. But many owners/managers simply do not take the time to study them even though, without a thorough understanding of your financial statements, your management decisions could be equated to "shooting from the hip"!

Exploring Your Financial Statements

Which parts of your statements are most important? That depends to some degree on the nature of your business, but let's focus first on the essentials and how to analyze basic financial information.

The three most important financial documents for most businesses are the:

- Income statement or Profit and Loss (P&L)
- Balance sheet
- Cash flow statements

Take a look at the sample P&L's and Balance Sheets shown on page 22. These two documents can tell you a lot about your company's health. But like your own vital signs they must be viewed comparatively and monitored over time.

Your income statement (converted to percentages) becomes a management tool when used to compare sales and expenses to previous periods. Sales of half a million might look great if last year you did four hundred thousand. On the other hand, if sales were a million dollars the year before, you've got to know why. If salaries were 40% of sales in one quarter, and 45% in the next but you haven't added any staff, you'll want to do some analysis.

Let's begin by looking at an example that will help you compare your own financials to your previous track record. In the P&L Statement on page 22, Column 1 reflects a period of six months with sales of $200,000. In Column 2, sales have risen to $300,000 for an equivalent period — a dramatic increase. This may reflect a seasonal upturn in sales or may be indicative of an overall growth trend. That's great.

But let's turn now to the Gross Margin line. In Column 1, the Gross Margin is running at $105,000. In Column 2, this line has apparently risen to $131,000. But viewed as a percentage of sales, this line has actually dropped from 52% to 44%. And what has become of the bottom line? Even though Total Expenses are only up a percentage point and sales are way up, the company shows a loss for the period due to the erosion of the gross margin.

Let's take a closer look. Product cost has risen dramatically as a percentage of sales. The increase in Contract Labor, though not a big factor as a percentage, shows a dollar increase of $14,000. Both of these factors should be reviewed carefully with an eye to reducing costs.

By viewing your numbers as percentages, you'll have a far better perspective on what is actually taking place in your business over a period of time. In order to view your own numbers as a percentage, just divide each expense item by total sales. This also makes it easier to compare your business to others, which we'll discuss in more detail later. The important thing is to look closely at any significant shifts and to take a look at why the variance has occurred.

Key Ratios

LIQUIDITY: These ratios indicate the amount of cash your business has on hand for immediate use.

Current Assets ÷ Current Liabilities
= Current Ratio

The **Current Ratio** is calculated by dividing current assets by current liabilities. Current assets include cash and cash equivalents as well as accounts receivable, inventory, and other assets that you expect to convert to cash within twelve months. Current liabilities include salaries, payables, debt, and other obligations which will come due within twelve months. A Current Ratio of 2:1, for example, demonstrates that the company is liquid, or has ample assets to cover its obligations. In other words, for every dollar of debt, there are two dollars to cover it.

(Current Assets - Inventory)
÷ Current Liabilities
= Quick Ratio

The **Quick Ratio** is obtained by dividing current assets minus inventory, by current liabilities. Since the Quick Ratio does not include inventory, which takes the most time to convert to cash, this ratio may provide a more accurate, (or at least conservative) gauge of your company's true liquidity.

Both of these ratios will vary somewhat from industry to industry. By checking your ratios, you can see how you compare.

LEVERAGE: The next ratio helps you analyze the relationship between debt levels, assets and net worth. The balance between these is especially important to lenders and/or investors.

Debt to worth: Total Debt divided by Net Worth. This ratio provides a broader, longer term view of the value of the business. In this case, total debt, in addition to short term liabilities, includes long term liabilities, i.e. notes, mortgages, etc. that will not come due within the year. Total assets includes value of land, buildings, vehicles, equipment and anything of value that cannot be expected to be converted to cash in the short term. At the most basic level, it shows that debt could be repaid if the business were sold and/or its assets liquidated, but it will also indicate whether the balance of risk is on the side of the creditors or the owners.

Total Debt ÷ Net Worth
= Debt to Worth

Turnover ratios show your business's operating cycles by following the cash flows. You do not see the cash until a number of operations take place: order and purchase of inventory, sale of the inventory, and the collection of receivables. It is critical that you know the number of days in each cycle and what you can do to improve the timing to its optimum. Receivables Turnover and Average Collection Period: Your credit policy is one of the most important marketing decisions you will make. If you are too stringent, you could lose sales, too liberal and you could sell yourself out of business.

The **Turnover Ratio**, which is calculated by dividing Net Sales by Receivables, measures the amount of accounts receivable in relation to sales.

Net Sales ÷ Receivables
= Turnover Ratio

The **Average Collection Period** shows the average number of days it takes you to collect your receivables. It is calculated by dividing 365 by your receivables turnover. It is obvious that you are going to have cash flow problems if your average collection period is 55 days and your creditors expect payment in 30 days. Inventory is a huge concern for retailers and manufacturers. Careful inventory management in these types of businesses can often mean the difference between success and failure. If inventory is too high you tie up cash and risk carrying excess inventory which may become obsolete. If inventory levels are too low, you may lose sales and forfeit the benefits of buying in economical quantities. Calculating your Inventory Turnover ratio can help you maintain this delicate balance. Inventory Turnover is calculated by dividing your cost of goods sold by inventory. This tells you how many times a year your inventory turns over. If your ratio, in comparison to the industry standard, is too low, you're not turning over inventory fast enough. Too high a turnover ratio probably means you're not ordering in economical quantities, but may be a symptom of other problems as well.

Cost of Goods Sold ÷ Inventory
= Inventory Turnover

PROFITABILITY: The following ratios show positive or negative performance and provide benchmarks for goals.

Gross Profit Margin is a common measure of profitability and is basically your sales less your production costs. To be able to compare we show it in ratio form:

(Net Sales - Cost of Goods Sold)
÷ Net Sales
= Gross Profit Margin

Operating Profit Margin is another measure of profitability and shows the main source of cash flow.

Operating Profit ÷ Net Sales
= Operating Profit Margin

Return on Sales is an overall measure of profitability. It illustrates the percentage of profits remaining after direct expenses, overhead, unusual items, and taxes.

Net Profit After Taxes ÷ Net Sales
=Return on Sales

In addition to your P&L, it's essential to track the business' cash flow. Your cash flow statement is similar to your monthly P&L in format, but the only sales and expenses that are recorded are those that actually get paid in or out during that time period. Projecting future cash flow is also essential in order to predict cash shortfalls and prepare for them by getting additional cash into the business through debt or additional equity investment. This should be done on a month-by-month basis projecting out at least a year and preferably longer.

Your balance sheet illustrates your business's financial condition at a fixed point in time. The P&L, on the other hand, provides a view over a period of time. But again, your balance sheet is most informative when you compare it to previous balance sheets and look closely at significant changes.

Let's turn to the sample balance sheets shown in Figure 2. Nothing too unusual in Balance Sheet #1. We see a company with a solid, positive net worth. That's good—and an important consideration for a potential lender or investor.

Now look at Balance Sheet #2. This shows a typical pattern for a growing company. Although still a positive net worth situation, payables have increased dramatically from $50,000 to $90,000. On the asset side, receivables have more than doubled, inventory is up, but the cash line has dropped dramatically, too.

This scenario is common. As a growing business increases sales, it consequently must invest in inventory, carry a higher receivables level and expect to incur some short-term debt to help finance these. But if the pattern here continues, it indicates that this business may soon be facing a cash shortage, and should consider raising additional capital.

External Comparisons

In addition to comparing your current statements to your own previous numbers, it's helpful to be able to compare your business to other similar businesses. Again, you will need to express your significant numbers as a percentage of sales in order to make comparisons. There are several sources of industry averages. Robert Morris Associates publishes Annual Statement Studies which may be available through your bank, library or directly from RMA. Your industry trade association may also have useful figures available for your particular type of business. These industry averages will allow you to compare particular items such as gross margin, cost of goods, and average collection period to other businesses within your industry. Although this kind of analysis is fairly broad-brush, and your company may deviate from the norm for good reason, it's an important part of your financial check-up.

Profit and Loss Statement

	Column One Jan-Jun		Column Two Jul-Dec	
SALES				
products	$182,000	91%	$280,000	93%
other	41,000	20%	70,000	23%
returns and allowances	(23,000)	-12%	(50,000)	-17%
net sales	200,000	100%	300,000	100%
COST OF GOODS SOLD				
product cost	62,000	31%	110,000	37%
commissions	17,000	8%	26,000	9%
contract labor	11,000	6%	25,000	8%
freight	5,000	2%	8,000	3%
TOTAL COST OF GOODS SOLD	95,000	48%	169,000	56%
GROSS MARGIN	105,000	52%	131,000	44%
EXPENSES				
salaries	50,000	25%	67,000	22%
rent	7,000	4%	10,000	3%
utilities	1,200	1%	2,000	1%
insurance	1,000	0%	1,300	0%
marketing	7,500	4%	17,000	6%
travel	4,200	2%	8,000	3%
entertainment	1,300	1%	5,200	2%
telephone	3,400	2%	5,000	2%
equipment repair	1,600	1%	2,400	1%
equipment leases	4,300	2%	7,400	2%
professional fees	800	0%	2,600	1%
depreciation	1,700	1%	2,200	1%
interest expense	2,100	1%	2,100	1%
miscellaneous	3,500	2%	6,500	2%
TOTAL EXPENSES	89,600	45%	138,700	46%
PRE-TAX PROFIT (LOSS)	15,400	8%	(7,700)	-3%

Analyzing Your Numbers

Once you have your financial statements, there are several important management tools you can apply to get more information about your business's health. The simple ratios on pages 20 and 21, can help you keep a finger on your financial pulse and avoid potential problems. You can then compare these figures to industry averages.

Sample Balance Sheets

Sample One 12/31/200X

CURRENT ASSETS		**CURRENT LIABILITIES**	
cash	$ 20,000	accounts payable	$ 50,000
accounts receivable	30,000	notes payable	0
inventory	35,000	interest payable	0
prepaid expenses	7,000	taxes payable	6,000
FIXED ASSETS		**LONG TERM LIABILITIES**	
land	40,000	notes payable	125,000
building	120,000		
improvements	15,000	TOTAL LIABILITIES	181,000
equipment	10,000		
furniture	4,000	NET WORTH	100,000
TOTAL ASSETS	281,000		
		TOTAL LIABILITIES AND NET WORTH	281,000

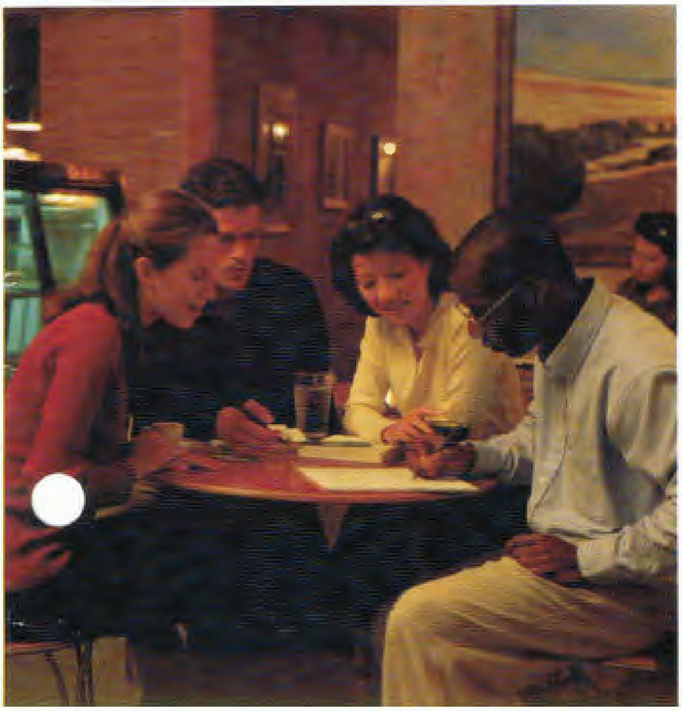
Sample Two 12/31/200X

CURRENT ASSETS		**CURRENT LIABILITIES**	
cash	$ 10,000	accounts payable	$ 90,000
accounts receivable	65,000	notes payable	20,000
inventory	60,000	interest payable	0
prepaid expenses	5,000	taxes payable	10,000
FIXED ASSETS		**LONG TERM LIABILITIES**	
land	40,000	notes payable	120,000
building	120,000		
improvements	15,000	TOTAL LIABILITIES	240,000
equipment	20,000		
furniture	6,000	net worth	101,000
TOTAL ASSETS	341,000		
		TOTAL LIABILITIES AND NET WORTH	341,000

Financing Your Business

In the lifecycle of almost every business there comes a time when additional money is needed to help a business grow, to replace aging equipment, to fill in the gaps of uneven cash flow, to take advantage of purchasing discounts, etc. When the business needs funds, there are four basic sources to turn to:

- *Sale of assets*
- *New equity or investment capital*
- *Profits*
- *Loans*



Cash from operating profits is clearly the best choice, but many businesses find that borrowing from their bank is the logical choice.

Of course, asking doesn't go hand-in-hand with receiving. In fact, it's estimated that in the United States alone more than 40,000 loan applications are turned down every day. Why? For one of two reasons: the loan is deemed too risky or the application didn't present a strong, thorough, clear case.

There are two key ingredients to an effective loan proposal: an up-to-date business plan and your bank's application forms. Most bank's applications require much of the same information you have gathered for your business plan. If you meet the necessary credit criteria and approach your banker with a solid business plan and complete application that supports your request, you and your business should find the credit you need.

What kind of loan do I need?

To determine your needs, ask yourself these five questions:

1. What will I use the money for?
2. How much money do I need? Minimum? Maximum?
3. For what length of time will I need it?
4. How will I repay the loan?
5. Do I have any other resources or assets that I could use in place of a loan or to reduce the amount of the loan?

You must match your payment terms to the use of the funds requested. In simple terms, don't ask for a long-term loan to meet short-term needs and vice versa. You don't want to be paying a car loan a year after the vehicle has been carried off to the junkyard. On the other hand, there's no need to jeopardize the financial stability of your business by taking out a short-term loan on a major investment like real estate.

Using Credit Cards and Debit Cards For Your Business

A business credit card is a vehicle to access a line of credit. But instead of drawing down on the line with a check or bank advance, the card allows you to make purchases at thousands of locations worldwide, including the internet, and access cash at ATM locations.

Another access product is the debit card that enables cash withdrawals and point of sale purchases similar to credit card, except funds are directly withdrawn from your checking account.

Most banks now offer both business credit and debit cards to their customers. As a business customer you should be aware that the more business you do with your bank deepens your overall relationship and could provide you with added rewards and potentially better pricing. It always pays to get to know your bank representative to help ensure that they understand your financial needs. You will find them to be very interested in knowing you and learning more about your business and a great resource. Your small business representative has access to substantial financial information and, working with your SCORE counselor, can provide you with excellent guidance.

Business credit and debit cards provide an excellent method to separate business and personal expenses, a perennial problem of small business owners and managers. This is especially helpful for business travelers.

As an owner/manager, business credit and debit cards can help you control of your expenses. Monthly statements provide a detailed listing of your employees, purchases and most on-line banking programs are now compatible with accounting programs (such as Quicken) for ease in record keeping. The convenience of on-line banking provides you with the ability to transfer funds from various accounts enabling you to pay bills and manage expenses from the convenience of your computer.

Most business card issuers provide purchase protection, insurance, and rewards programs as well as savings and discounts that are an added bonus. There are a number of different options available so check with your small business banker and your SCORE counselor to help you choose the one right for your business.

Like any credit vehicle, a credit card can be abused, but used responsibly, it can be an excellent resource for your business.

Lines of Credit

A business line of credit gives you access to cash for short-term and ongoing financing needs such as:

- Short-term, recurring, cyclical or seasonal working capital
- Receivables or inventory financing
- Cash flow management

These are revolving, variable rate loans. This means you make variable payments that include principal pay down, as well as interest assessed on the utilized portion of your line of credit. Once you pay down the balance, the funds are available for use again. Lines of credit are great for emergency funds - you can secure a line of credit and not pay interest until you use it.

Loans

A business loan can provide access to cash for many kinds of one- time expenditures and for long term financing needs such as:

- Real Estate and Equipment purchases
- Permanent working capital
- Business expansion and acquisition
- Cash flow management (Related to short-term vs. long-term financing)
- Receivables financing

These loans have fixed repayments over a period of time. Often, the asset you are purchasing serves as collateral for the loan. With these types of loans, you will own the collateral at the end of the loan period.

Sample Cash Flow Statement | Year ended 12/31/XX

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Receipts													
Cash Collections													
Business	2273	3548	0	4098	1425	414	102	2227	0	685	600	0	15372
Probate	3057	1737	2508	612	1200	1107	3941	546	657	6466	1561	0	23392
Personal Injury	84822	0	0	16905	10167	20438	32321	47871	5505	2719	40943	11200	272891
General Trial	5600	4120	2949	3570	3940	4924	1524	4269	3328	3673	10434	2003	50334
Collections	5579	5212	4363	4050	5129	6105	7809	9909	8490	14417	7077	19195	97335
Bankruptcy	1144	900	1920	3060	1428	1160	1812	3946	487	1290	1088	1839	20074
Real Estate	1499	386	466	231	4523	6079	1287	70	323	2182	2029	214	19289
Criminal	7020	743	501	31	2539	500	0	0	0	0	500	785	12619
Divorce & Family	3399	5761	5423	11470	8180	6145	4749	5128	3582	9851	6323	8034	78045
Total Receipts	**114393**	**22407**	**18130**	**44027**	**38531**	**46872**	**53545**	**73966**	**22372**	**41283**	**70555**	**43270**	**589351**
Expenditures													
Fixed Costs													
Compensation													
Wages/Atty Owner	5500	37500	5500	5500	5500	5500	5500	5500	5500	5500	40500	22500	150000
Wages/Atty Staff	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
Wages - Para Pro	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	36000
Wages - Support	9972	9972	9972	9972	9972	9972	9972	9972	9972	9972	9972	9972	119664
Wages - Admin	650	650	650	650	650	650	650	650	650	650	650	650	7800
Total Wages	21622	53622	21622	21622	21622	21622	21622	21622	21622	21622	56622	38622	343464
Payroll Taxes	1730	4290	1730	1730	1730	1730	1730	1730	1730	1730	4530	3090	27477
Health Insurance	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	16800
Life Insurance	0	0	0	0	0	8600	0	0	0	0	0	0	8600
Retirement	0	0	0	830	0	0	0	0	0	0	0	15000	15830
Total Compensation	**24752**	**59312**	**24752**	**25582**	**24752**	**33352**	**24752**	**24752**	**24752**	**24752**	**62552**	**58112**	**412171**
Occupancy	8034	8034	8034	8034	8034	8034	8034	8034	8034	8034	8034	8034	96408
Total Fixed Costs	**32786**	**67346**	**32786**	**33616**	**32786**	**41386**	**32786**	**32786**	**32786**	**32786**	**70586**	**66146**	**508579**
Variable Costs													
Library	523	523	523	523	523	523	523	523	523	523	523	523	6276
Insurance	0	0	0	2500	0	0	0	0	1400	3016	4264	0	11180
Office Expenses	1373	1323	1683	1823	1823	1923	1573	1573	1823	1823	1823	4523	23086
Computer Costs	476	2613	499	749	731	431	431	431	431	431	431	431	8085
Travel	750	625	350	775	500	750	750	750	750	750	750	750	8250
Marketing/Advert	1360	1360	1360	1360	1360	1360	1360	1360	1360	1360	1360	1360	16320
Total Variable Costs	**4482**	**6444**	**4415**	**7730**	**4937**	**4987**	**4637**	**4637**	**6287**	**7903**	**9151**	**7587**	**73197**
Total Costs	**37268**	**73790**	**73201**	**41346**	**37723**	**46373**	**37423**	**37423**	**39073**	**40689**	**79737**	**73733**	**581776**
Cash Flow/Operations	77125	-51383	-19071	2681	808	499	16122	36543	-16701	594	-9182	-30463	7575
Fixed Assets Purch.	6650	0	0	0	0	0	0	0	0	0	0	0	6650
Net Cash Flow	**70475**	**-51383**	**-19071**	**2681**	**808**	**499**	**16122**	**36543**	**-16701**	**594**	**-9182**	**-30463**	**925**
Cash Balance - Beg	**0**	**70475**	**19092**	**22**	**2703**	**3511**	**4010**	**20133**	**56676**	**39975**	**40569**	**31388**	
Cash Balance - End	**70475**	**19092**	**22**	**2703**	**3511**	**4010**	**20133**	**56676**	**39975**	**40569**	**31388**	**925**	

Sample Cash Flow Projection

	Current Month	Month:	Month:	Month:	Month:	Month:	Month:	Month:
1. CASH ON HAND								
(beginning of month)								
PLUS:								
a. Cash Sales								
b. Collections from A/R								
c. Other Cash Income								
2. TOTAL CASH AVAILABLE (before cash paid out)								
3. CASH PAID OUT								
(a) Purchases								
(b) Gross Wages (excludes withdrawals)								
(c) Payroll Expenses (taxes, etc.)								
(d) Outside Services (offices/operating)								
(e) Repairs and Maintenance								
(f) Advertising								
(g) Car/Delivery/Travel								
(h) Accounting/Legal								
(i) Rent								
(j) Telephone								
(k) Utilities								
(l) Insurance								
(m) Taxes (real estate, etc.)								
(n) Interest Expense								
(o) Owner's Withdrawal								
(p) Loan Principal Payment								
(q) Other Expenses (specify each)								
(r) Miscellaneous (unspecified)								
4. TOTAL CASH PAID OUT (total 3a through 3r)								
5. CASH SURPLUS (deficit) (2 minus 4)								
6. BORROWINGS								
7. LOAN REPAYMENT								
8. CASH ON HAND (end of month)								

Leasing

There are several types of leases offering flexibility for those who do not have funds for a down payment, want lower monthly payments, or often upgrade equipment. Leasing can serve as a way to preserve capital when acquiring business equipment or commercial vehicles. Qualified applicants can finance 100% of the purchase price, including some soft costs such as taxes, equipment installation, and delivery. Leases can be structured in different ways allowing for several end of lease options. These may include returning the equipment or purchasing the equipment at fair market value. Tax considerations play a large role in determining whether to lease or buy, and you should review the options with your accountant and banker to determine which alternative is most advantageous for your specific situation.

Letters of Credit

Often used to facilitate international trade transactions, a commercial letter of credit can help you manage risk and make buying and selling easier. A letter of credit is a conditional undertaking by a bank in which the bank agrees to pay money upon the presentation of specified documents that are in strict compliance with the letter of credit's terms and conditions.

SBA loans

An SBA loan is a loan that has been guaranteed by the U.S. Small Business Administration. This makes it easier for new businesses to get the financing they need. Most SBA loan programs are administered through partnerships with private lenders. Businesses in need of capital can seek SBA financial assistance through Preferred lending partners, such as Bank of America. If your business qualifies, you may benefit from lower down payments, longer repayment terms, and larger loan amounts than you might be able to obtain on your own.

At Bank of America we have a variety of credit options to meet the needs of your business. To find out how we can match the right loan product to your specific needs, speak to your Bank of America Business Banker.

The Five C's of Credit

When it comes to loans, lenders are looking for answers to a series of questions that fall under five categories: character, capital, capacity, collateral and guarantees, and conditions. A thorough financing request will address these questions:

Character

Who are you? How long have your lived where you live? How long have you been in business? Do you live up to your obligations? What is your standing in the community? What do your suppliers say about you? (The answers to these questions come from your credit history and references.)

Capital

Do you have adequate resources to support your request? Are your assets sound? Does your business have a positive net worth? Do you have sound personal financial statements?

Capacity

What is your ability to repay the loan? How are the loan proceeds to be used? How will they be repaid? (The answers to these questions come from your financial statements, particularly your cash flow statement, your profit and loss statement, and your personal and corporate tax returns.)

Collateral and Guarantees

How can we be sure of your ability to repay the loan? What can you offer the bank in the event of default? (The answers to these questions come from your projected cash flow statements and your list of assets.) In most instances the bank will require the personal guarantees of all principals. Besides providing another source of repayment, it also shows your commitment to the business.

Conditions

What is the state of the economy? Are there environmental issues to be concerned about? How could these affect the financial condition of your business?

Projected Balance Sheet

	Current Balances Date	Year	Year	Year
1. Assets				
(a) Cash				
(b) Invested Cash				
(c) Accounts Receivable				
(d) Inventory				
(e) Other Current Assets				
2. Total Current Assets				
(total 1a through 1e)				
3. Machinery and Equipment				
4. Furniture and Fixtures				
5. Leasehold Improvements				
6. Land and Building				
7. Total Fixed Assets				
(total 3 through 6)				
8. Accumulated Depreciation				
9. Net Fixed Assets				
(subtract 8 from 7)				
10. Other Assets				
(a) Goodwill				
(b) Capitalized Research/Development				
(c) Miscellaneous				
11. Total Other Assets				
(Add 10a through 10c)				
12. Total Assets				
(Add 2, 9, and 11)				
13. Liabilities				
(a) Bank Overdraft				
(b) Accounts Payable				
(c) Taxes Payable				
(d) Interest Payable				
(e) Miscellaneous Payables				
(f) Current Portion of Long-term Debt				
(g) Short-term Debts				
14. Total Current Liabilities				
15. Long-term Debts				
(a) ____________				
(b) ____________				
(c) ____________				
(d) Less Current Portion				
16. Total Long-term Debts				
(total 15a through 15d)				
(subtract 15c)				
17. Convertible Debentures				
18. Total Liabilities				
(add 14, 16, and 17)				
19. Equity				
(a) Preferred Stock				
(b) Convertible Preferred Stock				
(c) Common Stock "A"				
(d) Common Stock "B"				
(e) Paid in Surplus				
(f) Retained Earnings				
20. Total Equity				
(total 19a through 19f)				
21. Total Liabilities and Equity				
(total 18 and 20)				

Gathering Documentation

Thorough documentation is the most critical aspect of any loan application. Remember that bankers are lending customers deposits and must justify their lending decisions to others based on their credit analysis and the information you provide. You need to give your loan officer the ammunition with which to support your application. Documentation needs vary, so be prepared to provide any information your banker requests.

The three most important documents you'll need to include in your loan request are:

- Balance Sheet
- Profit & Loss Statement
- Cash Flow Statement/ Projection

Of these three documents, the single-most important is your cash flow statement. Your balance sheet will summarize your assets and liabilities. Your profit & loss statement will summarize your income and expenses. But your cash flow statement will demonstrate your ability to repay the loan.

Utilizing Technology

Over a very short period of time we saw the introduction of the Internet, the rise and fall of the dot.coms and almost forgot how to send a fax. At the same time, we became increasingly reliant on emails. Not everyone has a web page, but almost everyone has an email address.

The Internet has definitely changed how we do business. Instead of writing and sending "snail mail," and then following up with a phone call, we now send and receive emails. With the introduction of wireless technology, we are now free from the confines of the office or hard-wired connections to send and receive emails and access the Internet from virtually anywhere.

Combining the use of cell phones, laptops, and the latest in software, our productivity and communication abilities continues to grow exponentially. Thanks to the Internet and search engines directing us to valuable and actionable information, never before has market research been so fast, easy, and effective.

Easy to use accounting software, providing you with crucial and up to date financial information, is available from firms such as Intuit, Microsoft, and Apple, to name a few. Other software programs provide financial analysis tools, sales training, reporting, tracking, and other information helpful to small businesses.

Software applications continue to change the way we do business: whether your needs are in graphic design and presentation, writing and editing; financial planning and accounting; or database development and marketing, there is software available to help. But how do we take advantage of these technological advances?

For the small business owner or entrepreneur, this is an exciting yet challenging time. It is difficult to keep up with available technology. But help is available.

Let's take a look at SCORE's web site. At score.org you can receive online counseling, check out a growing list of management tips and techniques, browse interesting and informative articles and discover a number of resources for your business. You can also find out about special programs targeting women, minorities, and veterans.

There is also a growing and updated list of web sites that provide information, products, services, and links specifically for small businesses. Although it is on the web site, you can also call 1-800-634-0245 to locate the closest SCORE office.

SCORE, recognizing the new demands placed upon our citizen soldiers, has created a new web site to provide specialized counseling to returning members of the National Guard and the Reserves. SCORE also provides on-line counseling for veterans, members of the Guard and Reserves, and active duty troops.... even those stationed overseas!

Another great resource is the Small Business Development Centers. SBDC's provide a host of counseling services and resources for entrepreneurs. More information and locations can be found at sbs.gov/sbdc/. And don't forget to check out your local schools and universities for classes and information on the Internet, new software applications, database marketing, etc.

Many firms that provide products and services for small businesses, such as HP, Microsoft and IBM, have built substantial web sites. Although somewhat self-serving, these sites can provide a wealth of information about how to utilize their products to solve problems, create a more efficient work environment, increase productivity, and save money.

Most large banks such as Bank of America (bankofamerica.com) have very informative web sites that also provide helpful information for small businesses.

Online banking is a key service offered by most banks. Checking balances and transferring funds from one account to another is just the start. Online services provided by the majority of banks and many non-bank lenders include access to capital and credit reports, as well as credit applications and online banking for both business and personal needs.

Online banking services can also assist in managing multiple business entities from one site which provide convenience and the information necessary for timely business decisions. Paying employees and vendors, while easily producing customized invoices, add to the continually growing list of benefits of online banking. If you are not already using online banking, check with your banker to see how it can help you and your business.

Every business needs additional sales. New technology and the Internet provide interesting, effective, and affordable ways to promote your message and brand. Through your computer you can:

- Target potential customers
- Communicate with your customers
- Increase your market share
- Establish your business as cutting edge
- Increase profitability by streamlining your marketing efforts
- Manage your business effectively with better financial information
- Produce effective market research
- Better understand your competition

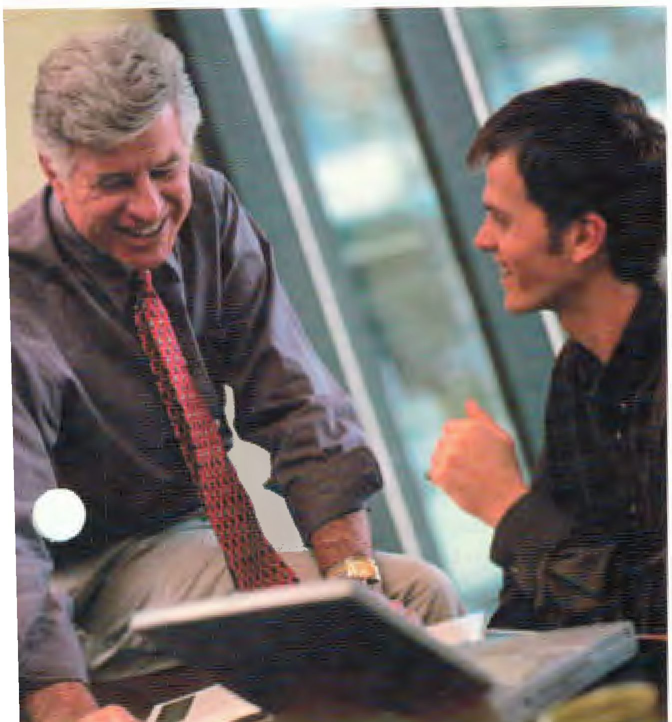
Some ways to market your business more effectively include:

- Using the Internet to conduct market research, locate clients, find suppliers, book travel, etc.
- Create a web site: either build your own or hire one of the many qualified firms
- Develop an email list of customers and prospects and keep them informed of your products and services through well-designed email newsletters and other creative promotions
- Create an effective and usable database
- Accept credit cards online
- Create a rewards program to encourage repeat business
- Design information materials about your company as pdf files and email them to customers and prospects
- Also check web marketing ideas listed under 100 Marketing Ideas You Can Use Today on page 14

Don't be threatened by technology. Embrace it and learn how to take advantage of all it can provide. But remember, never assume technology replaces human interaction. Though the Internet and other technology can further growth and enhance your image, solid relationships are built on good communication, ethics, trust, and the delivery of quality goods and services.

Insurance Options for Your Business

Every entrepreneur knows risk. One way for business owners to manage risk is through insurance. Generally, the best way to protect yourself and your business against the unforeseen is to prepare *before* anything happens by securing appropriate coverage. In addition to supporting your risk management efforts, insurance can also play an important role in your employee benefit program.



There are two risk exposures that any business owner can ill-afford to overlook: property loss and liability loss. Property insurance generally covers your building, contents, and equipment in the event that physical property needs to be repaired or replaced due to perils such as fire, theft, wind, or certain types of water damage. Liability insurance helps protect you and your company from liability arising from day-to-day business operations. You should consider obtaining sufficient coverage for product liability and premises liability to help protect your business in the event someone is injured while using your products or visiting your facility. In addition, business owners in search of the most complete protection must also prepare for the possibilities of business interruption, disability, and the loss of key employees.

Where Should You Start?

In assessing the risk exposures particular to your business, you should consider what can go wrong and how such events might affect the running of your business. Here are some questions you might ask to determine your insurance needs:

- What is your product or service, and to what extent could someone be harmed by using it?
- Does your business own or lease property?
- What is the current value of the property used in your business?
- Does the location of the property make it susceptible to particular hazards (e.g., high crime area, flood plain)?
- Is your business involved in storing or transporting goods?
- To what extent is your business dependent on a major supplier or major purchaser?
- How would different types of property loss affect your ability to get your business back up and running?
- How central is computerization and data management to the operation of your business?
- How does "down time" translate into cash flow drain and lost earnings?
- Do any of the contracts or leases you are involved in require you to assume liability for another party(ies)?

This is by no means a complete list, but these questions can help you begin to assess your insurance needs. Usually, the parameters of property exposure will help to uncover the areas of income and liability exposure that need to be addressed.

Business Owners Policy (BOP)

While property insurance and liability insurance can be secured separately, a business owners policy (BOP) bundles both property and liability coverage in one package. A BOP typically covers business property that is exposed to risks such as fire, smoke, hail, wind, theft, vandalism, and some forms of water damage (for instance, from leaking roofs or broken pipes). Insurable property includes, but is not limited to: buildings, office furniture and equipment, machinery, inventory, and signs. In addition, coverage may also include protection against business interruption.

The main advantages of a packaged arrangement are ease of handling, streamlined rating procedures, and a reduced need for detailed risk management decisions. Since it is typically less expensive for an insurance company to service one policy as compared to several policies, total insurance costs for the BOP are usually lower for the business owner.

Employment Practices Liability Insurance

The increase in these liability claims has fueled the need for a different type of insurance coverage—employment practices liability insurance (EPLI). An EPLI policy tailored to a company's needs, combined with a proactive employment practices program, will provide the best roadmap to guide a business safely through employee claims.

Business owners who purchase EPLI policies should focus particular attention on policy language that will provide the appropriate coverage for their businesses. Policy terms that may cause confusion, and therefore require clear understanding, include:

- Defined vs. undefined. The use of specific definitions of coverage may provide a threshold for claims to be tested, i.e., coverage will be granted only for a claim if it meets the express definition contained in the policy. Conversely, undefined terms written more ambiguously in the policy may cover all claims, unless specifically excluded.

- "Consent" vs. "confer." When choosing legal representation, the right of "consent" grants an insured business the veto power or authority to influence the insurance carrier's selection of counsel. Likewise, the right to "confer" allows a business owner to participate in the selection process without authority to make decisions.

EPLI coverage may also exclude suits involving employees hired under nontraditional employment arrangements, such as independent contractors, consultants, and volunteers, as well as certain claims involving employment-related defamation, misrepresentation or fraud, occupational health- and safety-related issues, and unfair labor practices.

Some EPLI coverage is offered only in certain states. Therefore, companies with operating facilities in several states should ensure their policies provide coverage for all facilities.

Because the risk of potential EPLI claims is often thought to be directly associated with the size of a company, small or family-owned companies employing few non-related workers, may mistakenly believe they face minimal exposure to liability.

Business Interruption Insurance

While few business owners would dare think of leaving their buildings and contents uninsured, or their business unprotected from liability, many neglect to insure the purpose of their business—the earnings. Business interruption insurance helps maintain a regular flow of earnings after the business has been wholly or partially disabled by a disaster. In other words, coverage is designed to do for the business what the business would have done for itself had no loss occurred, including paying for the lost net profits of the business, plus any continuing expenses that may occur during "down time" caused by a peril covered by the policy.

Two types of coverage are gross earnings and extra expense. Gross earnings coverage, often used by manufacturing firms, protects against interruption by covering a firm's net profit plus any continuing expenses, and may also compensate key employees, who might otherwise be lured away during an enforced shutdown. Some businesses, such as banks, dairies, bakeries, and newspapers, for example, need to make arrangements for continued operation even if a permanent location is damaged or destroyed. Extra expense insurance generally covers expenses needed to keep a firm in business, such as overtime wages for employees, extra travel, and the costs of working with substitute or makeshift facilities.

Due to the nature of some businesses, both gross earnings and extra expense coverage may be necessary to cover overlapping areas of exposure.

Business Overhead Expense (BOE) Insurance

While preparing for business interruption is important, so is preparing for the possibility that an accident or illness could interrupt your ability to conduct business. Could your firm survive if you were forced to stop working? Business overhead expense (BOE) insurance can help sustain your business during a disability by paying expenses such as: salaries and benefits; rent, lease, or mortgage payments; property taxes; equipment costs; certain insurance premiums; maintenance costs; and utility bills. In general, benefits are: paid monthly after a predetermined waiting period; limited to a maximum amount; and restricted to a specified length of time (often from one to two years).

Disability Income Insurance

Business overhead expense insurance does not replace the need for your own personal disability income insurance, which protects your income, and may replace 45% to 75% of your pre-disability earnings. The policy's cost generally depends on such factors as the risk level of your occupation, your age, health, and the scope of coverage.

What Should You Look for in a Disability Insurance Policy?

When selecting an individual disability income policy, the following are important coverage areas to check:

- Definition of disability — Policy definitions can vary. Does the policy define disability as the inability to perform your own job or any job? Select a policy that will pay benefits when you are unable to work in your occupation or one appropriate for your education and experience.
- Extent of coverage — Are benefits available for total or for partial disability? Are full benefits paid for loss of sight, speech, hearing, or use of limbs whether or not you are able to work? Does the policy cover both accidents and illness?
- Amount of monthly benefit — What percentage of income will the benefit replace? Most insurers limit benefits from all sources to 70% or 80% of net monthly income.
- Waiting period — Will benefits begin 30, 60, or 90 days, or even six months after the onset of the disability? The longer the waiting period, the lower your premiums will be.
- Duration of benefits — Are benefits payable for one, two, or five years, to age 65, or for a lifetime? Most people need a benefit period that covers their working years — at least to age 65 or normal retirement age.
- Inflation rider — Does the policy offer a cost-of-living adjustment? This important rider should always be considered, for as the cost of living continually increases you will want your benefit to keep pace with inflation.
- Renewability — Is the policy noncancelable, guaranteed renewable, or conditionally renewable? A noncancelable policy will continue in force, at the same premiums and benefits, as long as you pay timely premiums; a guaranteed renewable policy will be automatically renewed for an entire class of policyholders, but the premiums may be increased; optionally or conditionally renewable policies are extended each anniversary or premium due date if the company decides to do so.
- Waiver of premiums — How long must you be disabled before premiums are waived? Under most policies, you won't have to pay any more premiums after you have been disabled for 90 days.
- Option to buy more coverage — Can coverage be increased without further evidence of insurability?

Key Person Insurance

In addition to considering the potential for your own health crisis, have you thought about the consequences of suddenly losing a key employee to disability or death? Along with losing a valued member of your management team, you would also be losing the person's skill, "know-how" and, perhaps, the important business relationships he or she had cultivated over the years. Key person insurance covers, or "indemnifies," a company against the loss of a valued team member's skill and experience. The proceeds help provide funds to recruit, hire, and train a replacement; replace lost profits; and reassure lenders that funds will be available to help repay business loans.

Generally, with key person life insurance, the company owns the policy, the premiums are not deductible, and the death proceeds are received by the company income tax free, although there may be alternative minimum tax (AMT) consequences for businesses organized as C corporations. It is always recommended that you should consult with your tax advisor, accountant, attorney and or your banker before implementing any changes to your business.

Needless to say, it is not easy placing a value on a key employee. Generally, there are three different approaches used to determine the amount of insurance that is necessary:

1) The "multiple" approach uses a multiple of the key person's total annual compensation, including bonuses and deferred compensation. The popularity of this method may reflect the difficulty business executives have in quantifying a key employee's value. On the other hand, the disadvantage is that the estimate, typically for five or more years' annual compensation, may or may not relate to actual needs.

2) The business profits approach is a more sophisticated method. It attempts to quantify the portion of the business' net profit that is directly attributable to the key person and then multiplies that amount by the number of years it is expected it will take for a replacement to become as productive as the insured. For example, if net profit attributable to the key employee is estimated at $250,000 annually, and it is expected that it would take five years to hire and train a replacement, then the policy's face amount would be $1.25 million.

3) The present value approach calculates the present value of the profit contributions of the key employee over a specified number of years. This amount is then used as the face value of the policy. For instance, with an anticipated profit contribution of $250,000 per year for the next five years and a discount rate of 8%, the policy's face value would be about $1 million. This method assumes insurance proceeds can be invested at a given rate of return and will be expended over a given period of years.

Business executives should consult with their insurer regarding the company's specific approach. However, regardless of which method is best suited for your business, key person insurance is a vital component in protecting your business from the loss of your most valuable assets—the people who help it grow and prosper.

Group Term Life Insurance

Group term life insurance is offered by companies to employees as either a fixed amount, or based on a multiple of salary. For example, an employer might offer employees a fixed benefit of $50,000, or perhaps two times their annual salaries.

Health Insurance

Health insurance comes in many different types of plans, including Fee-for-Service Plans, Preferred Provider Organizations (PPOs), Point of Service (POS) Plans, and Health Maintenance Organizations (HMOs). One main difference in each of these plans is the number of participating doctors. In a Fee-for-Service plan, an employee may go to any doctor for treatment, and pay a deductible and coinsurance. In a PPO plan, employees may either go to any doctor of their choosing and pay a deductible and coinsurance, or visit one of the participating doctors in the plan and pay a lower co-payment. POS plans offer some of the flexibility of a PPO plan, but the employee must choose a primary care physician within the plan. HMOs allow the employee to see doctors only within their plan, sometimes at an HMO facility.

Dental Insurance

Dental Insurance plans pay for a majority of services offered by dentists, orthodontists, and endodontists. Services are classified as preventive (routine exams and x-rays), restorative (fillings, endodontics, periodontics, crowns, and prosthetics), and orthodontia (braces). Benefits are payable as a percentage, based on the classification of the service. There is usually an annual maximum benefit per insured, and a lifetime limit on orthodontia. Riders are available for services such as adult orthodontia.

Auto Insurance: On the Road to Sufficient Coverage

When you or an employee drives on business, your company is technically behind the wheel. Whether the road trip involves several delivery vans or simply one employee driving his or her car to the office supply store, your business could be held responsible for any accident that may occur during the trip. A commercial auto insurance policy generally covers both liability and physical damage. It can also protect against uninsured motorists. Consider adding coverage for "non-owned and hired" automobiles if you use personal, rental, or leased vehicles for business use, or your employees use their own vehicles on company business. Again, check with your insurance agent and also review with your tax advisors.

In addition to adequate coverage, it is important to minimize risk. Transportation operations such as sales calls and errands requiring employees to drive their personal vehicles, or ones owned or leased by your company, are often targets for business loss. Take preventative actions to help reduce motor vehicle accidents before they occur, including: 1) screen your job applicants and inquire into their driving records; 2) encourage seat belt use; and 3) purchase "safe" cars or trucks with features such as airbags and anti-lock brakes. Even your best efforts cannot stop all accidents, but risk awareness—coupled with a sound insurance plan—may help reduce loss.

Minimize Your Overall Risk

Minimizing potential liability and associated costs is one of the main objectives in developing a risk management and insurance program. Fortunately, some risks are more easily reduced than others. For example, with respect to a business' building and grounds, fireproofing and sprinkler systems should help reduce potential fire damage. Relatively simple measures can be taken to help protect your business against burglary and crime, including the use of: quality doors and locks; security lights; video surveillance; smart landscaping; an alarm system; and a card access system. Other risks, such as vulnerability to lawsuits, may be more difficult to control.

Loss control measures should be reflected in reduced claims. When payout costs for claims are reduced, those savings are very often reflected in lower insurance premiums. A thorough analysis of your business operations, combined with intimate knowledge of current trends in the insurance marketplace, can help make your insurance program as cost-effective as possible.

Staying in business requires you to wisely manage risks. Insurance offers a measure of protection and can boost your benefits program to help you attract and retain the best and brightest employees.

There are over 20 million veterans in the US and over 5 million veteran owned business

Resources for Veteran Entrepreneurs

Since September 11, 2001 and the strain the War on Terror has placed on our all volunteer Armed Forces, our government has had to depend to a much greater degree on members of the National Guard and Reserves. When called to active duty, our citizen soldiers must leave their jobs, family, community and, in many cases, their businesses to serve. Employers from small and large businesses; police and fire departments; and city and state government agencies all feel the affects of call-ups. Almost everyone in the country either knows or knows of someone called to active duty.

To the citizen soldier who is also a small business owner, a call to active duty generally means the end of his or her business. After all, who could leave their business for over a year and expect to come back to find it intact?

At SCORE, we recognize that returning Veterans and members of the Guard and Reserves who would like to re-establish their business or start one, will have unique needs. We have built two new web sites to help address those needs. Plus we have a number of trained counselors that have volunteered specifically to counsel our returning servicemen and women both in person and on line. For more information please go to www.score.org and click on "veterans".

Also, at this site you will find useful links to other organizations that want to assist veterans and returning servicemen and women. Entrepreneurial training, networking, access to capital, procurement opportunities, mentoring, Service Disabled Veteran Business Owner verification, membership organizations, and Veteran Service organizations, among many other business assistance programs, can be found.

A few examples of these organizations include The Veterans Corporation (www.veteranscorp.org) that provides a wealth of information, training, access to capital, etc. for veterans seeking to start or grow their business, and The Veteran Business Network (www.veteransbusinessnetwork.com) that provides business growth opportunities for veteran business owners through networking and preferential treatment from business partners.

Small Business Development Centers (www.sbdc.org) are generally located at local colleges and universities and many provide special programs for veterans. There are also a number of Business Resource Centers around the country providing specialized business training for veterans. The Northeast Veterans Business Resource Center (www.nevbrc.org) and the St. Louis Veterans Business Resource Center (www.vetbiz.com) are notable for their total focus on veterans. The Office of Veterans Business Development at the U. S. Small Business Administration has information available about entrepreneurial and business training, Veteran Business Outreach Centers, loans, and procurement opportunities. You can find them at www.sba.gov/VETS/.

Any veteran of any era can take advantage of these services. Those recently discharged soldiers and returning National Guard and Reservists will find newly created programs to assist in the transition back to civilian life and to help get businesses up and running. Since new programs are being established the SCORE web site and links should be checked frequently. No one deserves the assistance more than our country's veterans and citizen soldiers who have put their civilian careers on hold and their lives on the line.

The pay differential between citizen and soldier status is usually substantial and in many cases large companies can afford to help limit the financial stress that is created by the difference in the salary levels and potential loss of benefits. But small companies are generally not in the position to do so.

Companies interested in learning more about what they can do to help and/or support their citizen soldier/employees, should contact the Employer Support of the Guard & Reserves at www.esgr.com. The ESGR has a wealth of information about the Guard & Reserves and provides special recognition to those companies that go above and beyond what is legally required to care for their employees when they are called to active duty. Bank of America is proud to be included on the ESGR's list of Outstanding Employers and has signed a Five Star Statement of Support.

Paychecks to employees. Send.

Payments to suppliers. Send.

Invoices to customers. Send.

Yourself to this afternoon's game.  Send.

Introducing Business 24/7.™

The new way for small business owners to bank.

• Pay your employees quickly with free Easy Online Payroll.™*

• Send next-day invoices and payments to suppliers. • Payments made directly to your account—get paid faster, avoid check holds. • Access more than 100 competitively priced health insurance plans online.

• Visit your nearest Bank of America to open a Small Business Checking Account and take advantage of these online tools.

To learn more, log on to bankofamerica.com/business24-7.

Bank of America Higher Standards

*Easy Online Payroll℠ is free when all your employees are paid by direct deposit to a Bank of America account. When your employees are paid by other methods, there is a $5 monthly service fee per employee not paid by direct deposit up to a maximum monthly fee of $15.

Bank of America

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Counselors to America's Small Business

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