

Financial/Business Planning Basics

SCORE Bucks County

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Entrepreneurial Myths

- All you need to be successful is a good idea,
- I'm good at this, I should start a business,
- If you build it, they will come,
- You won't have to work so hard if you work for yourself,
- I won't have to spend so much of my time working,
- You'll be able to deduct everything from your taxes,
- You won't have to report to a boss,
- We're good friends, we'll work well together

10 Reasons why Businesses Fail

1. Poor management/leadership
2. Inadequate, ill-timed, poorly-tracked finances
3. Lack of a written Business Plan
4. Choosing a business that is not very profitable
5. Failure to monitor ongoing operations and results
6. Failure to properly price products or services
7. Failure to anticipate or react to competition, technology or changes in the marketplace
8. Ineffective marketing, including your website
9. Poor execution
10. Believing you can do everything yourself

Start a Business Workshop

An overview of

THE BUSINESS MODEL CANVAS

Shameless Plug: Bucks County SCORE mentors
are ready to assist you in using this tool!

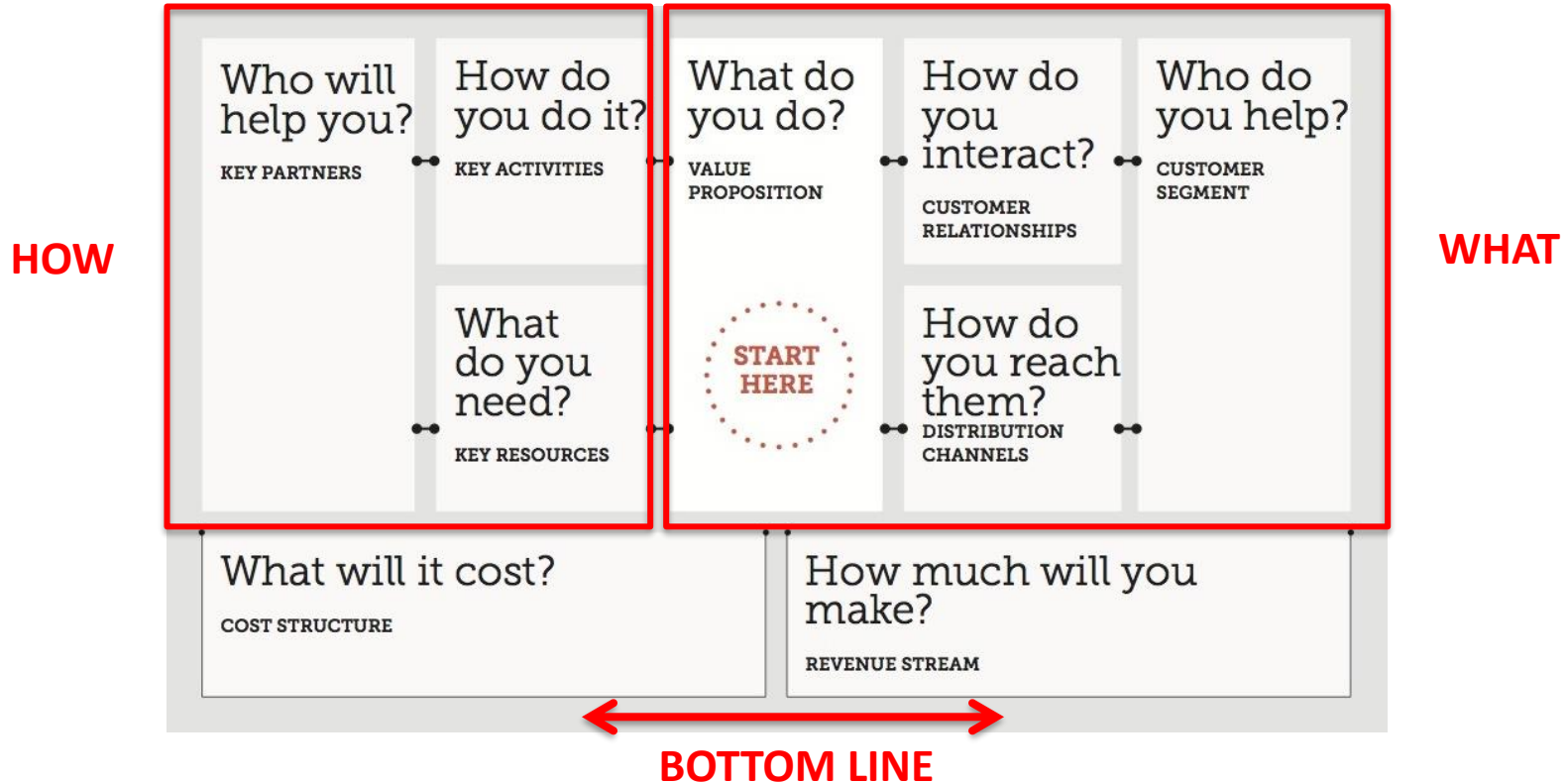
business model ?

“A business model describes the rationale of how an organization **creates, delivers, and captures** value”

Business Model vs Business Plan



Business Model Canvas



Business Model Canvas

The BMC Provides:

- Structure of a business plan without the overhead,
- The improvisation of a ‘back of the napkin’ sketch without the fuzziness (and coffee rings).

It is **MOST USEFUL** in the search for a viable business model for a startup, a growth initiative, and as a diagnostic tool.

Advantages:

- **Focus**
- **Flexibility**
- **Transparency:**

Summary

- The Business Model Canvas (BMC) Is NOT a Business Plan
- It does NOT replace a Business Plan
- It is NOT a shortcut – it still takes work and time and testing
- It is NOT useful in seeking funding

QUESTIONS?

Get your company established - Choose a name

- **Make it memorable, but...**
 - ✓ Easy to pronounce and remember
 - ✓ Avoid unusual spellings
- **Maybe give a clue**
 - ✓ Make it pertain to what you do or offer (most times)
- **Don't box yourself in**
- **Verify that it is available**
 - ✓ <https://www.pa.gov/guides/starting-a-business/> (scroll down to
 - ✓ <https://www.corporations.pa.gov/search/corpsearch>
- **Obtain an appropriate domain name**
 - ✓ **Everyone** will assume your company name is domain name minus suffix “.com” .
 - ✓ <https://www.thesitewizard.com/archive/registerdomain.shtml>

Get your company established (cont)

Register your business structure.

- To operate in Pennsylvania, businesses must register their business structure
- 1 exception - Sole proprietorships operating under the owner's Legal Name (first and last name)

Register your fictitious name.

If you are planning to operate your business under a Fictitious Name, make sure to complete

Register for state tax and employer accounts.

<https://www.pa100.state.pa.us/Registration.htm>

Check with the local municipality concerning taxes, zoning requirements, local licenses and permits, etc.

Confirm that your professional licensure is current

Obtain your Federal Employer Identification Number (FEIN)

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Fiscal Matters



Fiscal Matters

- Open a company bank account
- Open a state sales tax account
- Comply with all pertinent state, county, and local licensing requirements, e.g., business license
- Comply with all pertinent Federal, state, county, and local laws and regulations
- Obtain the right type and amount of insurance
- Use a bookkeeper or accountant, attorney, banker, and insurance broker
- Implement business management software

Financial Planning – Why?

- Essential to determining the capital required to fund operations of a new business during the critical startup period.
- Enables the business owner to effectively allocate funds during the startup period
- Serves as a benchmark to gauge financial performance during the startup period and beyond and make timely adjustments
- A well documented financial plan is necessary to attract potential lenders and/or equity investors

Personal Finances

- Are your personal finances in order?
- Have you made a personal budget?
- Is your credit score at a desirable level?
- Can you manage your debt?
- Have you set aside a “nest egg” to get you through the start-up period?

The slides today are cheerfully borrowed from

- www.Strategizer.com
- www.alexandercowan.com/business-model-canvas-templates/
- <https://www.slideshare.net/esaife/business-model-canvas-101>
- <http://www.marketingespresso.net/groupon-bm/>
- https://hbr.org/resources/images/article_assets/2013/10/canvas1.gif



Any Questions?

