Thinking about launching or growing a business?
INFO SESSION FOR BUSINESSES

Developing a Strategy for your Business
How Lenders Evaluate a Loan Application
& Local Available Resources
CDC Staff Contact Numbers

Business Assistance ● Business Lending ● Commercial Space ● Food Processing

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Valley CDC
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Assessing Your Personal Financial Needs

- Review: Personal Financial Need Worksheet
- Graph: Personal need & business financial projections
Getting Started: Thinking like a CEO

- **General Description of the Business**
  - A few sentences describing purpose, who you are, what you do, what’s important, and why you do it.

- **30 second elevator pitch**

- **Mission Statement that guides your work.**
  - Describe the overarching concept, your values that guides all business decisions.

  Example: The FCCDC strives to maximize community control over our economic destiny by stimulating a robust economy that fits our sense of place - our hills and valleys - by growing sustainable businesses and communities.
The Experiment – Test your Idea

- State your Hypotheses: Get out of the building
- Test the product solution
- Do people care
- Industry Overview:
  - Ibis & Mintel reports provide overall trends in the U.S.
- Research: Boston Public Library – A-Z electronic database
- Pivot or proceed
Price Quality Relationship

- Promotional strategies
- Packaging plan including business cards, flyers, advertisements, and labels.
<table>
<thead>
<tr>
<th>Lean Canvas</th>
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</thead>
<tbody>
<tr>
<td><strong>Problem</strong></td>
<td><strong>Solution</strong></td>
</tr>
<tr>
<td>Does my idea solve a problem?</td>
<td>How does the idea solve the problem?</td>
</tr>
<tr>
<td>Do people need it?</td>
<td>What are the key features of the solution?</td>
</tr>
<tr>
<td>Do people want it?</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Existing Alternatives</strong></th>
<th><strong>Key Metrics</strong></th>
<th><strong>High-Level Concept</strong></th>
<th><strong>Channels</strong></th>
<th><strong>Early Adopters</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the Competitors?</td>
<td>Total sales</td>
<td>Social media platforms</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total attendees</td>
<td>Traditional advertising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cost Structure</strong></th>
<th><strong>Revenue Streams</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the most important costs? (Labor, Space, Legal, Insurance, COGS)</td>
<td>What value are customers willing to pay?</td>
</tr>
<tr>
<td>Which key resources are most expensive?</td>
<td>What do they currently pay? (Sales, Commissions, Hourly billing)</td>
</tr>
</tbody>
</table>
## SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
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<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
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</tr>
</tbody>
</table>
Sales and Marketing: Features, Benefits and Customers

- Describe the products or services by
  - Features
  - Benefits to the customer
  - Seasonality
  - Growth potential.

- Provide an analysis of the market by describing the
  - Customer’s demographics
  - Competitor’s strengths and weaknesses,
  - Market potential within the current trade area including target market size and trends.
Operating Controls:
Thinking like a Chief Operating Officer

- Procedures: Cash Management
  Daily process of tracking and reporting income and expenses

- Person responsible for internal management procedures related to:
  - Day to day operations
  - Purchasing
  - Inventory control
  - Customer service
  - Pricing
  - Quality control

- Identifying the environmental costs and impact of the business
Legal Structure

Examine best option which will cover your risk

Talk with an Insurance Agent, Attorney and CPA

- Sole Proprietor
- Limited Liability Corporation
- Corporation
- Cooperative
The Financial Plan: Thinking like a CFO

- Create a cost of goods (COGS) analysis
- Identify Fixed Expenses
- Determine Profit or Loss

Product Cost Chart - know your industry

- COGS
- Fixed Expenses
- Profit
GOALS: List goals measurable objectives

• SHORT TERM GOAL 1: Streams of Revenue: Sales goals $___ within 1-2 years
  
  **Product**
  
  OBJECTIVE A: Retail sales $
  
  **Service**
  
  OBJECTIVE B: Counseling hours income
  
  OBJECTIVE C: Website sales $
  
  OBJECTIVE D: Workshops participants tuition
  
  OBJECTIVE E: Consulting clients income

• SHORT TERM GOAL 2: Marketing strategy to reach customers
  
  OBJECTIVE A: Advertising that increases customer inquiries by 20%
  
  OBJECTIVE B: Social networking/Networking that converts customer inquiry by 20%
  
  OBJECTIVE C: Market Survey to obtain feedback from # of respondents

• SHORT TERM GOAL 3: Operation strategy to reduce waste by 10%
  
  OBJECTIVE A: Administration that increases efficiencies
  
  OBJECTIVE B: Production that decreases costs and waste
  
  OBJECTIVE C: Sales that decreases customer acquisition expense

• SHORT TERM GOAL 4: Financial strategy to have 20% net profit at year end
  
  OBJECTIVE A: Maintain weekly financial records and review weekly
  
  OBJECTIVE B: Stay current with all taxes and loans (meals, payroll, sales)
  
  OBJECTIVE C: Monthly update of Product Cost Chart
## 7 month Cash Flow projection

<table>
<thead>
<tr>
<th>Income</th>
<th>January</th>
<th>Februrary</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Total</th>
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<tbody>
<tr>
<td>Sales</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
<td>1000</td>
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<td>Online</td>
<td>25</td>
<td>10</td>
<td>30</td>
<td>50</td>
<td>60</td>
<td>70</td>
<td>100</td>
<td>345</td>
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<tr>
<td>Total</td>
<td>1025</td>
<td>1010</td>
<td>1030</td>
<td>1050</td>
<td>1060</td>
<td>1070</td>
<td>1100</td>
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<th>COGS (35%)</th>
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<td>358.75</td>
<td>353.5</td>
<td>360.5</td>
<td>367.5</td>
<td>371</td>
<td>374.5</td>
<td>385</td>
<td>2570.75</td>
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<tr>
<td>Gross Prof</td>
<td>666.25</td>
<td>656.5</td>
<td>669.5</td>
<td>682.5</td>
<td>689</td>
<td>695.5</td>
<td>715</td>
<td>4774.25</td>
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## Expenses

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<tr>
<th>Expenses</th>
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<tbody>
<tr>
<td>Rent</td>
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<td>200</td>
<td>200</td>
<td>200</td>
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<td>Insurance</td>
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<td>100</td>
<td>100</td>
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<td>Supplies</td>
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<td>30</td>
<td>30</td>
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<td>Wages</td>
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<td>Taxes</td>
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<td>52.5</td>
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<tr>
<td>Total Exp</td>
<td>412.5</td>
<td>412.5</td>
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<tr>
<td>Balance</td>
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<td>244</td>
<td>257</td>
<td>270</td>
<td>276.5</td>
<td>283</td>
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<tr>
<td>Loan</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>525</td>
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28% 1361.75 remaining
The C’s of Lending

Criteria used by lenders to determine whether to grant credit and credit terms.

- **Credit History**: What is the credit rating of the business owner/individual?
- **Character**: Does the owner have ability/intent to manage the business?
- **Collateral**: What is the equity contribution for the loan?
- **Conditions**: Is the business sustainable?
- **Capital**: What is the loan amount and purpose?
- **Cash**: How much cash is available?
Borrowing in this environment

- Credit Scores (higher than 700) --- Credit repair
- Commercial Real Estate – not lending more than 70% of the purchase price or appropriate value whatever is lower
- Banks are reluctant to lend to start-ups with no track record with limited collateral.
- Banks seek out more secured collateral & personal resources
- Local banks are less affected by the credit crunch than larger national banks.
Sources of Financing

- Loan Brokers – Suppliers
- Traditional Lenders
- Alternative lenders: CDC, Common Capital, Friends/Family/Fans, Accion, Mass Development, SBA 504 Lender, Crowdfunding
- Loan Broker - Suppliers
- Franchising
- Customer Deposits
- Grants
Supporting Documents

- Resumes of key people
- Personal Financial Statements
- Photographs and pricing of product, equipment
- Samples of marketing materials, menu, signage
- Market survey results
Feasibility Action Statement

Describe and prioritize the actions needed to move forward to implement the plan.

<table>
<thead>
<tr>
<th>To do list</th>
<th>Who is responsible</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get certified</td>
<td>Me</td>
<td></td>
</tr>
<tr>
<td>Complete plan</td>
<td>Me</td>
<td></td>
</tr>
<tr>
<td>Talk with CPA</td>
<td>Me</td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>Me</td>
<td></td>
</tr>
</tbody>
</table>
What’s Next?

What is your next move?

Ready to sign up for 5 hours now
Think about it and let us know later
Will proceed on my own

What CDC programs are you interested in?
Counseling & Training
Lending
Western MA Food Processing Center
Commercial Space
PVGrows Investment Fund

Thank you!