

SHELBY COUNTY CHAMBER



THE
SHELBY COUNTY
C H A M B E R

SMALL BUSINESS GUIDE

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HOW TO USE THIS GUIDE

This guide is designed to assist current and potential business owners in creating a successful business plan. This guide should be used in conjunction with the Startup Business Plan publication. Writing a business plan can be challenging, and some entrepreneurs avoid it. However, a well-researched and properly executed business plan can help entrepreneurs avoid mistakes and significantly increase their chances of success. This is because a business plan compels founders to answer questions that might otherwise be ignored without a structured process. When creating a business plan, it is necessary to gather information about competitors and potential customers to gain a complete understanding of the market and its opportunities.

Regardless of where your business idea stands, developing a robust business plan will lay the foundation for future success. A comprehensive business plan offers numerous benefits.

1. Clarifies Your Vision and Goals

Crafting a business plan forces you to articulate and refine your vision for the business. By clarifying your goals and objectives, you gain a deeper understanding of the direction in which your business should be headed.

2. Assesses Opportunities and Market Viability

Writing a business plan requires you to conduct a thorough analysis of your external environment and internal strengths. It will help identify potential challenges, market gaps, and areas where you excel. By thoroughly evaluating your target market's size, trends, and customer needs, you can assess the viability and demand for your product or service.

3. Provides a Financial Roadmap

Financial projections and forecasts are integral components of a business plan. A financial analysis provides a clear understanding of the resources needed to launch and operate your business successfully.

4. Attracts Funding, Partners and Employees

A well-written business plan can help secure funding from investors or lenders and instills confidence in stakeholders, partners, and suppliers. It also reduces risk for new employees by demonstrating a path to success.

5. Enhances Decision-Making

A business plan serves as a reference point to make informed decisions. As your business grows, you can compare your progress against the objectives outlined in your plan and adjust as necessary. A business plan should be a working document that guides the business.

Here are a few suggestions for using this book.

- Use this book in conjunction with the Startup Business Plan publication.
- Read through this guide to get a feel for the information you need to gather. Make notes of information you already have available as well as information you haven't fully developed.
- Use this book to check what you think you know. Formulate business plan responses for these sections.
- Use this book to begin researching what you don't know. What resources are available to help you find answers? In addition to the sources in this guide, where can you find industry information and marketplace information? Find outside people you can talk to (others successful in your field, entrepreneurs in other areas, and professionals who assist businesses). Know that the lone wolf entrepreneur is a myth and that every successful company involved a network of people to be successful.
- Set deadlines for completing sections but be willing to go back and adjust as you develop more information. Work on this plan should be iterative, work on different sections needs to inform work in other sections.
- Answer the questions in writing and be honest with yourself. Check your thinking for blind spots that you might be ignoring.
- Get outside input on your plan from neutral parties, such as your accountant, your banker, Shelby County Chamber members and others.



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CHAPTER 1 BEFORE YOU BEGIN

What is an Entrepreneur?

Entrepreneurship is creating, launching, and managing a new business or venture. It involves identifying opportunities, developing innovative ideas, and taking calculated risks to bring those ideas to fruition. Entrepreneurs possess a unique combination of vision, creativity, passion, and determination.

Entrepreneurship is not limited to starting a new business from scratch but also encompasses the ability to innovate within existing organizations or industries. Entrepreneurs often seek to solve problems, meet unmet needs, or capitalize on market gaps by introducing new products, services, or processes.

Characteristics of entrepreneurship include:

- **Innovation:** Entrepreneurs thrive on finding new and creative solutions to problems or fulfilling untapped market demands. They are constantly seeking opportunities for improvement and differentiation.
- **Risk-taking:** Entrepreneurs are comfortable with taking calculated risks. They understand that success often requires stepping outside of their comfort zones and making decisions with uncertain outcomes.
- **Leadership:** Entrepreneurs provide leadership and direction to their ventures. They inspire and motivate their teams, and they are responsible for making critical decisions and charting the course of the business.
- **Adaptability:** Successful entrepreneurs are adaptable and flexible. They can navigate challenges and changing market conditions, adjusting their strategies and approaches as needed.
- **Persistence:** Entrepreneurship requires perseverance and the ability to overcome obstacles and setbacks. Entrepreneurs possess a resilient mindset and are not easily discouraged by failures. They learn from setbacks and use them as stepping stones to future success.
- **Networking and Collaboration:** Entrepreneurs understand the value of building relationships and leveraging networks. They actively seek partnerships, strategic alliances, and mentorship opportunities to support their ventures' growth.
- **Value Creation:** Entrepreneurs are driven by the desire to create value for customers, stakeholders, and society. They aim to make a positive impact through their products, services, or innovations.

Entrepreneurship is not limited to any specific industry, and entrepreneurs can be in various sectors, such as technology, healthcare, finance, and social enterprises. It plays a crucial role in economic development, job creation, and innovation, driving societal progress and transformation. Not every entrepreneur looks like a silicon valley tech CEO, and not every successful business needs to lead to Fortune 500 company. Many businesses are started to provide owners with the flexibility and freedom to live a particular lifestyle, often prioritizing work-life balance, personal fulfillment, and independence. Regardless of the goal for your business, creating a well-thought-out business plan will help eliminate obstacles and move the business forward. While entrepreneurship can be challenging and comes with inherent risks, it also offers the potential for personal fulfillment, financial rewards, and the opportunity to make a lasting impact on the world.

Choosing a Business Structure

Choosing the right business structure is a crucial decision for any entrepreneur or business owner. Each structure has advantages and disadvantages, which should be carefully considered based on factors such as liability protection, taxation, complexity, and flexibility. You should seek help from an attorney and financial advisor to pick the structure that will work best for you and your business, but it's also helpful to understand the different business structures. This section outlines the most common business types and provides a short overview of the pros and cons of each.

Sole Proprietorship: A sole proprietor owns an unincorporated business by himself or herself.

- Pros:
 - o Simplicity: It is the easiest and least expensive business structure to set up and maintain.
 - o Full Control: As the sole owner, you have complete control over all business decisions.
 - o Tax Benefits: Profits and losses are reported on your tax return, avoiding double taxation.
- Cons:
 - o Unlimited Personal Liability: You are personally responsible for all debts and liabilities of the business.
 - o Limited Growth Potential: Sole proprietorships may face challenges when seeking external funding or attracting investors.
 - o Lack of Continuity: The business ceases to exist upon the death or retirement of the owner.

Partnership: A partnership is a relationship between two or more people to do trade or business. Each person contributes money, property, labor, or skill, and shares in the profits and losses of the business.

- Pros:
 - o Shared Responsibility: Partners contribute resources, skills, and expertise, reducing the burden on any single individual.
 - o Combined Capital: Partners can pool their resources, increasing the potential for investment and growth.
 - o Tax Benefits: Partnerships are typically pass-through entities, avoiding double taxation at the entity level.
- Cons:
 - o Joint and Several Liability: Each partner is individually liable for the actions and debts of the partnership.
 - o Potential Conflicts: Disagreements and conflicts may arise between partners over decision-making, profit sharing, and other issues.
 - o Dissolution Challenges: The partnership dissolves upon the withdrawal, retirement, or death of a partner unless otherwise stated in a partnership agreement.

S-Corporations: S-corporations elect to pass corporate income, losses, deductions, and credits through to their shareholders for federal tax purposes. Shareholders of S corporations report the flow-through of income and losses on their personal tax returns and are assessed tax at their individual income tax rates.

- Pros:
 - o Limited Liability: Shareholders' assets are generally protected from business debts and liabilities.
 - o Pass-Through Taxation: Business profits and losses are "passed through" to the shareholders, and the company itself does not pay federal income taxes. Instead, shareholders report their share of the profits or losses on their tax returns, potentially resulting in lower overall tax liability.

Choosing a Business Structure (cont.)

- Pros (cont.):
 - o Avoidance of Self-Employment Taxes: Unlike sole proprietorships and partnerships, S-Corp shareholders who are actively involved in the business can potentially reduce their self-employment taxes. Instead of paying self-employment taxes on the entire net income, only the wages paid to shareholders are subject to self-employment taxes.
 - o Credibility and Perpetual Existence: Operating as an S-Corp can enhance the credibility of your business because they have perpetual existence, meaning the company can continue to operate even if ownership changes.
- Cons:
 - o Stricter Qualification Requirements: The IRS requires S-Corps to be domestic and limits the number of shareholders (up to 100) and the types of shareholders (e.g., individuals, estates, certain trusts).
 - o Ownership Restrictions: S-Corps can only have one class of stock, which restricts the ability to offer different types of shares with varying rights and privileges.
 - o Formalities and Administrative Requirements: S-Corps typically have more formalities and administrative requirements compared to other business structures, such as regular shareholder meetings, corporate records, and operational procedures which can create additional administrative burdens and costs.
 - o Limited Foreign Ownership: S-Corps have restrictions on foreign ownership, with only U.S. citizens and resident aliens being eligible to own shares.

Limited Liability Company (LLC): A limited liability company (LLC) is a business structure that combines the limited liability protection of a corporation with the flexibility and tax benefits of a partnership. It provides personal asset protection for owners (known as members) and allows for the pass-through taxation of profits and losses to individual members. While regulation of LLCs varies from state to state, they allow for unlimited members and do not require the formal recordkeeping of traditional corporations.

- Pros:
 - o Limited Liability: Members are typically not personally liable for the debts and liabilities of the LLC.
 - o Flexibility: LLCs offer various options for taxation, allowing members to choose the most advantageous tax treatment.
 - o Operational Flexibility: LLCs have fewer formalities and fewer ongoing compliance requirements compared to corporations.
- Cons:
 - o Self-Employment Taxes: LLC members may be subject to self-employment taxes on their share of profits.
 - o Limited Life: In most jurisdictions, the LLC's existence is limited to a specified period or the death or withdrawal of a member.
 - o Complexity: While less complex than corporations, establishing an LLC requires more paperwork and formalities than a sole proprietorship or partnership.

Choosing a Business Structure (cont.)

Corporation: A corporation is a legal entity that is separate and distinct from its owners. Under the law, corporations possess many of the same rights and responsibilities as individuals. An important element of a corporation is limited liability, meaning its shareholders are not personally responsible for the company's debts.

- Pros:
 - o Limited Liability: Shareholders' assets are protected from business debts and liabilities.
 - o Access to Capital: Corporations can raise capital by selling shares to investors.
 - o Perpetual Existence: The corporation can continue to exist beyond the lifespan or involvement of individual shareholders.
- Cons:
 - o Double Taxation: Corporations are subject to taxation at both the corporate level (profits) and the individual level (dividends).
 - o Compliance Requirements: Corporations have more extensive record-keeping, reporting, and administrative requirements.
 - o Complexity and Cost: Establishing and maintaining a corporation can be more complex and expensive than other business structures.

B-Corporations: B-Corporations, also known as Benefit Corporations, are business entities that combine profit-making goals with a commitment to social and environmental impact. While they aim to generate profits, they also consider stakeholder interest and pursue a broader public benefit. Here are the pros and cons of operating as a B-Corp:

- Pros:
 - o Social and Environmental Impact: B-Corps prioritize social and environmental missions alongside financial goals to address pressing societal and environmental issues.
 - o Attracting Customers and Talent: B-Corps often attract customers and employees who value socially and environmentally conscious businesses and support their mission.
 - o Legal Protection: B-Corps offer legal protection to directors and officers, allowing them to prioritize the interests of stakeholders rather than focusing on maximizing shareholder value.
- Cons:
 - o Legal and Administrative Complexity: B-Corp status involves legal formalities and compliance requirements.
 - o Limited Financial Support: Some traditional investors and financial institutions may be hesitant to invest in or lend to B-Corps.
 - o Perceived Trade-offs: Critics argue that B-Corps might face challenges in balancing financial profitability with the pursuit of social and environmental goals.

It's crucial to consult with legal and tax professionals to fully understand the implications of each business structure and choose the one that best aligns with your specific needs, goals, and circumstances. The IRS gives a good overview of the different types of structures and the tax implications of each, which can be found at <https://www.irs.gov/businesses/small-businesses-self-employed/business-structures>. To learn more about B-Corps, please visit <https://www.bcorporation.net/en-us/>.

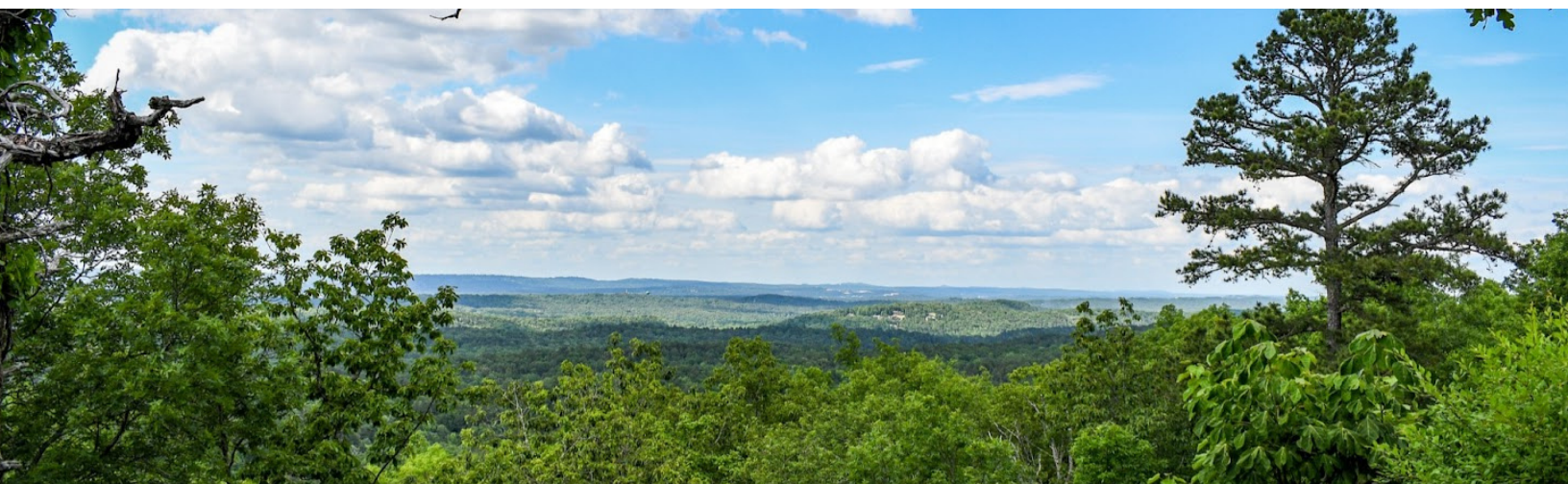
Naming Your Business

Picking a name is a very important consideration for any new business. Naming your business requires extreme care and much research. The name you choose should be coordinated with your total marketing plan. A well-chosen name can be a terrific promotional tool, but a poorly chosen name can cause disastrous consequences. A name should match the image the company is trying to create and resound with the target market. A business plan will help clarify these criteria and impact the name you pick for your business. A name should stem from a strategic review of the company or product and include a summary of what message the name should convey and to whom the message is being conveyed. It should also take into consideration the names and images of key competitors.

It's also essential to test your chosen name with your target market by seeking feedback from potential customers, partners, and others. Be open to their opinions and consider their feedback carefully. Remember, although changing your business name can be costly, it's always an option if your original choice is hindering your success.

Key Questions to Ask When Choosing a Business Name

1. Is it meaningful? What message does it convey? What feelings does it evoke from the target market?
2. Is it distinctive and memorable? Does it help the company stand out from competitors? Does it help people remember what the company is and how it can help them?
3. Is it easy to spell and pronounce? Or will it cause confusion or mispronunciation?
4. Is it flexible enough to allow for future growth? Is it stuck in one industry or segment, or does it allow for expansion into other areas?
5. Does it look and sound good? Is it fun to say? Does it look appealing written out? Does it work for a website name or fit with social media requirements?
6. Will it stand the test of time? Is it too trendy? Could it be viewed as offensive? Does it avoid inappropriate meanings or associations in relevant languages? Does it have unintended double meanings? Does it limit you to a specific geography, customer, or product?
7. Is it available? Is it legally available? Is it competitively available? Is it too generic or can it be defended and differentiated?



Registering Your Business

Once you pick a business name, you need to register your name with the Alabama Secretary of State Office. You cannot register a business name that:

- is the same name as an existing business entity. This is to prevent confusion and protect the rights of existing businesses.
- is offensive, misleading, or too similar to another Alabama business's name in order to avoid issues around potential customer confusion.
- copies someone else's trademark-protected business name or brand, which requires research into the United States Patent and Trademark Office's trademark registration system for a business name search (<https://www.uspto.gov/trademarks/search>).
- is deceptive or would confuse the general public or misrepresent the products or services offered by the new business.

In addition, the business name must reflect the business's entity type, meaning that a limited liability company must include the words "LLC" or "Limited Liability Company" and a corporation must include "Inc.", "Incorporated", or "Corporation" in this business's legal name. For more information, please visit the Alabama Secretary of State Office at <https://www.alabamainteractive.org/sos/>. Check for available names through the Alabama Secretary of State Office at <https://www.sos.alabama.gov/government-records/business-entity-records>

If the name is not taken and doesn't violate the rules above, then you can reserve the business name by filing a Name Reservation Form with the Secretary of State Office and paying a nominal fee. If you plan to operate your business under a name different from your legal entity's name (e.g., "Doing Business As" or DBA name), you must register that trade name. File the appropriate paperwork with the Probate Judge's office in the county where your business is located, in Shelby County, go to <https://www.shelbyal.com/285/Probate-Court>.

Depending on the nature of your business, you may need to obtain federal tax identification numbers, such as an Employer Identification Number (EIN) from the Internal Revenue Service (IRS). To find out more or to apply for an EIN, visit <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>. If applicable, you should also consider Trademark Registration to protect your business name and brand, consider registering a trademark with the United States Patent and Trademark Office (USPTO). This step is optional but can provide legal protection against unauthorized use.

You may also need to register for state-level taxes, licenses, or permits applicable to your industry. It's important to note that the specific requirements and processes may vary depending on your business type and location within Alabama. It's recommended to consult with an attorney or business advisor to ensure compliance with all relevant regulations and to address any specific needs or questions related to your business establishment. More information can be found here <https://www.revenue.alabama.gov/division/business-license/>

Recordkeeping and Internal Controls

Effective record-keeping and internal controls are essential for startups to ensure accurate financial reporting, regulatory compliance, and safeguarding of assets. These include:

- **Establish a Systematic Record-Keeping Process:** Implement a structured record-keeping system from the start. Use accounting software or cloud-based platforms to track financial transactions, maintain organized digital or physical files, and keep records up to date.
- **Separate Business and Personal Finances:** Maintain separate bank accounts and credit cards for business and personal use. This separation simplifies bookkeeping, helps track business expenses accurately, and ensures clean financial records.
- **Keep Detailed Financial Records*:** Maintain accurate and detailed records of all financial transactions, including sales, expenses, invoices, receipts, and bank statements. This documentation is vital for tax reporting, audits, and financial analysis.
- **Implement Internal Controls:** Establish internal controls to prevent fraud, errors, and misuse of funds. This can include segregation of duties, regular review and reconciliation of accounts, and approval processes for financial transactions. Limit access to financial systems and sensitive information only to authorized personnel.
- **Regularly Reconcile Accounts:** Conduct regular bank reconciliations to ensure that recorded transactions match bank statements. This helps identify discrepancies, errors, or fraudulent activities promptly.
- **Monitor Cash Flow*:** Maintain a clear understanding of cash flow by tracking incoming and outgoing funds. Prepare cash flow projections to anticipate potential cash shortages or surpluses, enabling proactive financial management.
- **Track and Monitor Expenses*:** Implement a system to track and categorize expenses accurately. This enables better expense management, identification of cost-saving opportunities, and adherence to budgetary goals.
- **Document Contracts and Agreements:** Keep copies of all contracts, agreements, and legal documents related to the business. This includes leases, employment contracts, vendor agreements, and partnership agreements.
- **Regularly Review Financial Statements*:** Periodically review financial statements, such as profit and loss statements, balance sheets, and cash flow statements. This helps track the financial health of the business, identify trends, and make informed decisions.
- **Seek Professional Guidance:** Consider consulting with an accountant or financial advisor to ensure compliance with accounting standards, tax regulations, and to obtain guidance on record keeping and internal control best practices.
- **Follow IRS Guidelines.** The IRS offers two guides that are helpful for small businesses. Publication 583, *Starting a Business and Keeping Records*, provides basic federal tax information for people who are starting a business. It also provides information on keeping records and illustrates a recordkeeping system (<https://www.irs.gov/forms-pubs/about-publication-583>). They also offer Publication 334, *Tax Guide for Small Businesses*, which contains general information about the federal tax laws that apply to small business owners who are sole proprietors and to statutory employees (<https://www.irs.gov/forms-pubs/about-publication-334>).

* See information on financial reporting for more details.

CHAPTER 2

BUSINESS DESCRIPTION

The first part of the business plan is the business description. This is the opportunity to dive deep into the problem you are solving in the marketplace. Clearly articulate the specific problem or unmet need that exists in the marketplace.

Delineate the Market Opportunity

Explain the pain points or challenges that customers face and highlight how the current solutions are inadequate or ineffective. Then describe your unique solution to address the identified problem or unmet need. Explain how your product or service will meet customer demands better than existing alternatives. Highlight the key features or benefits that set your solution apart and the unique value and benefits your solution brings to customers.

Explain how you plan to enter or further expand into the market and establish a strong presence. Describe your market strategy, whether it's through targeting a niche market, pursuing a specific distribution channel, or leveraging strategic partnerships. Outline the steps you will take to position your business and gain market share.



Provide evidence of customer demand and validation for your product or service. Include quotes from actual customers and other testimonials, market research findings, pilot studies, or customer feedback that demonstrate the interest and potential adoption of your offering. Show that there is a market ready to purchase your product or service.

Describe your business model and how it will generate revenue and achieve profitability. Explain your pricing strategy, revenue streams, and cost structure. Discuss any partnerships, distribution channels, or resources that will contribute to the success of this business model.

CHAPTER 3

MARKETING ANALYSIS

This section focuses on understanding who your customer is and what their pain points are. To be successful, successful companies must fully understand who is most likely to pay for their offerings. This market represents the ideal customer segment most likely to be interested in and benefit from what the company provides. It is the focus of the company's marketing efforts, as it is the group with the highest potential for generating sales and building customer relationships. This is referred to as the target market.

The Target Market

A customer persona, also known as a buyer persona or marketing persona, is a fictional representation of an ideal customer. It is created based on research, data, and insights about your target market and represents a specific segment of your customer base. Personas identify similar patterns of behavior that result in commonly held goals. A customer persona helps you understand and empathize with your customers by providing a detailed description of their characteristics, behaviors, needs, and preferences.

A customer persona typically paints a complete picture of an individual in the target market and includes:

- **Demographics:** This includes age, gender, income level, education, location, and any other relevant demographic details.
- **Psychographics:** Psychographic information delves into the interests, values, attitudes, lifestyle choices, hobbies, and motivations of the customer. It provides a deeper understanding of their mindset and preferences.
- **Behaviors:** This includes information about purchasing habits, decision-making factors, channels they use for research or buying, and their interaction with your product or service.
- **Goals and Challenges:** Identify the goals, aspirations, and challenges your customer persona faces. This helps you align your offerings to their specific needs and provide solutions to their problems.
- **Communication Preferences:** Determine how your customer persona prefers to communicate, whether it's through email, social media, phone calls, or in-person interactions. This helps tailor your marketing messages and communication channels accordingly.
- Personas also usually include **illustrative pictures and fictional names** that make them tangible to marketers and other decision-makers.

Creating customer personas helps humanize your target audience and allows you to develop a more targeted and effective marketing strategy. It enables you to customize your messaging, product development, and customer experience to align with the needs and preferences of your ideal customers. By referring to customer personas, you can make informed decisions that resonate with your target audience and build stronger connections with them.

Customer personas are fictional representations, but they should be rooted in real data and insights. The more accurately you depict your target customers, the better you can tailor your strategies to meet their needs, effectively communicate with them, and build stronger relationships.

CHAPTER 4

THE MARKETING PLAN

A marketing plan is essential for businesses to achieve their marketing goals effectively. It serves as a roadmap that outlines specific strategies, tactics, and actions to promote products or services and reach target customers. A marketing plan should create a cohesive marketing strategy that is centered on the target audience with then provides a structured approach to brand positioning, pricing, distribution, and promotional activities. By using a marketing plan, businesses can enhance their chances of success by aligning their efforts and making informed decisions to maximize their marketing return on investment.

The Marketing Mix

The set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market is called the marketing mix and is commonly referred to as the "4Ps": product, price, place, and promotion. It consists of everything that a company can do to influence demand for its product. The marketing mix encompasses the strategic elements that will enable you to effectively reach your target market, differentiate your offerings, and drive business growth. The marketing plan should explain how each component will be leveraged to reach the target market and achieve the desired outcomes.



Product or Service

Describe the features, benefits, and unique selling points of the product or service offered. Explain how it meets the needs and solves the target market problems. Include details about any product variations or customization options.



Price

Determine a pricing strategy that strikes the right balance between affordability for customers and profitability for your business. Consider factors such as production costs, competitive pricing, and perceived value. Specify the pricing structure, discounts, payment terms, and any pricing adjustments based on market conditions or customer segments.



Place

Outline the distribution channels through which the product or service will be made available to customers. Select the channels that align with your target market's preferences and buying behavior, such as retail stores, online platforms, or wholesalers. Ensure your distribution strategy guarantees convenience and accessibility, making it easy for customers to purchase your product. Describe the logistics and fulfillment processes involved in delivering the product to customers.



Promotion

Detail the promotional activities and communication strategies that will be used to raise awareness, generate interest, and drive sales. Leverage a mix of advertising, public relations, digital marketing, social media, content creation, and other relevant tactics to engage your target audience. Tailor your promotional activities to each stage of the customer journey. Specify the marketing channels and tactics that will be utilized to reach the target audience.

The Marketing Mix (cont.)

The traditional marketing mix has been expanded to reflect the evolution of modern marketing strategies. This expansion takes into consideration customer experiences, relationships, and the overall service-oriented nature of businesses. The additional elements provide a more comprehensive framework for businesses to create holistic marketing strategies and deliver value to their customers. These additional elements include:

- **People:** Highlighting the role of people in the marketing mix, focusing on customer service and building relationships. Describe the skills and expertise of the team members involved in marketing and customer support. Emphasize how they will contribute to delivering a positive customer experience and building brand loyalty.
- **Process:** Explain the processes and procedures that support the marketing efforts. This includes order fulfillment, customer onboarding, complaint resolution, and any other customer-facing or back-end processes that impact the overall customer experience. Highlight any unique or efficient processes that give the business a competitive advantage.
- **Physical Evidence:** For businesses offering physical products or in-person services, address the physical elements that contribute to the customer experience. This could include packaging, store layout, signage, uniforms, or other tangible aspects that influence how customers perceive the brand. For digital businesses, focus on the visual design of the website or app, user interface, and other digital touchpoints.

Remember, the marketing section should align with the overall business plan and reflect a comprehensive understanding of the market, target customers, and competitive landscape.

Other elements to include in a marketing plan

The marketing mix provides tools that will help educate the target market and deliver value, it's also important to track the impact of marketing expenditures. Marketing metrics are the key performance indicators (KPIs) that will be used to measure the effectiveness of the marketing efforts and include metrics such as customer acquisition cost, conversion rates, customer lifetime value, website traffic, social media engagement, or market share. Marketing metrics provide insights into its performance, strengths, and areas for improvement in a marketing campaign. The ultimate marketing metric is sales. A strong marketing plan will include a forecast that estimates the sales revenue and volume expected from the marketing efforts.



CHAPTER 5

INDUSTRY BACKGROUND

The industry background section of a business plan provides an overview of the industry in which the business operates. It aims to give readers, such as investors or lenders, a comprehensive understanding of the market dynamics, trends, and competitive landscape.

Industry Overview: Start with a general introduction to the industry, describing its size, scope, and key players. Include relevant statistics, such as market size, growth rate, and significant industry developments.

- **Market Trends and Drivers:** Discuss the current and emerging trends, factors, and forces that shape the industry. This can include technological advancements, regulatory changes, consumer preferences, or economic influences. Explain how these trends and drivers impact the industry's growth and opportunities.
- **Competitive Landscape:** Evaluate the competitive environment by identifying major competitors and analyzing their strengths, weaknesses, market share, and competitive strategies. Highlight any unique differentiators or advantages your business has over competitors.
- **Barriers to Entry:** Discuss the entry barriers or challenges that new businesses face in the industry. This can include factors such as high capital requirements, regulatory hurdles, intellectual property protection, or established brand dominance.
- **Industry Risks and Challenges:** Identify the potential risks and challenges specific to the industry. This may include factors such as changing customer preferences, supply chain disruptions, regulatory compliance, or economic downturns. Explain how your business plans to mitigate or address these risks.
- **Industry Outlook:** Provide insights into the prospects of the industry. Discuss growth projections, emerging opportunities, or potential threats. Support your analysis with credible sources, industry reports, or expert opinions.

Conduct thorough research and gather reliable data to support your industry analysis. This section should demonstrate your understanding of the industry landscape, highlight opportunities for your business, and present a compelling case for your potential success.



CHAPTER 6

ORGANIZATIONAL STRUCTURE

The organizational section of a business plan provides an overview of the structure, key personnel, and management team of the company. It offers insights into how the business is organized and the roles and responsibilities of the individuals involved. It's important to show your strengths, but it's also vital to show areas where you need help or support. Support might come from funders who have expertise in that area, or it might show staffing that needs to be funded.

Start with ownership and management highlights. Provide information about the **ownership structure** of the company, including the names and roles of the owners or shareholders. Detail the **management team and key personnel**, highlighting their qualifications, relevant experience, and responsibilities. Include brief bios or summaries of each team member's background and expertise. It can be helpful to an **organizational chart** that illustrates the hierarchical structure of the company. This visual representation helps stakeholders understand the reporting lines, departments, and roles within the organization. If the company is still in its early stages, the chart may be simple, showcasing the key positions and reporting relationships.

If applicable, include information about the **board of directors or advisors**. Provide details on their roles, expertise, and how they contribute to the strategic direction and governance of the company. Highlight any notable achievements or industry recognition of the board members or advisors.

Outline the **staffing requirements and future personnel needs** of the business. Discuss the positions that will be critical for the company's success and provide an estimate of the number of employees needed in each department or functional area. Include information about the recruitment and retention strategies that will be employed to attract and retain talented individuals.

Discuss key **human resources policies and practices** that guide the management of employees. This may include topics such as recruitment and hiring processes, employee training and development programs, performance evaluation systems, compensation and benefits plans, and employee retention strategies. Highlight any unique or innovative HR practices that differentiate your company.

Make sure to disclose the **legal structure of the company**, such as whether it is a sole proprietorship, partnership, limited liability company (LLC), or corporation. Explain the reasons behind choosing the particular structure and discuss any legal or regulatory considerations.

Finally, disclose important **external relationships** that contribute to the company's operations and success. This may include strategic partnerships, key suppliers or vendors, and professional service providers such as legal counsel or accounting firms. Briefly explain the nature of these relationships and how they benefit the business.

The organizational section of a business plan helps stakeholders understand the structure and leadership of the company. It demonstrates that the business has a capable team in place to execute the business strategy and manage daily operations effectively. By including these elements, you provide a clear and comprehensive overview of the organizational aspects of your business.

CHAPTER 7

FINANCIALS

More businesses fail from insufficient financing than any other reason. To increase your chances of successful financing on favorable terms, you should be prepared to understand and organize your own needs, understand and satisfy the basic needs of lenders and see competent professional assistance.

Starting a new business venture can be an exciting yet challenging endeavor. One of the most critical aspects is securing adequate funding. While funding options are available, securing can be very competitive. A solid business model and well-defined business plan can increase the odds of securing funding.

Funding Sources

Most start-up funding comes from 3 basic sources: self-funding, friends and family, and small business loans. Businesses with more growth potential or unique situations can also seek funds from other sources.

Personal Savings and Bootstrapping:

One of the simplest and most common ways to fund your startup is by utilizing personal savings or bootstrapping. Bootstrapping a business means relying on personal savings, revenue generation, and cost-effective strategies to sustain and expand the business. Relying on personal investment means taking all the business risks on your own. While it may limit your initial scope, self-funding, and bootstrapping allow you to retain full control and ownership of your business.



Friends and Family:

Friends and family financing refers to obtaining funding for a business venture from personal contacts such as friends, family members, or close acquaintances. It involves borrowing money or receiving investments from these individuals to support the startup or growth of the business. These investors usually based their investment decisions on their belief in the entrepreneur more than the business idea itself. A formal business plan may help alleviate funder concerns but is often not required.



Small Business Loans:

Traditional financing options, such as small business loans from banks or credit unions, can provide the necessary capital for startup operations. These loans typically require a well-developed business plan, collateral, and a strong credit history. Government-backed loan programs, such as those offered by the Small Business Administration (SBA), can provide additional options for startups. (Learn more about SBA Small Business loans at <https://www.sba.gov/funding-programs/loans>.)



Funding Sources (cont)

To secure a bank loan, it is important to develop a personal relationship with the commercial loan officer at your bank. This personal relationship should help you broaden your perspective to understand the needs of the banking institution. Two of the factors a lender focuses on are collateralization (protection of the lender) and project potential (ability to pay back the financing). Remember, that by giving loans, banks are taking on a big risk. To ease this risk, banks look towards collateral and project potential to ensure that they will not lose money. In terms of collateral, banks are looking for assets that could be easily liquidated to provide funds. Most banks will require collateralized assets to support the value of the loan, and often these assets require the business founders to put up personal assets, like a residence, as collateral. In addition to collateral, banks will consider the ability of the business to succeed and will want to see a business plan with solid financial projects supported by research and knowledge of the market.

Other potential sources of funding for a startup business:



Angel Investors:

Angel investors are affluent individuals or groups of people who provide financial backing to early-stage businesses in exchange for equity. These investors not only offer capital but often provide valuable expertise, mentorship, and networking opportunities. Angels often support businesses in areas where they have the expertise or where they have passion. Connecting with angel investor networks or attending startup events can increase your chances of securing funding from these sources. You can find out more about Alabama angel networks at <https://www.angelinvestmentnetwork.us/angel-investors-alabama>.



Venture Capital (VC) Funding:

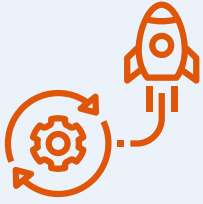
Venture capital firms specialize in funding startups with high-growth potential. In exchange for funding, venture capitalists typically take an equity stake in the company. VC funding is often sought after by startups aiming for rapid expansion and scalability. However, the process can be highly competitive, requiring a robust business plan, a compelling pitch, and evidence of market traction. Birmingham Venture Club is a great place to start exploring opportunities and can be found at <https://alabamacapitalnetwork.com/>.



Crowdfunding:

Crowdfunding platforms have gained popularity as an alternative source of funding for startups. Websites like Kickstarter, Indiegogo, and GoFundMe allow entrepreneurs to present their business idea to a wide audience and collect financial contributions from individuals interested in supporting the project. Crowdfunding provides not only funding but also serves as a market validation tool and helps create a community of early adopters.

Funding Sources (cont)



Business Incubators and Accelerators:

Incubators and accelerators are organizations that provide startups with support, resources, and often funding in exchange for equity. They offer mentorship, networking opportunities, office space, and access to a community of like-minded entrepreneurs. Some incubators and accelerators focus on specific industries, while others have a more general approach. Made in Alabama maintains a good list of incubators in Alabama (<https://www.madeinalabama.com/business-development/small-business/incubator-programs/>) and the Shelby County Chamber supports an Entrepreneur Mentorship Program (<https://www.shelbychamber.org/business-support/>).



Grants and Competitions:

Startups may qualify for various grants offered by government agencies, foundations, or private organizations. These grants are typically awarded based on specific criteria, such as industry focus, social impact, or innovation. Additionally, participating in startup competitions can provide exposure and a chance to secure funding, as many competitions offer cash prizes or investment opportunities.

Securing funding is a vital step in building a successful startup. Exploring multiple funding sources and tailoring your approach to match your business's needs and goals is key. Whether it's self-funding, engaging with investors, leveraging crowdfunding platforms, or accessing government programs, each funding option has its unique advantages and considerations. By thoroughly researching and strategically approaching these funding sources, you can increase your chances of obtaining the capital necessary to turn your startup dreams into reality.

Key Financial Concepts

Several key financial concepts are important for startups to understand and manage effectively. Here are some essential ones:

- **Revenue:** Revenue is the total amount of money generated from the sale of products or services. Startups need to focus on generating sufficient revenue to cover their expenses and achieve profitability.
- **Expenses:** Expenses encompass all costs incurred to operate the business, such as rent, utilities, salaries, marketing, and supplies. Expenses include both fixed and variable costs. **Variable costs** are any expenses that change based on how much a company produces and sells. This means that variable costs increase as production rises and decrease as production falls. Some of the most common types of variable costs include labor, utility expenses, commissions, and raw materials. **Fixed costs** are any expenses that remain the same no matter how much a company produces. These costs are normally independent of a company's specific business activities and include things like rent, property tax, insurance, and depreciation. Startups must carefully track and manage their expenses to ensure they remain within budget and avoid financial strain.

Key Financial Concepts (cont.)

- **Profitability:** Profitability is the ability of a business to generate profits after deducting all expenses from its revenue. Startups need to focus on achieving profitability to sustain operations, reinvest in growth, and attract investors. Information about a company's profits is typically communicated in its **income statement**, also known as a **profit and loss statement (P&L)**. This statement summarizes the cumulative impact of revenue, gains, expenses, and losses over the course of a specified period.
- **Cash Flow:** Cash flow represents the movement of money in and out of a business. Cash flow can be positive or negative. Positive cash flow means a company has more money moving into it than out of it. Negative cash flow indicates a company has more money moving out of it than into it. It is crucial for startups to maintain a positive cash flow, ensuring that they have enough cash to cover operational expenses, repay debts, and invest in growth. Monitoring cash flow helps prevent cash shortages and potential business disruptions. Depending on when spending occurs, a company may be profitable while having a poor cash flow and end up being to meet its financial obligations. For example, a business may see a profit every month, but its money is tied up in hard assets or accounts receivable, and there is no cash to pay employees. So, entrepreneurs need to track when money is flowing in or out of the business. For investors, understanding the difference between profit and cash flow makes it easier to know whether a profitable company is a good, long-term investment based on its ability to remain solvent in times of economic crisis. Cash flow is typically reported in the **cash flow statement**, a financial document designed to provide a detailed analysis of what happened to a business's cash during a specified period of time. The document shows different areas where a company used or received cash and reconciles the beginning and ending cash balances.
- **Return on Investment (ROI):** ROI measures the profitability or return earned on an investment. Startups and their investors analyze the potential ROI to assess the attractiveness and viability of investment opportunities.
- **Burn Rate:** The burn rate is the rate at which a startup spends its available cash reserves. It is an important metric for understanding how quickly a startup is using up its resources and provides insights into its financial runway. Managing the burn rate is crucial for ensuring sustainable growth and avoiding financial difficulties.
- **Valuation:** Valuation refers to determining the worth or market value of a startup. It plays a crucial role in fundraising, equity allocation, and attracting investors. Startups should be familiar with valuation methodologies and factors influencing their company's valuation.
- **Financial Projections:** Financial projections involve forecasting a startup's future financial performance based on assumptions and historical data. Projections provide insights into revenue growth, expenses, and profitability, aiding in strategic planning, decision-making, and attracting investors.
- **Accounts Receivable:** Accounts Receivable represents the money owed to a company by its customers or clients for goods sold or services rendered on credit. When a company sells products or provides services to customers on credit, it creates an account receivable entry to track the amount owed. It is considered an asset on the company's balance sheet since it represents the amount of money the company expects to receive in the future. The terms and conditions of payment, such as due dates and credit terms, are typically specified in an invoice or sales agreement. Managing accounts receivable effectively is crucial for maintaining healthy cash flow. Companies need to ensure that they follow up with customers to collect payments on time and track any overdue or outstanding balances. Techniques such as offering discounts for early payment or implementing a credit control policy can help reduce the risk of delayed or non-payment by customers.

Key Financial Concepts (cont.)

- **Accounts Payable:** Accounts Payable (AP): Accounts Payable refers to the money that a company owes to its suppliers, vendors, or creditors for goods or services received on credit. It represents the company's short-term liabilities. When a company receives goods or services but hasn't made the payment yet, it creates an account payable entry to track the amount owed. Managing accounts payable involves tracking and organizing invoices, and ensuring that payments are made on time to avoid late payment penalties or strained supplier relationships. It also involves taking advantage of payment terms such as discounts for early payment when available.

Understanding and effectively managing these financial concepts is crucial for startups to make informed decisions, allocate resources efficiently, attract investment, and navigate the financial challenges that arise during the early stages of their business.

Financial Statements

If your business plan is the guide to how to run your company, the financials section is the key to making it happen. The finance section of your business plan outlines your past, current, and projected financial state and shows whether your idea is viable. It's also necessary to convince investors of this viability and subsequently secure the type and amount of funding you need. Key statements include the Operating Budget, the Balance Sheet, and the Income Statement.

The Balance Sheet

The balance sheet is referred to as a statement of net worth or a statement of financial position and is based on the fundamental equation: $\text{Assets} = \text{Liabilities} + \text{Equity}$. As such, the balance sheet displays the company's total assets and how the assets are financed, either through debt or equity.

The balance sheet is divided into two sides (or sections). The left side of the balance sheet outlines all of a company's assets. On the right side, the balance sheet outlines the company's liabilities and shareholders' equity.

<p>Total Assets Current Assets + Non-current Assets</p>	<p>Total Liabilities Current Liabilities + Non-current liabilities</p>
	<p>Total Shareholder's Equity Shared Capital + Retained Earnings</p>

Financial Statements (cont.)

The balance sheet is divided into two sides (or sections). The left side of the balance sheet outlines all of a company's assets. On the right side, the balance sheet outlines the company's liabilities and shareholders' equity.

Current Assets

- Cash and Equivalents are assets that can easily be converted into cash. In addition to cash, companies consider other assets that have short-term maturities under three months or assets that the company can liquidate on short notice, such as marketable securities.
- Accounts Receivable are credits based on, net of any allowances for doubtful accounts.
- Inventory includes amounts for raw materials, work-in-progress goods, and finished goods.

Non-Current Assets

- Plant, Property, and Equipment (PP&E) captures the company's tangible fixed assets. The line item is noted net of accumulated depreciation. Some companies will class out their PP&E by the different types of assets, such as Land, Buildings, and various types of Equipment.
- Intangible Assets include all of the company's intangible fixed assets, which may or may not be identifiable. Identifiable intangible assets include patents, licenses, and secret formulas. Unidentifiable intangible assets include brand and goodwill.

Current Liabilities

- Accounts Payable is the amount a company owes suppliers for items or services purchased on credit.
- Current Debt/Notes Payable include non-AP obligations that are due within one year's time or within one operating cycle for the company (whichever is longest).
- Current Portion of Long-Term Debt is the current portion of long-term debt, specifically the portion of a longer maturity debt that is due within the current year. For example, if a company takes on a bank loan to be paid off in 7 years, this account will include the portion of that loan due in the next year.

Non-Current Liabilities

- Bonds Payable the amortized amount of any bonds the company has issued.
- Long-Term Debt is the total amount of long-term debt (excluding the current portion, if that account is present under current liabilities) and outlines all of the company's outstanding debt.

Shareholders' Equity

- Share Capital is the value of funds that shareholders have invested in the company. When a company is first formed, shareholders will typically put in cash.
- Retained Earnings are the total amount of net income the company decides to keep. Every period, a company may pay out dividends from its net income. Any amount remaining (or exceeding) is added to (deducted from) retained earnings.

The balance sheet is a very important financial statement because it provides information to calculate financial performance metrics of liquidity, leverage, efficiency, and rates of return. For example, comparing a company's current assets to its current liabilities provides a picture of liquidity; if current assets are greater than current liabilities, the company can cover its short-term obligations. Leverage can be determined by comparing debt to equity and debt to total capital.

NOTE: There is a sample balance sheet in the Startup Business Plan Guide.

Financial Statements (cont.)

Income Statement

The Income Statement is one of a company's core financial statements that shows its profit and loss over a period of time. The profit or loss is determined by taking all revenues and subtracting all expenses from both operating and non-operating activities. The most common income statement items include:

- **Revenue** is the company's revenue from sales or services. This value will be the gross of the costs associated with creating the goods sold or providing services. Some companies have multiple revenue streams that add to a total revenue line.
- **Cost of Goods Sold (COGS)** is a line item that aggregates the direct costs associated with selling products to generate revenue.
- **Gross Profit** is calculated by subtracting the Cost of Goods Sold (or Cost of Sales) from Sales Revenue.
- **Marketing, Advertising, and Promotion Expenses** are expenses related to selling goods and/or services. Marketing, advertising, and promotion expenses are often grouped together as they are similar expenses, all related to selling.
- **General and Administrative (G&A)** Expenses include the selling, general, and administrative section that contains all other indirect costs associated with running the business. This includes salaries and wages, rent and office expenses, insurance, travel expenses, and sometimes depreciation and amortization, along with other operational expenses. Entities may, however, elect to separate depreciation and amortization in their own section.
- **Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA)** is calculated by subtracting SG&A expenses (excluding amortization and depreciation) from gross profit.
- **Depreciation & Amortization Expense** are non-cash expenses that are created by accountants to spread out the cost of capital assets such as Property, Plant, and Equipment (PP&E).
- **Operating Income (or EBIT)** represents what's earned from regular business operations. In other words, it's the profit before any non-operating income, non-operating expenses, interest, or taxes are subtracted from revenues. EBIT is a term commonly used in finance and stands for Earnings Before Interest and Taxes.
- **Interest Expense/Income** is common for companies to split out interest expense and interest income as a separate line items in the income statement.
- **Other Expenses** may include fulfillment, technology, research and development (R&D), stock-based compensation (SBC), impairment charges, gains/losses on the sale of investments, foreign exchange impacts, and many other expenses that are industry or company-specific.
- **EBT (Pre-Tax Income)** also known as pre-tax income, is found by subtracting interest expense from Operating Income.
- **Income Taxes** is total tax expense that can consist of both current taxes and future taxes.
- **Net Income** is calculated by deducting income taxes from pre-tax income. This is the amount that flows into retained earnings on the balance sheet, after deductions for any dividends.

NOTE: There is a sample income statement in the Startup Business Plan Guide.

Financial Statements (cont.)

Cash Flow Statement

The cash flow statement shows the inflows and outflows of cash over the time period and consists of three components: cash from operations, cash used in investing, and cash from financing. The statement of cash flows is one of the most important financial reports to understand because it provides detailed insights into how a company spends and makes its cash.

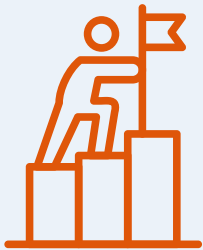
1. Determine the starting balance of cash and cash equivalents at the beginning of the reporting period (which can be found on the income statement of the same accounting period).
2. Calculate cash flow from operating activities to determine how much cash a company generated from its operations. Cash flow from operations is calculated using either the direct or indirect method.
 - o Direct presentation: Operating cash flows are presented as a list of cash flows: cash in from sales, cash out for operating expenses, etc. This is a simple but rarely used method, as indirect presentation is more common.
 - o Indirect presentation: Operating cash flows are presented as a reconciliation from profit to cash flow. For our following discussion, we will assume the indirect method is used.
3. Calculate cash flow from investing activities by showing cash flows related to the buying and selling of long-term assets like property, facilities, and equipment.
4. Calculate cash flow from financing activity and examine cash inflows and outflows related to financing activities. This includes cash flows from both debt and equity financing—cash flows associated with raising cash and paying back debts to investors and creditors.
5. Determine the ending balance at the close of the reporting period.

NOTE: There is a sample cash flow statement in the Startup Business Plan Guide.

CHAPTER 8

FUTURE PLANS

This is your last chance to sell your vision of your company and what future success looks like. Focus on the impact of your strategic direction and the key milestones the business aims to achieve. This section provides a forward-looking perspective and demonstrates the company's strategic thinking. It gives readers confidence in your ability to set goals, make informed decisions, and achieve growth.

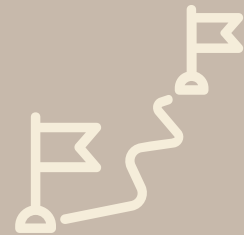


Strategic Goals: Outline the strategic goals and objectives the company aims to accomplish over a defined period. These goals should align with the overall vision and mission of the company and provide a clear sense of direction.

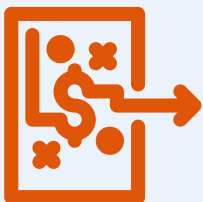
Milestones: Define specific milestones or targets the business aims to achieve within the projected timeframe. These milestones should be measurable and significant achievements that indicate progress toward the company's strategic goals. Examples may include product launches, market penetration milestones, revenue targets, or customer acquisition goals.

These goals may include:

- Plans for expanding into new markets or reaching additional customer segments.
- Plans for enhancing existing products or services and developing new offerings.
- Plans for improving operational efficiency and effectiveness.



Include a timeline or other visuals to support your milestones.



Exit Strategy: If relevant, include a section on the exit strategy for the business. This outlines the plans for an eventual exit, such as through acquisition, initial public offering (IPO), or succession plan. It shows that you have considered the long-term future of the company and the potential for investors or shareholders to realize returns.

CHAPTER 9

EXECUTIVE SUMMARY

The executive summary of a business plan is a concise overview that provides key highlights and crucial information about your business. It serves as an introduction to your business plan and is typically the first section that readers review. **While it comes first in a business plan, it should be written after the rest of the business plan is finalized.**

Start with a compelling opening

Grab the reader's attention by starting with a strong opening statement highlighting the uniqueness and value proposition of your business. Clearly articulate the purpose of the business plan and what makes your business stand out in the market.

Share your vision and your mission

A mission statement and a vision statement are both important components of a company's strategic planning process, but they serve different purposes and convey distinct aspects of the organization's identity and direction.

- A mission statement defines the purpose of the organization and outlines its core reason for existence. It describes what the company does, who it serves, and how it provides value to its customers or stakeholders. The mission statement focuses on the present and reflects the company's current activities, products or services, and target market.
- A vision statement explains the company's desired future state. It outlines the aspirations, long-term goals, and overarching direction. A vision statement is forward-looking and provides inspiration and motivation for employees and stakeholders. It describes what the company hopes to achieve or become in the long term.

Share the highlights

Hit the high points you want readers to know about your business. These can include:

- **Business Description:** What is the main problem you are solving or the opportunity you are providing?
- **Market Analysis:** Highlight your target market and how you know they are willing to pay for your product.
- **Marketing Plan:** How are you going to deliver value and win customers?
- **Industry:** Explain the industry in which you are operating, including major competitors, and the advantage you bring to the market.
- **Leadership:** Outline briefly the members of management, their background, experience and strengths, past achievements, and what they have done to make the company successful.
- **The Financial Status:** Highlight the financial status of the company. Include prior investments, current sales, and expected needs and outcomes.
- **Future Plans:** If successful, where do you see the business going?

Other tips:

- Try to keep the executive summary short - 1 page if possible.
- Use images, graphs, and tables to share a lot of information concisely.
- Use this section to put your best story forward.

APPENDIX A

OUTSIDE SOURCES OF INFORMATION

Starting a business can be daunting, but you don't have to do it alone. There are so many organizations focused on helping Alabama businesses grow. Here are some great resources to get you started.

Organization	Brief description	Website
58 INC.	Shelby County Economic Development	http://www.58inc.org/
Alabama Capital Network	Our mission is to increase access to capital for entrepreneurs and educate investors across the state of Alabama.	https://alabamacapitalnetwork.com/
Alabama Department of Commerce	Business development division	https://www.madeinalabama.com/business-development/small-business/
Alabama Department of Economic & Community Affairs	Office of Minority Business Enterprise	https://adeca.alabama.gov/ombe/
Alabama International Trade Center	Provides export research, training, and financing services to Alabama's small business community	http://www.aitc.ua.edu/
Alabama Microenterprise Network (AMN)	Nonprofit association that exists to bridge the divide between microbusinesses, the entities that serve them and the communities that benefit from them.	http://www.microenterprisealabama.org/
Alabama Secretary of State	Business Services Guide	https://www.sos.alabama.gov/business-services
Alabama Small Business Capital	The Source for SBA 504 Lending.	http://www.fbdc.net/
Alabama Small Business Development Center Network	A statewide, inter-institutional program to enhance economic growth in Alabama by providing management and technical assistance to small businesses.	https://www.asbdc.org/
Atlas Alabama	A comprehensive online portal providing resources for starting or expanding a small business in Alabama.	https://atlasalabama.gov/
Birmingham Business Alliance (BBA)	The economic development agency for the Greater Birmingham Region and the local chamber of commerce for the city of Birmingham.	https://www.bhambizhub.com/
Birmingham Business Resource Center	Small Business Development Agency that serves as a "One Stop Shop" for loans as well as management and technical assistance for small business enterprises.	http://www.bbrc.biz/
Birmingham Venture Club	Association of business professionals who seek to increase the amount and quality of venture capital-related activities in the Birmingham area.	http://www.birminghamventure.com/
Economic Development Partnership of Alabama Foundation	Alabama Launchpad a 501(c)(3) not-for-profit organization dedicated to support and promote high-growth entrepreneurship and innovation in Alabama.	http://alabamalaunchpad.com/
Jefferson County Office of Economic Development	Provides loans through several programs ranging from short-term construction financing, infrastructure loans and GAP financing to long-term financing loan guarantees. All loans are dependent upon the creation of jobs.	http://jeffconline.iccal.org/econdev/
REV Birmingham	Workshops, one-on-one business consulting and real estate assistance.	http://revbirmingham.org/
SCORE	Educating entrepreneurs and helping small businesses start, grow, and succeed nationwide.	https://birmingham.score.org/
Shelby County Chamber	Support stability and foster economic vitality throughout Shelby County.	https://www.shelbychamber.org/
Taxpayer Service Centers	Our Taxpayer Service Centers provide assistance and information for business owners and individuals	https://www.revenue.alabama.gov/help-center/#taxpayer-service-centers
TechBirmingham	Strengthen and advocate for the technology ecosystem by promoting tech companies in the region	https://techbirmingham.com/
U.S. Small Business Administration	Business Guide	https://www.sba.gov/business-guide
USDA Rural Development	Guaranteed Loans, Direct Loans and Grants are available through USDA Rural Development.	http://www.rurdev.usda.gov/al/

APPENDIX B

LICENSING AND ZONING

A privilege license is required for every person, firm, company, or corporation engaged in any business. The state and county license(s) is issued by the county Probate Judge or License Commissioner in the county where the business is located. Unless otherwise provided, a license is required in every county where the business is conducted.

Alabama Department of Revenue does not administer municipal licenses, but they do provide several resources to help with determining relevant licensing including:

- The Handbook of Privilege and Store Licenses
<https://www.revenue.alabama.gov/division/business-license/>
- A Quick Reference Guide that shows relevant Sections of the Alabama State Code and contact organizations.
<https://digitalmagazine.walker360.com/quick-reference-guide/>

In addition, registration is required for your county taxes in Shelby County. An application can be found at <https://www.shelbyal.com/DocumentCenter/View/129/Business-Revenue-Tax-Application?bidId=> or you can contact the Business Revenue Department at (205) 670-6520 for more information.

The location you choose for your business must be zoned for that type of business. It is important to note that a business license does not indicate in any way that a business is in compliance with the Zoning Regulations of Shelby County, or that your business is permitted in the zoning district in which it is to be located.

To ensure that your business is in compliance with all zoning regulations of Shelby County, please check out zoning regulations at https://www.shelbyal.com/DocumentCenter/View/130/zoningregs_full?bidId=. Further assistance is available from the Planning Services Division of the Shelby County Department of Development Services. Planning Services staff are available to review your proposed business and advise you of its status in terms of the requirements of the regulations.

APPENDIX C

TAXES

- Before starting your small business in Alabama, you must acquire the necessary identification numbers, licenses, or permits for tax registration. Common forms of tax for most businesses will include sales and use tax, unemployment tax, and income tax withholding. However, the list of possibilities does not end there. Depending on the nature of your business's services, additional taxes may apply. The following are a few examples of those potential taxes:
- Lodgings tax
- Rental tax
- Pharmaceutical provider tax
- Nursing home privilege tax
- Mobile communication services tax

To begin registration, visit the Alabama Business Tax Online Registration System (<https://www.revenue.alabama.gov/sales-use/business-tax-online-registration-system/>). Taxes are often complicated, even for small businesses. It is recommended that you work with a professional to understand your tax implications. However, you can find a full overview of Alabama business taxes here <https://www.revenue.alabama.gov/tax-policy/general-summary-of-state-taxes/> or can also get assistance at local Taxpayer Service Centers which can be found at <https://www.revenue.alabama.gov/help-center/#taxpayer-service-centers>.



APPENDIX D

EMPLOYEE MANAGEMENT

Running a successful start-up often requires managing employees. There are a great number of labor laws that vary by state. Like taxes, it can be advantageous to get professional advice. The Alabama Department of Labor had a user-friendly interface to help employers understand some of these key issues, including quarterly filing, tax payments, unemployment insurance, and employer questions and answers. These resources can be found at <https://labor.alabama.gov/employers.aspx>. The US Department of Labor also provides a guide to labor laws at <https://www.dol.gov/agencies/odep/publications/fact-sheets/employment-laws-overview-and-resources-for-employers> and well as provides Employment Laws Assistance for Workers and Small Businesses service, which provides a set of interactive, online tools to help employers and employees learn more about their rights and responsibilities under numerous Federal employment laws at <https://webapps.dol.gov/elaws/index.html>.

In addition, the IRS requires that employers retain all records of employment taxes for at least four years after filing the 4th quarter of the year. Records should include:

- Your employer identification number.
- Amounts and dates of all wage, annuity, and pension payments.
- Amounts of tips reported to you by your employees and record of all allocated tips.
- The fair market value of in-kind wages paid.
- Names, addresses, social security numbers, and occupations of employees and recipients.
- Any employee copies of Form W-2 and W-2c returned as undeliverable.
- Dates of employment for each employee.
- Periods for which employees and recipients were paid while absent due to sickness or injury and the amount and weekly rate of payments you or third-party payers made to them.
- Copies of employees' and recipients' income tax withholding certificates (Forms W-4, W-4P, W-4S, and W-4V).
- Dates and amounts of tax deposits you made and acknowledgment numbers for deposits made by the Electronic Federal Tax Payment System.
- Copies of returns filed and confirmation numbers.
- Records of fringe benefits and expense reimbursements provided to your employees, including substantiation.
- Documentation to substantiate any credits claimed. Records related to qualified sick leave wages and qualified family leave wages for leave taken after March 31, 2021, and records related to qualified wages for the employee retention credit paid after June 30, 2021, should be kept for at least 6 years.

More details can be found at <https://www.irs.gov/businesses/small-businesses-self-employed/employment-tax-recordkeeping>.

EMPLOYEE MANAGEMENT (CONT.)

In addition, each employee must supply the employer with a completed Form W-4, and a withholding exemption certificate. The employer must then send each Form W-4 to the IRS.

Alabama employers must also handle information about the withheld taxes and paid wages of each employee. On an annual basis, the employer should submit tax and wage information from the previous year to the federal government via Form W-2, the wage and tax statement. The following links can assist in filing your required forms:

- The Social Security Administration's Employer W-2 Filing Instructions and Information page (<https://www.ssa.gov/employer/bsohbnew.htm>)
- The Internal Revenue Service's Employer Tax Guide (<https://www.irs.gov/pub/irs-pdf/p15.pdf>)

Safety Requirements

If you have employees, protect your business by checking with the local OSHA office to find your obligations under the Act. The Occupational Safety and Health Administration (OSHA) and the National Institute for Occupational Safety and Health (NIOSH) developed a handbook to provide small businesses with workplace safety and health information. The handbook summarizes the benefits of an effective safety and health program, provides self-inspection checklists for employers to identify workplace hazards, and reviews key workplace safety and health resources for small businesses and can be found online at <https://www.osha.gov/sites/default/files/publications/small-business.pdf>. In addition, you can find information about the Alabama area OSHA offices at <https://www.osha.gov/contactus/bystate/AL/areaoffice>.

Equal Employment Opportunity

The EEOC is the federal government agency that enforces federal laws against employment discrimination based on race, color, religion, sex, national origin, disability, age, and genetic information. These laws also prohibit retaliation (punishment) for opposing or reporting discrimination or participating in a discrimination investigation or lawsuit. The EEOC delineates employer responsibilities:

- Ensure that employment decisions are not based on race, color, religion, sex, national origin, disability, age, or genetic information.
- Ensure that work policies and practices are related to the job and do not disproportionately exclude people of a particular race, color, religion, sex, national origin, disability, or age.
- Ensure that employees are not harassed because of race, color, religion, sex, national origin, disability, age, or genetic information.
- Provide equal pay to male and female employees who perform the same work, unless you can justify a pay difference under the law.

EMPLOYEE MANAGEMENT (CONT.)

- Provide equal pay to male and female employees who perform the same work, unless you can justify a pay difference under the law.
- Respond promptly and adequately to discrimination complaints. Stop, address, and prevent harassment and discrimination. Ensure that employees are not punished for complaining.
- Provide reasonable accommodations (changes to the way things are normally done at work, such as permitting a schedule change so an employee can attend a doctor's appointment or can observe a religious holiday) to applicants and employees who need them for medical or religious reasons, if required by law.
- Display a poster that describes the federal employment discrimination laws. (Download one for free at <http://www1.eeoc.gov/employers/poster.cfm>).
- Keep any employment records (such as applications or personnel records) as required by law.

As part of its mission, the EEOC provides complementary advice on laws and training for employees. Contacts can be found at <https://www.eeoc.gov/employers/small-business-liaisons>.

Get Professional Help

No matter how small your business is, you should protect yourself by consulting an attorney and an experienced accountant as you plan your business. Their professional assistance will ensure that your business conforms to all laws and will help avoid unanticipated problems. A list of competent and qualified professionals can be found in the Chamber's Membership Listing available online at www.shelbychamber.org.



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