

TOURISM BUSINESS PLAN FOR SUCCESS

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“A Partnership Program with the U.S. Small Business Administration and the University of Arkansas at Little Rock.”

Introduction

Owning and operating a business is the dream of many Arkansans - it is the distinguishing characteristic of our nation's free enterprise system. Turning this dream into a reality, however, is not an easy task. The Tourism Business Plan Guide was developed by the Arkansas Development Finance Authority and the UALR Arkansas Small Business Development Center to assist entrepreneurs in the tourism industry with writing a business plan.

They say failing to plan is planning to fail. As with any type of business, a solid business plan is an essential part of success. A business plan is an operating tool that can help you obtain financing, and help you manage your business and work effectively toward its success. The purpose of this publication is to help you develop a business plan that will allow you to take advantage of opportunities in the tourism industry while reducing the chances of failure. It can act as a tool for you to help turn your entrepreneurial dreams into reality.

Note about the Organizations:

The Arkansas Development Finance Authority (ADFA)

The Arkansas Development Finance Authority is committed to responding to the changing needs of Arkansas' growing, increasingly diverse population and business community. Since its creation in 1985, the Arkansas Development Finance Authority has become the state's largest source of low-cost financing for low-to-moderate income housing development, small industries, government, education, agricultural business enterprises and health care. It is through the issuance of taxable and tax-exempt bonds and notes, the administration of private and public grants and partnering with other state and federal agencies that ADFA gives Arkansans the most cost-effective financing choices possible.

The Arkansas Small Business Development Center (ASBDC)

The Arkansas Small Business Development Center began in 1979 as a partnership program between the University of Arkansas at Little Rock (UALR) and the U.S. Small Business Administration (SBA). The ASBDC state office is located off campus in the heart of downtown Little Rock, Arkansas and is part of the UALR College of Business Administration. In addition to providing statewide administrative functions, state office staff members directly deliver training, consulting and information services to the central Arkansas area. Seven professionally staffed regional extension offices are located in strategic areas across the state including Fort Smith, Harrison, Hot Springs, Magnolia, Pine Bluff, Stuttgart, and Osceola. The business consultants in the regional offices provide individual general business consulting services and specialty services in the areas of financial planning and capital acquisition to business clients in their assigned territories. In addition to the state and regional extension office operations, the ASBDC extends its geographic coverage and scope of its activities by providing information, consulting and training services through the College of Business Administration, University of Arkansas at Fayetteville; College of Business, Arkansas State University at Jonesboro; and School of Business, Henderson State University at Arkadelphia.

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BUSINESS PLAN SUMMARY

The Business Plan for your tourism-related business should be like any other business plan. It should be developed with a purpose and that purpose should be to help you organize, research and evaluate your proposed business. There are many reasons that motivate individuals to start their own ventures, but the most important reason should be that of attaining success. No one can know the future, but a well thought out, well prepared business plan is the best tool you have to estimate your chances for future success before you start your venture.

In addition, a well-prepared business plan will make the transition from idea to reality a much smoother process. You might compare it to starting a long journey for which you are well prepared. There are always a few twists and turns and the unexpected, but the more you prepare the more you will be able to adapt to the unexpected.

Finally, a well-developed business plan will go far in convincing others, from whom you may seek assistance, that your proposed venture will be successful. When seeking financing as a part of your business start up, keep in mind that lenders have many projects to review. A complete business plan will greatly assist in convincing a lender you will be successful and your project is worthy of their involvement.

When completed, this workbook will assist you in preparing a good business plan. The worksheets are designed to cover topics all ventures should consider and will provide the information you and others need to evaluate your proposal. Where appropriate, specific considerations for a tourism- related business have been included in each section. Keep in mind that you are not limited to the worksheets in this booklet. You should include any other steps you feel may be important for the success of your venture.

When completed, this business plan workbook will specifically assist in these areas:

- ☞☞ Identify the Business Structure**
- ☞☞ Identify Your Target Market**
- ☞☞ Define your Business Strategies**
- ☞☞ Identify Management & Key Players**
- ☞☞ Explain the Resources Needed**
- ☞☞ Present Your Financing Needs**
- ☞☞ Provide Proforma Financial Data**

EXECUTIVE SUMMARY

The Business

Business Name: _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Fax: _____

Contact person: _____

How is the business organized? Corporation? _____ Partnership? _____
Sole Proprietorship? _____ Other? _____

Business Description:

Recreational? _____
Entertainment? _____

Cultural? _____
Historical? _____

Educational? _____
Theme Park? _____

Botanical Gardens? _____
Indoor or outdoor play? _____

Lodging? (provided lodging does not exceed 60% of the project)

Other? _____

Bank/Financing relationships (give name, address, phone, and contact person):

Bank Name: _____ Contact Name: _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Fax: _____

Working capital financing provider: _____

Line of credit amount: \$ _____

Company Officers and their titles:

Major stockholders (over 10%) and percentage of ownership:

Legal Counsel: _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Fax: _____

Contact person: _____

List any lawsuits or judgments filed, threatened, pending, or convictions:

Accountant: _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ Fax: _____

Date of last financial statement: _____

Audited: _____ Reviewed: _____ Compiled: _____

If Qualified or Exceptions, list reasons:

List related companies and how related (i.e. parent, subsidiary, common ownership, etc.):

Description of the Business

It is a good idea to have a well thought out description of your tourism-related business. A well thought out description will accomplish a number of things. It will help you convey the true message of what your business “really is” to others. It will also help you grasp the full meaning of your proposed venture and keep you focused on goals and objectives.

If you intend to open a gift shop it may seem quite obvious as to what this means. However, much more meaning may be conveyed with a more complete description of the business. For example, you might say you intend to open a gift shop that caters to the family on vacation and will offer the best quality products for all members of the family. Products of clothing and souvenirs are all to be priced at fifty dollars and under. Additional description should be included, as appropriate, to describe products, services or other features that distinguish your business.

Business Description

Products Offered

Describe the products and/or services you will provide by types or groups. It is not necessary to identify every item or service your business may offer, but it is important to identify each product group or category of services.

Customers

What is your customer base? Who will buy your products or services? Will the customers for your tourism venture be derived from the general tourism business in your area or will they be drawn to your venture by special events or promotions or a combination of both? Do you expect to have revenues from the general population in your area? Are there seasonal peaks and valleys common to tourism businesses?

Business Location

The location of your business should be given careful consideration. It has often been said that the most important factor for success may be directly related to where your venture is located. There are three broad categories of goods and services:

1. **Convenience** – For this category, the most important factor is how convenient the products or services are for the potential buyer. Price may have some bearing on purchase decisions, but only if there is more than one business with almost the same level of convenience. The quick check lines in major grocery stores are a good example of competition for convenience store purchases.

2. **Shopping Goods** – This category includes items available in more than one location and are items that customers are willing to spend time and effort before making a purchase decision. Product loyalty will have some effect on purchases of shopping goods, but many times other brands offer acceptable substitutes.

3. **Specialty Goods** – These are items that customers are willing to spend more time and effort shopping for before purchasing. Potential buyers are more concerned about special features or craftsmanship than price or convenience. Location is of less importance than other factors that relate to this category of products. A tourism business for this type of product might be the works of local, well known artists. The product and who produced it are more important than convenience and price.

For your tourism-related business, you should try to determine in what category or categories your products and services will be included and the relative importance of convenience in your location selection. Other factors to consider when choosing a location for your business:

- ☞☞ Traffic flow - If your business is dependent on pedestrian traffic, is there sufficient existing traffic flow? If customers will arrive primarily by motor vehicle you will want to consider:
 - ☞☞ Visibility and location along major tourism routes
 - ☞☞ Ease of access for motor vehicles both entering and leaving your business
 - ☞☞ Ample parking on your business site or at convenient parking lots
- ☞☞ Complementary Businesses – Will your business benefit by being located in the same area where other tourism businesses are located? Location near complementary businesses can provide built in traffic flows and reduce expenses of advertising and other promotion necessary to bring customers to you.
- ☞☞ Facility Considerations - Will the facility provide adequate space and meet the expectations of your potential customers? In addition will the facility provide adequate space for any expected growth in products or services for at least the first 5 years of operation?

Other Location Considerations

Licenses & Permits

Your tourism venture will be required to obtain the same basic licenses and permits as all other businesses. If your business is located in the corporate limits of a city, you will need to check with the city clerk's office for any local licensing requirements. If new construction or renovations are necessary, be sure to obtain permits before construction begins.

A list of references is attached with information on obtaining a federal tax ID number and state agencies you will need to contact regarding collection of sales taxes and other state taxes.

The reference list also includes information on forms of business organization, e.g. proprietorships, partnerships and various types of corporations. You may want to formally register your business name.

Use the space below to record information regarding licenses and permits you will need including dates applied for and status.

Federal Tax ID

Business Privilege Permit

Building Permits

Corporate or Partnership Registration

Other Licenses & Permits

Marketing

The marketing section of your business plan needs to be one of its strongest and most developed sections. Without a proven market for your idea, your business will certainly fail! Good ideas do not make money – people buying that idea in sufficient quantities to generate the cash needed for operations, expansion, and debt service do. You may have all the money you need to start or buy your business, and you may have top management talent on your team. However, without a sufficient customer base, your efforts and your money will be wasted.

In order to give your business the best chance at success, there are several important questions to be answered. Questions such as:

- ☞☞ Can you identify and do you understand both the internal and external forces that will impact your business' ability to generate sales and control costs?
- ☞☞ Do you know who your customers are – by age, sex, income, educational level, and marital status?
- ☞☞ Do you know where those customers are located? Where they are coming from? Why they are coming? Distance they are willing to travel? Time and dollars they are likely to spend in your area?
- ☞☞ Is your market growing? Declining? Steady?

- ☞☞ Are your markets large enough to expand?
- ☞☞ Will you have to create a market or will you have to take your share of the market from others?
- ☞☞ How are you going to attract, hold, retain, and increase your share of the market?
- ☞☞ How seasonal or cyclical is your market?
- ☞☞ How are you going to price, advertise, and promote your product, service, or attraction?

Finding answers to these and other key questions is the focus of the next several pages of your workbook. The Appendix section lists many sources you can use in your search for answers.

Industry Analysis

Let's begin by examining some of the external forces that can impact your business' success. These are items over which you have little if no control, but which can seriously impact your ability to attract customers and generate sales.

To determine which and to what extent external factors will impact your business, you must decide what industry your business is a part of. Of course, tourism is an industry in and of itself. But each business which offers an attraction, sells a product, or provides a service is not only influenced by what happens to the tourist industry at the national, state and local levels, but also by what happens to the secondary industry of which your business is a part. It is common for a business to have various components, all of which can be categorized into a different industry from each other. For example, an entertainment facility such as a theme park will likely have a retail component such as a gift shop and a restaurant component and/or concession component to compliment the primary component, the rides. Each individual industry will have legal, technical, governmental, environmental and economic considerations to evaluate.

Both businesses and government classify and monitor activity within most major industries. For this purpose, industries are categorized according to their Standard Industrial Classification (SIC) code. Some of the research you will need can be located once you have determined the appropriate SIC code(s). You can locate the code(s) for your business in the Standard Industrial Classification manual found in your local library.

The Arkansas Department of Parks and Tourism offers a wealth of information you can use to study the economic, demographic and geographic trends impacting tourism in Arkansas. Chambers of Commerce and your local Advertising and Promotion Commission or Convention and Visitors Bureau also have information you will find helpful. The appendix section of your workbook lists other sources of information. Other business owners in your proposed location can also provide valuable information and advice based on their experience.

Remember: Consider each set of questions from a national and state perspective AND from the perspective of your proposed location.

Please attach additional sheets as necessary to complete explanations!

	PRIMARY INDUSTRY: TOURISM	SECONDARY INDUSTRY #1: _____	SECONDARY INDUSTRY #2: _____
SIC Code			
Size of Industry: In Dollars In number of people			

	PRIMARY INDUSTRY: TOURISM	SECONDARY INDUSTRY #1: _____	SECONDARY INDUSTRY #2: _____
Growth Trends: (Dollars & People) Growing? Declining? Steady?			
Growth Trends? cont. National? State? Local? How will changes impact demand?			
Governmental Trends: What federal, state & local laws govern the industry? Are any changes to the above laws anticipated? If so, what will be the effect on your business?	_____ _____	_____ _____	_____ _____
Financial Trends: Are the financial ratios of similar businesses healthy? Growing? Why or Why Not?	_____ _____	_____ _____	_____ _____
Environmental Trends? What environmental laws regulate your business? What environmental issues/trends could impact your business?	_____	_____	_____
Physical Infrastructure? What kind of physical infrastructure is needed to support your business? Water? Sewer? Highways/roads? Are they in place? If not, have dollars been legislated and funded to build, expand, repair? Anticipated completion date?	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____	_____ _____ _____ _____ _____ _____
Seasonality? Peak season? Off-season?	_____	_____	_____

Now that you have completed the industry analysis, let's summarize:

List what you consider the top three factors influencing the growth of your industry (ies).

1. _____

2. _____

3. _____

Briefly state the economic outlook for your industry? _____

What effects on your business do you anticipate from changes in legal and environmental regulations? _____

How will changes in technology affect your ability to attract and retain customers? _____

Do you consider your industry to be healthy and growing from a financial standpoint? Why or Why not? _____

Is the physical infrastructure in place? Planned completion date?

What is your peak season? How will you compensate for the off-season drop in sales? _____

Product or Service Analysis

It is important that you know and are able to describe exactly the nature of your business. In fact, it has been said that if a person cannot describe their business in ten seconds or less, they really do not understand their business. A number of individuals and groups will need to know what you are doing, including employees, customers, vendors, bankers, other business owners, media representatives, and others, including perhaps politicians and other government officials. You may only have these few seconds to:

-
- ☞ Communicate what you want someone to know about your business.
 - ☞ Educate them about why they should work for you, buy from you, sell to you, lend to you, advertise with or for you, introduce legislation on your behalf, etc.
 - ☞ Entice them to take the action you need for them to take, even if it is just to peak their curiosity so they want to know more.

You may be thinking “Well, that’s obvious. I know exactly what I’m going to do!” While completing this next exercise, however, you may discover problems you had not anticipated and advantages you had not considered. Consider the people who made buggy whips – had they realized they were in the transportation accessory business, perhaps they would now be making leather steering wheel covers and gear knobs instead of being out of business.

First, you must determine what your customers want to spend their money on. Even in relatively good economic times, people make choices about what goods and services they will buy and when, where, how and why they will purchase them. Successful businesses know what their customers want and expect from them -- during good, and not-so-good, economic times.

As you complete this next section, do your best to describe the benefits of your products and services from your **customer’s perspective**.

This section is closely related to the next section, “Market Analysis”, so you may need to work through them together.

What specific products and/or services will I offer?

1. _____
2. _____
3. _____
4. _____

Are my products/services in demand year-round, seasonally, cyclically, sporadically? _____

Is controlling the timing of demand to even out cash flow an option? Why or why not? How?

Are my products or services available elsewhere in my market area? If so, how and where? If not, why not?

If so, are customers purchasing similar, related items at the same time they are or will be purchasing yours? If so, which ones and why? If not, why not? _____

Are my products/services different from what is already available? In what way? (e.g. convenience, quality, service, price) _____

What social, cultural, educational, financial, emotional, and/or physical benefit will my customers derive from each product or service I will offer? (List all that apply and why.)

1. _____
2. _____
3. _____
4. _____
5. _____

If my product/service were not on the market, what would potential customers use for a substitute?

1. _____
2. _____
3. _____

Who normally makes the decision to buy mine and/or similar products/services? (husband, wife, child (age & sex), friend, teacher, etc.) _____

Who normally influences the decision to buy? (husband, wife, child (age & sex), friend, teacher, etc.) _____

How do customers usually pay for my product/service? (cash, credit card, advance billing, in-house account, etc.) _____

Now, let's summarize. As briefly (and as excitingly) as possible, describe the business you are in, the product, service and /or mix you are selling, to whom you are selling it and why they are buying it.

Market Analysis

Many business owners make the mistake of not knowing who their customer really is. This mistake can lead to costly errors that will, at best, cause unnecessary frustration and impair the financial health of the business, and, at worst, force the business to close.

Your business will not succeed just because you want it to – you must have customers who want what you have to sell. And you must know who they are, what they want and how to attract them. You also need to know how many of them there are, where they are located, where they will be traveling from, for what purpose they will be coming to your location, how much time they usually spend in the area, and how much money they have to spend.

By defining your target market – those customers most likely to spend the dollars you need to have a successful business – you will have a sound basis for projecting the revenues you will earn and the costs associated with earning that revenue. The Financial section of the workbook will guide you through the process of projecting the potential success of your business and the return to you on your investment. However, your projections will only be as good as the job you do here in this Market Analysis section.

The Arkansas Department of Parks and Tourism regularly updates information you will need for this section as do local Chambers of Commerce, Advertising and Promotion Commissions and Convention and Visitors Bureaus. There are also some excellent publications that explain how to do your own market research. *Do-It-Yourself Marketing Research* by George Breen & A.B. Blankenship (McGraw-Hill Incorporated, New York, NY) takes the mystery out of gathering market data and using it to make sound decisions. *The Insider's Guide to Demographic Know-How* by Diane Crispell (American Demographics Press, Ithaca, NY) tells you how to find, analyze, and use information about your customers.

And remember, this section relates closely to the Product/Service Analysis section. Therefore, what you determine in one section may impact and cause changes in the other.

Use as many additional sheets as necessary:

	Visitors to: State of Arkansas	Visitors to: Your Proposed Location	Customers Attracted to: Your Proposed Business
DEMOGRAPHIC CHARACTERISTICS (Determine, Select and Describe as follows)			
Family Structure Individual Adults Couples Adults with children Children: Accompanied By: Parents or Other Family Members Teachers, Camp Counselors, etc.			
For each category selected above, complete the following: Age: Sex: Ethnic Background: Marital Status: Household Size: Educational Level: Occupation: Income Level:			
GEOGRAPHIC CHARACTERISTICS -all columns will likely vary from one another			
Where are Visitors/Customers coming from: Out-Of-State or Out of Proposed Area/Region? In-State or Within Proposed Area/Region? If Out-Of-State, which states are most of the visitors coming from? If coming from out of Proposed Area/Region, what areas of the state are most of the visitors coming from? On average, how many miles are potential customers willing to travel? Is Arkansas a destination state or a pass-through state?			

	Visitors to: State of Arkansas	Visitors to: Your Proposed Location	Customers Attracted to: Your Proposed Business
<p>GEOGRAPHIC CHARACTERISTICS – con’t</p> <p>If a destination state, why? If a pass-through state, why?</p> <p>Is your proposed area a destination area or a pass-through area? If a destination area, why? If a pass-through area, why?</p> <p>Why are most potential customers coming?</p> <p>Do their visits revolve around some specific event or attraction (hunting, rodeo, fair, convention). If so, what?</p> <p>How often are they coming? (daily, weekly, monthly, yearly, regularly, occasionally, sporadically, etc.)</p> <p>On average, how long are they staying?</p> <p>What is the average spent per day?</p> <p>How have the trends changed over the last 3 years and what is the projected trend for:</p> <ul style="list-style-type: none"> Out-Of-State versus In-State travel? Destination versus Pass-Through? Average miles traveled? Reasons for travel? Frequency of visits? Average length of stay? Average amount spent? <p>Map your results (suggestion: use different colors for each column’s results so you can determine overlap – the overlap is your target area).</p>			

	Visitors to: State of Arkansas	Visitors to: Your Proposed Location	Customers Attracted to: Your Proposed Business
<p>PSYCHOGRAPHIC CHARACTERISTICS Go back and study the results in the Demographic and Geographic Characteristics sections to answer the following:</p>			
<p>What common interests do potential customers share? (hunting, hiking, shopping, water sports, educational or cultural interests, affiliations, etc.)</p> <p>How and why are potential customer's interests changing? (aging population, growing or shrinking segment of the population, more or less disposable income, change in buying habits, etc.).</p> <p>Do you expect the above trends to continue? At the same pace? Slower? Faster?</p> <p>What effect will the trends have on the state? Your location? Your business?</p> <p>Which seasons attract which groups of customers with like interests and what percentage is attracted each season? Fall? Winter? Spring? Summer?</p> <p>Looking back, has there been any change in the above distributions? Why or why not?</p> <p>Are any changes in the above distributions anticipated? Why or why not?</p>			

	Visitors to: State of Arkansas	Visitors to: Your Proposed Location	Customers Attracted to: Your Proposed Business
<p>PSYCHOGRAPHIC CHARACTERISTICS – con’t</p> <p>Is there a “dollar spent” difference between seasons? If so, which season(s) attract customers with more money to spend? Which with less?</p> <p>What effect on your business can you anticipate from:</p> <ul style="list-style-type: none"> The changes in seasons? From the changes in the distributions? From the changes in dollars being spent? <p>What can you do to even out cash flow between seasons? (Change products, level of service, price, quality, etc.)</p> <p>Why will visitors/customers spend their money?</p> <ul style="list-style-type: none"> Need? Convenience? Luxury? Price? On Impulse? Quality? Status? Pleasure? <p>How will the following change why money is spent?</p> <ul style="list-style-type: none"> Changes in the economy – up or down? Changes in the population? (general population or population segment growing or shrinking, etc.) Changes in technology? How can you stabilize the effect these changes will have on cash flow? (changes in product, level of service, product/service mix, price/quality, etc.) 			

You have just completed the research work necessary to determine the size of your market and who, most likely, will be your customer. Now you must study and analyze your research to determine who your target market is, what they want and expect, where they are located and how likely it is your customer base will provide sufficient year-round income. To make your analysis easier, if you have not mapped the geographic characteristics, do so now. Also, it will be helpful if you use a highlighter to highlight those demographic and psychographic characteristics that are similar between columns. For instance, if the entire state is your target area, highlight those characteristics from the “State Of Arkansas” column that are similar to those in the “Your Business” column. If only an area or region of the state is your target area, then compare the characteristics in the “Your Proposed Location” column to those in the “Your Business” column. If your customers are primarily coming from out-of-state, list the states they are coming from and the demographic and psychographic characteristics that are most similar to those in the “Your Business” column.

Now, summarize the information into an easy-to-use format. You will be referring back to the summary when you work through the Financial Information section.

And remember, you must update the information in this section yearly so you can adjust for changes in customer needs, wants or expectations.

Competition Analysis

Understanding your competition -- who they are, their products, their marketing methods, and their competitive advantages and disadvantages – will allow you to compete effectively and successfully.

Opening a tourism-related business adds another dimension to the concept of determining who your competition is and what your competitive strategy will be. Not only must you vie for state and regional entertainment/leisure activity dollars, you are competing with attractions offered by other states. Therefore, the more tourist attracting businesses there are in the state and in your proposed location, the easier it will be for your business and for all Arkansas’ businesses to compete for the tourist dollar. Keep in mind, too, while working on this section, that you must also compete with other attractions and supporting businesses in your area – tourists only have a certain amount of money they are going to spend. Consider, too, that it is difficult for a business to enjoy continued success without the year-round support of the local community – not only do they come, but they bring their friends, their out-of-area family, their church and school groups, etc. Having a business strategy that attracts a sufficient number of those available dollars will determine the eventual success or failure of your business.

In the previous section, you determined from which states most of Arkansas’ tourists come from and you also determined which parts of the state attract how many and what kind of tourists. Now you will look more closely at why tourists choose one place over another, what other states and businesses are doing to attract customers, the competitive strengths and weaknesses of Arkansas, your proposed location and of **your business**.

There are some excellent books on gathering and analyzing information about competitors. And, various state and local agencies will assist you in analyzing just who your competition is. Also, to gain a clear understanding of your competitors, it is suggested that you start a file on each one. Keep copies of their advertising and promotional materials -- note what discounts they run and when, who they are targeting, and how they are designing their promotional material. By doing so, you will better understand their sales strategy and how they operate their business. And, the better understanding you have of them, the more effectively you can compete.

First, let’s take a look at how the competitive position of Arkansas and that of your proposed location can impact your business strategy and success.

List the top 5 states in competition with Arkansas for the tourist dollar.

- | | |
|----------|----------|
| 1. _____ | 2. _____ |
| 3. _____ | 4. _____ |
| 5. _____ | |

What are the primary reasons tourists are attracted to those other states? Does Arkansas offer similar attractions? Does your proposed location offer them?

	ARKANSAS OFFERS (Y=Yes; N=No)	PROPOSED LOCATION OFFERS (Y=Yes; N=No)
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

For the next 4 questions, consider factors such as number, kind, seasonality and variety of attractions, availability of lodging, dining, shopping and other supporting businesses, transportation, roadways, liquor laws, allowable activities, proximity to other tourist areas, etc.)

As far as ability to attract tourists, what are the major strengths and weaknesses of each state you listed above?

STATE	STRENGTHS	WEAKNESSES
1.	1. 2. 3.	1. 2. 3.
2.	1. 2. 3.	1. 2. 3.
3.	1. 2. 3.	1. 2. 3.
4.	1. 2. 3.	1. 2. 3.
5.	1. 2. 3.	1. 2. 3.

What are Arkansas' competitive strengths and weaknesses?

STRENGTHS:	WEAKNESSES:
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

List the strengths and weaknesses of the “total tourism package” available in your area as compared to other areas?

STRENGTHS:	WEAKNESSES:
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

What is being done by state and local agencies, city councils, advertising and promotion commissions, and others to maximize the strengths you noted above and minimize the weaknesses? For Arkansas? For your proposed location? (Consider shopping, activities and attractions, transportation, lodging, roadways, changes in regulations and ordinances, liquor laws, etc.)

Now, let’s look at the competitive position of your proposed business. Generally, it is a good idea to emulate those competitor strengths that will make your business stronger. After all, your competition is doing something right or they would not be in business. The key is to know what those strengths are – what customers like about a competitor’s business—so you can attract those dollars. Another key is knowing what a competitor’s weaknesses are. Their weaknesses can be considered a reason for your business to exist in the marketplace. In other words, if the competition is providing everything the customer wants when, where, why and how they want it, there is no need for your business. Attracting customers is the “easy” part. You retain customers, get their repeat business and have them recommend you to others by meeting a need not currently being met by your competition. This next section will help you understand and capitalize on your competitive advantages.

Name and identify the following about your 5 strongest competitors: (If there are no competitors, explain why.)

COMPETITOR	LOCATION	YEARS IN BUSINESS
1.		
2.		
3.		
4.		
5.		

Describe the most important strengths and weaknesses of the competitors you listed above: (Consider factors such as image, reputation, location, proximity to other attractions and supporting businesses, price, quality, cleanliness, friendliness of employees, services offered, business hours, etc.)

COMPETITOR	STRENGTHS	WEAKNESSES
1.	1. 2. 3.	1. 2. 3.
2.	1. 2. 3.	1. 2. 3.
3.	1. 2. 3.	1. 2. 3.
4.	1. 2. 3.	1. 2. 3.
5.	1. 2. 3.	1. 2. 3.

Now, let's analyze what your target market wants and expects against what is available.

CUSTOMER WANTS AND EXPECTATIONS	NEED IS BEING MET (S=Satisfactorily; US=Unsatisfactorily)	NEED IS NOT BEING MET	DON'T KNOW
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

What impact will those needs listed above that are not being met at all or are not being met satisfactorily have on your competitive strategy?

UNMET NEEDS	IMPACT
1.	
2.	
3.	
4.	
5.	
6.	

Of those needs that are being met by competitors, which ones will you include in your strategy and why?

ONES YOU WILL INCLUDE:	REASON:
1.	
2.	
3.	
4.	
5.	

In light of what is wanted and expected by customers and what is and is not being provided, list your business's strengths and weaknesses. There may be unmet needs that you are not able to meet either due to a lack of time, money or resources. However, your overall strategy needs to include what you can do to minimize any negative impact from them. Be as objective as possible when completing the chart below. Look at your business or idea from your customer's perspective.

STRENGTHS:	COMMENTS:
1.	
2.	
3.	
4.	
5.	
WEAKNESSES:	PRELIMINARY RECOMMENDATIONS:
1.	
2.	
3.	
4.	
5.	

Analyze all the above information, then summarize:

1) Your competitive position in the marketplace at the state, regional and local level (competitive advantages and disadvantages) _____

2) Your competitive strategy _____

Marketing Mix

Marketing Mix is the combination of factors put in place by management to attract and retain customers – the **how to** of getting and keeping customers. Now that you know who your customer is, several decisions need to be made about how you will create and control awareness of your business. You will be answering questions about:

☞☞ How you will position your company in the market? - The image you want portrayed.

☞☞ Which special features you will emphasize – What does your customer **most** want and expect to have offered?

- ☞☞What your pricing strategy will be? – A balancing act between what the customer wants and expects, what is already offered, what you offer and the image you want to convey.
- ☞☞How you will advertise and promote your business?

Let's start with image – how you want your business perceived by potential customers. Every decision you make about even seemingly small things like how your phone is answered, how clean your facility and vehicles are, how your employee's dress, etc. determines how customers will perceive your business. Your job is to decide what you want that image to be and then to make sure every element of your business, from your printed stationery to the landscaping consistently conveys the same message. By understanding who your customer is, their likes, dislikes, reasons for buying, and the other demographic and psychographic characteristics you previously researched, you can decide what that message needs to be and how best to convey it. Look back through this workbook as you answer the following:

What kind of image do I want my business to have? (cheap but good, customer oriented, highest quality, convenience, speed, exclusive)

Do the following support that image? If not, what changes will you implement?

	YES	NO	PROPOSED CHANGE
Location:	_____	_____	_____
Signage:	_____	_____	_____
Design of Facility:	_____	_____	_____
Product Mix:	_____	_____	_____
Level of Service:	_____	_____	_____
Personalities of Employees:	_____	_____	_____
Management Style:	_____	_____	_____

Considering your customer, your product/service mix, and your image:

Which features will you emphasize in your advertising?

1. _____
2. _____
3. _____
4. _____

What will your pricing strategy be for each component of your business? (i.e. lodging, retail, food service, attraction, etc.):

STRATEGY	COMPONENT 1	COMPONENT 2	COMPONENT 3
Markup on Cost and % of markup			
Suggested Price			
Competitive			
Below Competition			
Premium Price			
Other _____			
Other _____			

List the customer services you will provide:

1. _____
2. _____
3. _____
4. _____
5. _____

What are your sales/credit terms:?

TERM	AVAILABLE	NOT AVAILABLE
Cash at time of sale		
In-house Charge		
Terms? Net 30, 2/10 Net 30, etc.		
Credit Cards- Which Ones?		
Advance Payment to hold tickets, reservations, etc.		
Other: _____		
Other: _____		

Competitors offer? _____

Advertising and public relations are both ways to create awareness and attract customers. However, they are different. By simple definition: Advertising and promotion sell your product or service; public relations sell the people behind your business and all your products and services, not just those that are advertised.

Public relations (PR):

1. Makes your advertising believable and develops your reputation for sound business ethics such as fair dealing, honesty, and confidentiality.
2. Conditions your markets to be receptive to your advertising.
3. Adds impact to advertising.

There are many means of employing public relations to convey impressions, thereby developing opinions, and either more firmly fixing attitudes or changing attitudes. A few of the more common **public relations tools** are:

Publicity – which is the process of communicating positive information to your marketplace. It usually appears in the mass media as, say, a press release, but information – both good and bad --can also be conveyed by word-of-mouth.

Logos on your stationery, business cards, sign, vehicles, etc.

Physical attributes - your business location, building design, signage, landscaping, cleanliness, etc.

Participation in community events.

Speeches by company executives.

Some other tools you can use are: honest, reliable business practices with suppliers and customers, generous return policy, special events, and charitable contributions. Even how you treat employees and whether or not you give year-end bonuses can influence how your company is perceived. Not all PR tools cost a lot of money, but bad PR can cost you a lot. Therefore, it will be beneficial to decide early on what PR tools you will use and budget for any cost of implementation.

Advertising, as a general rule, costs more than most PR tools. You pay for media advertisements, brochures, billboards and the like. And, depending on the media and the size and frequency of the advertisement, advertising can be quite expensive. Therefore, it is a good idea to determine which medium, will best reach your target market and then analyze the results. By analyzing how effective each advertising medium is how many customers call, come by, spend money, etc. – you can determine how best to allocate your advertising dollars.

Of primary importance, especially in the tourism industry, is having advertising partners. Your local Advertising and Promotion Commission or Convention and Visitors Bureau can assist with financing advertising. Since they have money to help promote the area and its businesses, they also have good information about the market. It is suggested that you contact them early on in the planning process.

The following questions will assist you in determining what your marketing mix will be. After analyzing the results of your initial advertising and promotion tools, however, you may need to make some changes in order to get the most for your dollar.

Remember too, as your market changes you may need to change the mix accordingly.

MEDIUM	WILL USE	WILL NOT USE	NEED MORE INFORMATION TO DETERMINE
Television			
Radio			
Direct Mail			
Personal contacts			
Trade Associations			
Newspaper			

Magazines			
Yellow Pages			
Billboards			
Brochures			
Other _____			

For those you will use, explain why you consider them to be the most effective:

MEDIUM	REASONS FOR USING
1.	1. 2. 3.
2.	1. 2. 3.
3.	1. 2. 3.
4.	1. 2. 3.
5.	1. 2. 3.
6.	1. 2. 3.
7.	1. 2. 3.
8.	1. 2. 3.

Which public relations tools do you plan on using?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

What have you determined your advertising and promotion will cost? Break it down by medium you have chosen. If not chosen, mark "COST" column as "not applicable (N/A).

MEDIUM	COST
Television	
Radio	
Direct Mail	
Personal contacts	
Trade Associations	
Newspaper	
Magazines	
Yellow Pages	
Billboards	
Brochures	
Other _____	

Financial Information

Sound financial management is one of the best ways for your business to remain profitable and solvent. How well you manage the finances of your business is a cornerstone of every successful business venture.

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open or expand your business, and the amount needed to keep it open. The first step to building a sound financial plan is to develop a start-up or expansion cost budget. Your start-up or expansion cost budget will usually include such one-time costs as major purchases, construction, deposits, etc.

Financial projections are management's best estimate of the business's most likely results of operations and financial position for the forecast period. Good financial projections are realistic, considering achievable opportunities and recognizing all cost factors and contingencies.

The projections should be presented on a month-by-month basis for at least the first year, or until you achieve a positive cash flow, and annually thereafter. The more seasonal your business, the more critical this becomes. By preparing monthly projections, you can determine whether the expected cash position at the end of each month is enough to meet the cash requirements for the following month. A projected cash shortfall indicates a need to obtain financing or additional equity capital.

The Financial Plan should include an explanation of all assumptions used in developing the projections. Be realistic, base your projections on the results gathered from the Market section as well as your historic performance (if applicable). Projections that are poorly researched, or make unsupported assumptions raise red flags that you may be inexperienced, overly optimistic, naive, or reckless. Make sure you can back up your projections with reliable data.

While the Financial section may appear overwhelming, don't get discouraged. This section has been broken into manageable chunks if you approach it one page at a time.

Unless you, or someone in your management team, are thoroughly familiar with financial statements, you may wish to obtain assistance from your accountant, or business consultant.

Estimated Start-Up or Expansion Costs

The following worksheet identifies common start-up and expansion costs. Use this form to describe the estimated project costs. Omit or add items to fit your particular circumstances. If you are acquiring land, you should include a copy of the “offer and acceptance” in the appendix section. If major construction is involved, you should include bids from at least two bonded contractors in the appendix, along with copies of the plans and specifications. Quotes from suppliers should be included in the appendix for the acquisition of vehicles, equipment, furniture and fixtures, etc.

	Estimated Project Costs – Worksheet 1		From Loans	From Owner's Equity	Total	
1	Land		\$	\$	\$	
2	Buildings					
3	Remodeling/decorating					
4	Machinery & Equipment:					
5	Machines					
6	Cash register					
7	Computer					
8	Phone system					
9	Tools					
10	Other: (specify)					
11	Furniture & Fixtures:					
12	Room furniture					
13	Office furniture					
14	Counters, display stands, shelves, tables					
15	Storage shelves, cabinets					
16	Signage					
17	Other: (specify)					
18	Vehicles					
19	Starting Inventory, Merchandise					
20	Starting Inventory, Raw Materials					
21	Starting Inventory, Supplies					
22	Other:					
24	Working Capital					
27	TOTAL		\$	\$	\$	

Bank Rate: _____ %
 Bank Term: _____ (in Years)

The more precise you are in estimating your start-up or expansion costs, the more precise your estimate of capital requirements can be (covered later in this section).

Three Year Historical Profit or Loss - Worksheet 2

	Description	Prior Year (3 Years Ago)	%	Prior Year (2 Years Ago)	%	Prior Year (Last Year)	%	Ind. %
	Net Sales		100		100		100	100
2	Cost of Goods Sold							
3	Gross Profit							
4								
5	Operating Expenses:							
6	Owner's Salary							
7	Other Salaries							
8	Payroll Related Costs							
9	Accounting							
10	Advertising							
11	Bank Charges							
12	Commissions							
13	Depreciation							
14	Freight Out							
15	Insurance							
16	Interest							
17	Rent							
18	Repairs & Maintenance							
19	Supplies							
20	Taxes / Licenses							
21	Telephone							
22	Travel							
23	Utilities							
24	Vehicle							
25								
26								
27	Total Operating Expenses							
28								
29	Profit Before Taxes							
30	Income Taxes							
31	Net Profit or Loss							

If applicable, enter last three years historical profit and loss figures in the above worksheet. The Industry Average data should be entered in the last column. The Industry Average data may be obtained from several sources, the best of which would be from industry associations. A commonly

used source is Annual Statement Studies, published by Robert Morris Associates (available at many public libraries).

Three Year Historical Balance Sheets - Worksheet 3

	Description	Prior Year (3 Years Ago)	Prior Year (2 Years Ago)	Prior Year (Last Year)	Ind. %
1	Assets				
2	Current Assets				
3	Cash				
4	Accounts Receivable				
5	Inventory				
6	Other				
7	Total Current Assets				
8	Fixed Assets				
9	Land				
10	Buildings (net)				
11	Equipment (net)				
12	Furniture & Fixtures (net)				
13	Other (net)				
14	Total Fixed Assets				
15	Other Assets				
16	Total Assets				
17					
18	Liabilities				
19	Current Liabilities				
20	Accounts Payable				
21	Taxes Payable				
22	Other				
23	Total Current Liabilities				
24	Long-term Liabilities				
25	Notes Payable				
26	Other				
27	Total Long-term Liabilities				
28	Owner's Equity				
29	Total Liabilities & Owner's Equity				

If applicable, enter the last three years historical balance sheet figures in the above worksheet. The Industry Average data should be entered in the last column. (See Additional References and Sources section for sources of industry information.) Displaying your historical financial statements side by side allows you to observe trends, both positive and negative, in your business operation. Trend analysis can be used as an early warning system to detect problems and address them before they become critical

Three Year Historical Ratio Analysis - Worksheet 4

	Ratio	Computation	Prior Year (3 Years Ago)	Prior Year (2 Years Ago)	Prior Year (Last Year)	Ind. Avg.
1	Liquidity Ratios					
2	Current Ratio #	Total Current Assets Total Current Liabilities				
4	Quick Ratio #	Cash + Temp Investments + Net A/R Current Liabilities				
6	Working Capital \$	Current Assets – Current Liabilities				
8	Leverage Ratio					
9	Debt-to-Worth #	Total Liabilities Owner's Equity				
11	Profitability Ratios					
12	Gross Profit Margin %	Net Sales – Cost of Goods Sold Net Sales				
14	Net Profit Margin %	Net Profit Before Taxes Net Sales				
16	Efficiency Ratios					
17	Sales to Assets #	Total Net Sales Total Assets				
19	Return on Assets %	Net Profit Before Taxes Total Assets				
21	Return on Net Worth %	Net Profit Before Taxes Owner's Equity				
23	Inventory Turnover #	Cost of Goods Sold Inventory				
24	Days Inventory	(divide result above into 365 days)				
26	Accts. Rec. Turnover #	Net Sales Accounts Receivable				
27	Collection Period	(divide result above into 365 days)				
29	Accts. Pay. Turnover #	Cost of Goods Sold Accounts Payable				
30	Payable Period	(divide result above into 365 days)				

In addition to conducting a trend analysis on your financial statements, you can also conduct a trend analysis on your financial ratios, examining the changes from year to year. You should also compare your liquidity, leverage, profitability, and efficiency ratios with industry averages. If there are ratios in which your company is significantly out of line, you should take the opportunity to investigate the reason why.

Year One Projected Sales Revenue Worksheet 5

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total	
2															
3	+ Sales 1														
4	+ Sales 2														
5	+ Sales 3														
6															
7	= Gross Sales														
8															
9	- Returns or other deductions														
10															
11	= Net Sales														

Percentage of above sales that are Cash Sales: _____%
Percentage of above sales that are Credit Sales: _____%

A month by month sales revenue projection is especially important for tourism-related businesses since most are seasonal in nature. Information sources are listed in the Appendix. Revenue should be tracked by income producing unit and/or activity. Your projections should include an explanation of all projections, and be specific in stating the source of revenue. To reflect the seasonality, you should write in the % of sales for each month on line 1 as part of your assumptions. If applicable, you should also indicate such things as average daily rate, occupancy rate, etc. (Note: this should relate to the Marketing section).

Assumptions: _____

Year One Projected Cost Of Goods Sold Worksheet 6

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total	
2															
3	+ Beginning Inventory														
4	+ Net Purchases														
5	+ Freight In														
6															
7	= Total Available For Sale														
8															
9	- Ending Inventory														
10															
11	= Cost of Goods Sold														

This Worksheet is best suited to tourism-related businesses generating revenue from selling products they themselves produce or assemble. (Those businesses relying heavily on purchase of inventory). It may, or may not be applicable to your business.

You may prefer to project your Cost of Goods Sold on a percentage of sales basis, relying either on historical performance or industry averages. If so, enter the Cost of Goods Sold as a percentage of Sales in the 12-Mo. Total column, line 11 and utilize this percentage in Worksheet 13.

Assumptions: _____

YEAR ONE PROJECTED FIXED LABOR EXPENSE WORKSHEET 7

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12		12-Mo. Total	
2																
3	+ Owner's Compensation															
4	+ Employee 1															
5	+ Employee 2															
6	+ Employee 3															
7	+ Employee 4															
8																
9	= Total Fixed Labor															
10																

11																
12	+ FICA & Medicare															
13	+ FUTA															
14	+ SUTA															
15	+ Worker's Comp Ins.															
16	+Employee Benefits															
17																
18	= Total Fixed Labor- Related Costs															

This Worksheet should include those labor and labor related expenses which will remain the same each month and are not dependent on sales volume. Enter the percentage of wages utilized to calculate the payroll taxes next to the description in column one.

YEAR ONE PROJECTED VARIABLE LABOR EXPENSE WORKSHEET 8

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total
2														
3	+Owner's Compensation													
4	+ Employee 1													
5	+ Employee 2													
6	+ Employee 3													
7	+ Employee 4													
8														
9	= Total Variable Labor													
0														

11														
12	+ FICA & Medicare													
13	+ FUTA													
14	+ SUTA													
15	+ Worker's Comp. Ins.													
16	+ Employee Benefits													
17														
18	= Total Variable Labor-Related Costs													

This Worksheet should include those labor and labor related expenses which will vary dependent on sales volume. Enter the percentage of wages utilized to calculate the payroll taxes next to the description in column one.

YEAR ONE PROJECTED FIXED OPERATING EXPENSE WORKSHEET 9

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total
2														
3	+ Accounting													
4	+ Advertising													
5	+ Bank Charges													
6	+ Depreciation													
7	+ Insurance													
8	+ Interest on Notes													
9	+ Rent													
10	+ Taxes / Licenses													
11	+ Telephone													
12	+ Utilities													
13	+													
14														
15	= Total Fixed Operating Expenses													

Include expenses that will not vary dependent on sales volume in this Worksheet. If basing expenses on a % of sales basis, indicate the % next to the description in column one. Change any of the descriptions to meet your requirements.

Assumptions: _____

Year One Projected Variable Operating Expense Worksheet 10

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total	
2															
3	+ Advertising														
4	+ Commissions														
5	+ Freight Out														
6	+ Supplies														
7	+ Repairs & Maint.														
8	+ Travel														
9	+ Vehicle														
10	+														
11	+														
12															
13	= Total Variable Operating Expenses														

Include expenses that will vary dependent on sales volume in this Worksheet. If basing expenses on a % of sales basis, indicate the % next to the description in column one. Change any of the descriptions to meet your requirements.

Assumptions: _____

Year One Total Projected Fixed Costs Worksheet 11

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12		12-Mo. Total
2															
3	+ Fixed Labor Expense (Worksheet 3)														
4	+ Fixed Labor Related Costs (Worksheet 3)														
5	+ Fixed Operating Costs (Worksheet 5)														
6															
7	= Total Fixed Costs														

Year One Total Projected Variable Costs Worksheet 12

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12		12-Mo. Total
2	+ Variable Labor-Related Costs (Worksheet 4)														
3	+ Variable Operating Costs (Worksheet 6)														
4															
5	= Total Variable Costs														

These two Worksheets combine the totals from various worksheets for both fixed and variable costs.

Year One Projected Profit or Loss Worksheet 13

1	Month (write in each month)	1	2	3	4	5	6	7	8	9	10	11	12	12-Mo. Total
2														
3	+ Net Sales (Worksheet 1)													
4	- Cost of Goods Sold (Worksheet 2)													
5														
6	= Gross Profit													
7														
8	- Total Fixed Costs (Worksheet 7)													
9	- Total Variable Costs (Worksheet 8)													
10														
11	= Profit Before Taxes													
12	- Estimated Income Taxes													
13														
14	= Net Projected Profit													

This Worksheet brings the totals forward from various Worksheets to reflect the monthly Net Projected Profit for Year One. Additional comments on planned activities to extend the season, etc. should be included here.

Comments: _____

Three Year Projected Profit or Loss - Worksheet 14

	Description	Year One	%	Year Two	%	Year Three	%
1	Net Sales		100		100		100
2	Cost of Goods Sold						
3	Gross Profit						
4							
5	Operating Expenses:						
6	Owner's Salary						
7	Other Salaries						
8	Payroll Related Costs						
9	Accounting						
10	Advertising						
11	Bank Charges						
12	Commissions						
13	Depreciation						
14	Freight Out						
15	Insurance						
16	Interest						
17	Rent						
18	Repairs & Maintenance						
19	Supplies						
20	Taxes / Licenses						
21	Telephone						
22	Travel						
23	Utilities						
24	Vehicle						
25							
26							
27	Total Operating Expenses						
28							
29	Profit Before Taxes						
30	Estimated Income Taxes						
31	Projected Profit or Loss						

This Worksheet is a summary of your projections for Year One presented in a different format, and includes the projections on an annual basis for Years Two and Three. Assumptions for Year Two and Three

Year One Projected Cash Flow Worksheet 15

	Month (write in each month)	Work Sheet#	1	2	3	4	5	6	7	8	9	10	11	12
1	Beginning Cash Balance													
2														
3	Cash Receipts:													
4	Cash Sales	5												
5	Collect Accts. Rec.	5												
6	Loans from Banks, etc.	1												
7	Owner Contribution	1												
8	Other													
9	Total Cash Receipts													
10														
11	Add Depreciation	14												
12														
13	Cash Disbursements:													
14	Merchandise Purchase	6												
15	Freight In	6												
16	Total Fixed Costs	11												
17	Total Variable Costs	12												
18	Capital Expenditures	1												
19	Loan Principal Pmts.	(a)												
20	Owner Withdrawals	(b)												
21	Other													
22	Total Cash Disbursed													
23														
24	Net Cash Flow													
25	Ending Cash Balance													

Cash flow is the lifeblood of any business. Most of the balances to be entered on this Worksheet come from Worksheets you have already completed. (a) Attach a loan amortization schedule. (b) Represents any owner withdrawal beyond what is already included in one of the other Worksheets.

Projected Balance Sheet - Worksheet 16

	Description	Beginning Balance	Debits	Credits	Projected Balance
1	Assets				
2	Current Assets				
3	Cash				
4	Accounts Receivable				
5	Inventory				
6	Other				
7	Total Current Assets				
8	Fixed Assets				
9	Land				
10	Buildings (net)				
11	Equipment (net)				
12	Furniture & Fixtures (net)				
13	Other (net)				
14	Total Fixed Assets				
15	Other Assets				
16	Total Assets				
17					
18	Liabilities				
19	Current Liabilities				
20	Accounts Payable				
21	Taxes Payable				
22	Other				
23	Total Current Liabilities				
24	Long-term Liabilities				
25	Notes Payable				
26	Other				
27	Total Long-term Liabilities				
28	Owner's Equity				
29	Total Liabilities & Owner's Equity				

The Beginning Balance should be completed by an existing business, a start up business should not have a Beginning Balance. Enter the effect the proposed project will have on the Balance Sheet as debits or credits to the various asset classifications. The Projected Balance will reflect how your Balance Sheet will appear as a result of the project.

Break-even Analysis

Break-even analysis is a technique for determining the dollar sales volume, or unit sales volume, required to recover all the costs of operating the business. It analyzes the relationship between: fixed costs (those costs that remain the same regardless of sales volume - such as rent, depreciation, interest, etc.); variable costs (those costs that vary directly with the sales volume - such as factory labor, maids, production material, etc.); and sales. If a business' costs were all variable, the business would be profitable from the start, regardless of the sales volume.

The break-even point is the level of sales at which your total sales exactly covers your total costs and operating expenses. In other words, at the break-even sales level, you will make a zero profit. If you sell more than the break-even sales level, you will make a net profit. If you sell less than the break-even sales level, you will have a net loss.

Step One: Total Projected Cost of Goods Sold (Worksheet 13 line 4) \$_____ plus the Total Projected Variable Costs (Worksheet 13 line 9) \$_____ = \$_____ (Total Cost of Production).

Step Two: Divide the answer in Step One above \$_____ by the total Projected Net Sales (Worksheet 13 line 3) \$_____ = Total Cost of Production in decimal format _____. (The correct format is .66 - not 66%).

Step Three: Subtract the decimal format answer obtained in Step Two above from "1". $1 - \underline{\hspace{2cm}} =$ Contribution Margin in decimal format _____.

Step Four: Total Fixed Costs (Worksheet 13 line 8)) \$_____ divided by the Contribution Margin % (step 3 above) _____ = Break-even Sales Level \$_____.

Step Five: You can then calculate the Break-even in units by taking the Break-even Sales Level (step 4) \$_____ divided by the average unit selling price \$_____ = Break-even in Units _____.

EXAMPLE:

Net Sales (NS) =	\$300,000
Cost of Goods Sold (COGS) =	\$126,000
Gross Profit (GP) =	\$174,000
Fixed Costs (FC) =	\$80,000
Variable Costs (VC) =	\$74,000
Net Profit (NP) =	\$20,000
Average Per Unit Sales Value (ASV) =	\$3 Per Unit

Step One: $GOS + VC = \$126,000 + \$74,000 = \$200,000$

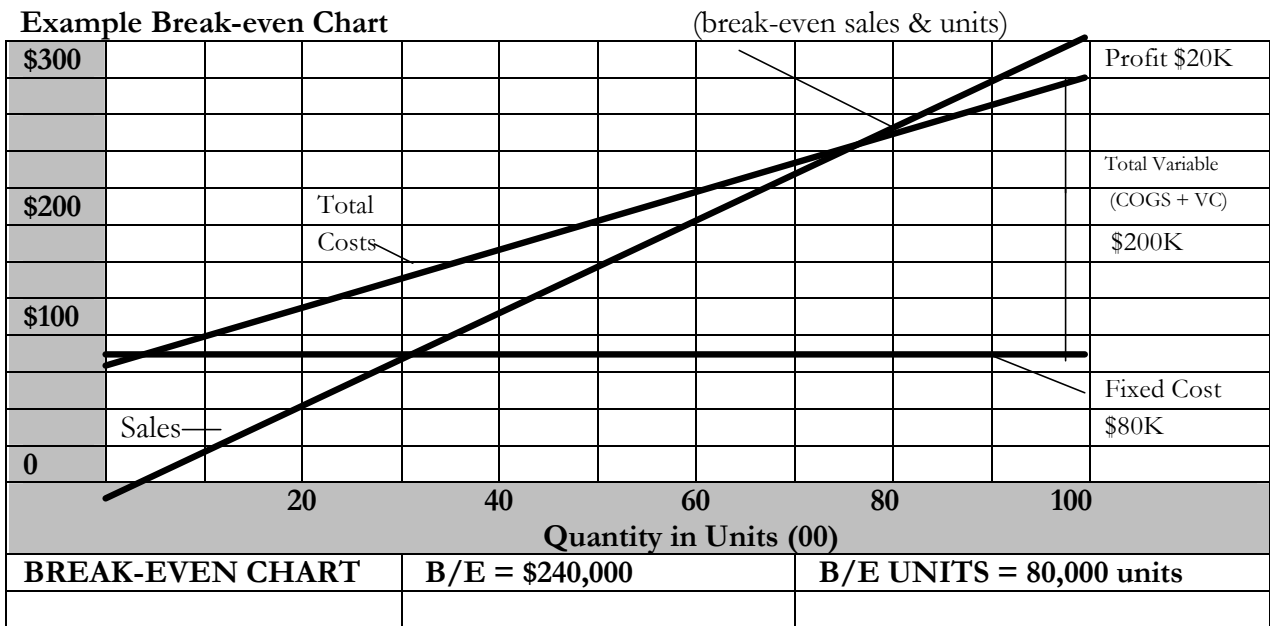
Step Two: $Step\ 1 / NS = \$200,000 / \$300,000 = .6666$

Step Three: $1 - Step\ 2 = 1 - .6666 = .3333$

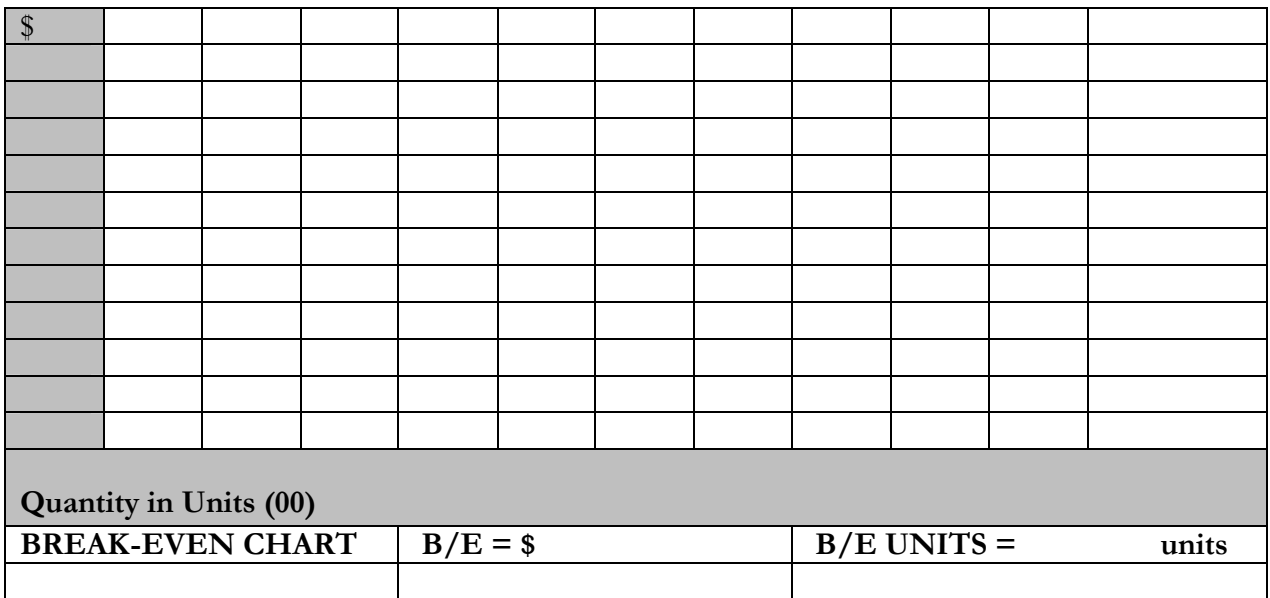
Step Four: $FC / Step\ 3 = \$80,000 / .3333 = \$240,000$ Break-even Sales Level

Step Five: $Step\ 4 / ASV = \$240,000 / \$3 = 80,000$ Break-even in Units

Example Break-even Chart



Break-even Chart - Worksheet 17



Management Team

Managing a business requires more than just a desire to be your own boss. It demands dedication, persistence, the ability to make decisions, and the ability to manage both employees and finances. This presentation of the key members of the management team is *the* most important part of the business plan. People make a business successful, not ideas or strategies.

Begin with a description of the team's leader, and then work your way around the organizational chart (include full resumes in the Supplemental Section). Instead of listing vague titles or duties and responsibilities, emphasize job functions. Concentrate on each team member's achievements as they relate directly to the business. Be sure to show 100% of the ownership.

Owners / Principals

Name: _____ Title: _____ Ownership %: _____ % Annual Compensation: \$ _____
Background / Previous Business Experience:

Name: _____ Title: _____ Ownership %: _____ % Annual Compensation: \$ _____
Background / Previous Business Experience:

Name: _____ Title: _____ Ownership %: _____ % Annual Compensation: \$ _____
Background / Previous Business Experience:

Your chances of success are usually much better if you have direct work experience in the type of business you plan to start. Past experience provides key contacts in the industry or community that can help as you establish your own business. This does not mean that you must yourself possess all the necessary management skills. It does mean that you must know your weak points, so that you can either acquire skills in those areas or hire someone who has them. Be aware though, that an over dependence on others may expose you and your business to significant risk.

Other Key Employees

Name: _____ Title: _____		Annual Compensation: \$_____
Background / Previous Business Experience:		

Name: _____ Title: _____		Annual Compensation: \$_____
Background / Previous Business Experience:		

Name: _____ Title: _____		Annual Compensation: \$_____
Background / Previous Business Experience:		

Most small businesses simply can't internally provide all the management skills necessary to operate the business successfully – nor should they try. In many small businesses, the management team may consist of one person, and although one person may be able to perform all the functions, it is not normally recommended. Solid working relationships should be established with external part time consultants or professionals who can use their special knowledge and expertise to benefit your business. You should consider enlisting the services of an accountant, an attorney, a banker, an insurance agent, and possibly a marketing or advertising consultant, as well as other professionals. These professionals can bring skills to your business that you may be lacking in your organization, as well as providing fresh perspectives.

Outside Consultants / Professionals

	Firm	Contact
Accountant		
Attorney		
Banker		
Insurance Agent		
Other:		

A business that is a franchise operation adds significant external expertise to its management team. A franchise provides everything from standardized accounting and reporting requirements, to management and employee training, as well as marketing, advertising and other forms of management assistance. If you are a franchise business, list the franchise information in the table above and include a copy of your franchise agreement in the Supplemental Information section.

Membership in industry specific associations is another source of management assistance and indicates management's commitment to stay current with industry trends. If you belong to any industry specific associations, list the information in the table above.

The Management Skills Matrix on the next page identifies some of the skills that business owners need in order to insure adequate control of the business. The Matrix can help identify areas of business expertise where assistance may be needed. For each skill area, check the box with an "I" to indicate that an insider (owner or employee) has the skill or an "O" to indicate an outsider has the skill, then fill in the individual's name who will perform the function next to the box. If a particular area does not apply, mark the box with an "N/A". For each skill area where you have not indicated adequate internal knowledge or outside assistance obtained, check the box with an "X". These are the areas that still need to be addressed.

Management Skills Matrix

SKILLS	Adequate Internal Knowledge	Outside Assistance Needed	Education Needed
Establish & maintain financial records			
Prepare operating budgets			
Put together a loan proposal			
Compile financial statements			
Meet payroll & sales tax requirements			
Analyze financial performance			
Project & control cash flow			
Purchase & manage inventory / supplies			
Determine credit worthiness of customers			
Collect past-due accounts			
Control & pay accounts payable			
Price product / service			
Promote product / service / business			
Public & political relations			
Monitor & evaluate marketing & advertising			
Hire & train employees			
Monitor employee performance			
Motivate employees; build a team environment			
Manage time / scheduling			
Delegate work to others			
Negotiate agreements / contracts			
Schedule production work			
Install quality control methods and evaluate			
Meet basic legal requirements			
Other:			

In identifying which functions will be performed by members of the management team or key employees, consideration should be given to how much time will be spent performing each function. This should be evaluated as to whether that function could be better performed by an outside consultant or professional to free internal time which could better be spent performing another function.

Supplemental Information

APPENDIX A

REFERENCES

Trade Associations

Trade associations often provide the best and most specific industry information of any source. They provide a valuable network of resources to their members through publications and services such as newsletters, conferences, and seminars. This information sometimes requires a fee. Here is a starting point for finding trade association web sites <http://www.marketingsource.com/associations/>. In addition, you should be able to find the *Encyclopedia of Associations* in most public and academic libraries. It is available in print and CD-ROM formats.

U.S. Industry and Global Trade Outlook

This publication includes industry definitions, factors affecting growth, trends, overview, new technologies, competitiveness, graphs, charts, etc. The first printing was 1998 and was compiled by DRI/McGraw Hill, Standard & Poor's and the U.S. Department of Commerce/International Trade Administration. ISBN: 0-07-032931-1, \$69.95.

Arkansas Tourism Research Report

A 1997 Market Analysis was conducted by D.K. Shifflet & Associates. The Marketing Model includes: *Market Assessment* – how many visitors does Arkansas attract? What are Arkansas's strengths and weaknesses in the market? and what opportunities exist for growth? *Targeting* – who is Arkansas's visitor? *Positioning* – how should Arkansas position its product? *Communicating* – where should Arkansas advertise and promote? This publication is available for viewing at the UALR Arkansas Small Business Development Center at 100 S. Main Street, Suite 401, (501-324-9043).

The National Park Service (NPS) has a web site <http://www.nps.gov/planning/tools.html> which includes "The Park Planner's Toolkit." The Toolkit offers links to other sites of interest, such as environmental documents and planning newsletters, as well as natural and cultural resource information. (See Federal Resources for mailing address)

The Development and Management of Visitor Attractions, by John Swarbrooke

Includes such topics as: The role of visitor attractions in tourism, The business environment and visitor attractions, The development process and the role of feasibility studies, Factors influencing the success of visitor attractions, Financing visitor attraction projects, Designing visitor attractions, and much more. Paperback - 381 pages (January 1995) Butterworth-Heinemann; ASIN: 0750619791

Marketing Tourism Destinations : A Strategic Planning Approach, by Ernie Heath and Geoffrey Wall

Provides detailed information on planning for tourism development and marketing in any region or community with emphasis on cases applicable to various parts of the globe. Not only contains a formula for strategic tourism planning but delves into such topics as environment and resource analysis, target marketing for profit and non-profit, regional marketing mix strategy, management and regional support and systems. Paperback - 240 pages (January 1992), John Wiley & Sons; ASIN: 0471540676

199X Outlook for Domestic Tourism, by Dr. Suzanne Cook, *National Outlook Forum*, October 1996.

Air Transport 199X Report, Air Transport Association of America, 1301 Pennsylvania Avenue, N. W., Washington, D.C. 20004.

Amtrak 199X Annual Report, National Railroad Passenger Corporation, 60 Massachusetts Ave., N. E., Washington, D.C. 20002.

The Economic Review of Travel in America. Travel Industry Association of America, 1100 New York Ave., N. W., Suite 450, Washington, D.C. 20005, (202-408-8422).

Impact of International Visitor Spending on State Economies, U.S. Department of Commerce, International Trade Administration, Tourism Industries, Washington, D.C. 20230.

Lodging Industry Profile, American Hotel & Motel Association, 1201 New York Ave., N.W., Washington, D.C. 20005.

Meetings and Conventions Magazine, 500 Plaza Drive, Secaucus, NJ 07094.

Outlook for International Travel to and from the United States in 199X, U.S. Department of Commerce, International Trade Administration, Tourism Industries, Washington, D.C. 20230.

Outlook for the Intricate Bus Industry, Outlook for the Cruise Industry, and Outlook for Foodservice, 1996 National Outlook Forum, Travel Industry Association of America, 1100 New York Ave., N.W., Washington, D.C. 20005.

Summary of International Travel to the United States 1996, U.S. Department of Commerce, International Trade Administration, Tourism Industries, Washington, D.C. 20230.

Survey of Current Business, November 1996, U.S. Department of Commerce, Economics and Statistics Administration, Washington, D.C. 20230.

Tourism Works for America Report, Tourism Works for America Council, 1100 New York Ave., N.W. Suite 452, Washington, D.C. 20005.

Travel Forecast, July 1997. Travel Industry Association of America, 1100 New York Ave., N.W., Washington, D.C. 20005.

APPENDIX B

STATE AGENCIES AND RESOURCES

Arkansas Department Of Parks and Tourism

One Capitol Mall
Little Rock, Arkansas 72201
1-800-NATURAL
501-682-7777 (V/TT)
E-MAIL info@arkansas.com
WEB SITE <http://www.arkansas.com/>

Arkansas Department Of Labor

STATE LABOR LAWS

10421 West Markham, 1st floor
Little Rock, AR 72205
501-682-4505

State labor laws apply to those employing 4 or more people and gross sales under \$500,000. If sales are over \$500,000, the Federal labor laws apply. You may phone the Department of Labor with questions concerning minimum wage, over-time and child labor laws.

Arkansas Development Finance Authority

100 S. Main Street, Suite 200
Little Rock, AR 72201
501-682-5900
WEB SITE <http://www.state.ar.us/adfa>

ADFA is empowered to issue tax-exempt bonds and other debt instruments for: housing, manufacturing, export finance, small business, tourism-related businesses, agricultural business enterprises, education, health care, municipalities and infrastructure projects.

Arkansas Department Of Finance & Revenue

SALES TAX DIVISION

Ledbetter Revenue Building
7th & Wolfe, Room 205
P.O. Box 1272
Little Rock, AR 72201
501-682-7104

All vendors located within Arkansas are required to register under the Gross Receipts Tax Law. All retail businesses and some service businesses should have a sales and use tax permit.

Arkansas Department Of Health**

DIVISION OF ENVIRONMENTAL

HEALTH PROTECTION

4815 West Markham/46
Little Rock, AR 72205
501-661-2171

Contact the state or your county sanitarian for specific information about food and food service establishments. These are the on-site inspectors of restaurants and food preparation facilities.

Arkansas Economic Development Commission

Business Advocacy Team
#1 Capitol Mall, 4C-300
Little Rock, AR 72201
501-682-1121

Arkansas Export Assistance Center

U.S. DEPARTMENT OF COMMERCE**
425 West Capitol, Suite 700
Little Rock, AR 72201
501-324-5794

Arkansas Chambers Of Commerce

ARKANSAS STATE
CHAMBER OF COMMERCE
410 S. Cross
P.O. Box 3645
Little Rock, AR 72203-3645
501-374-9225

To find chambers throughout the state of Arkansas or other area information visit the State of Arkansas web site at <http://www.state.ar.us/ina/mvhometown.html>

Arkansas Public Libraries

ARKANSAS STATE LIBRARY
One Capital Mall
Little Rock, AR 72201
501-682-2053
WEB SITE <http://www.asl.lib.ar.us/>

The state library publishes a directory of all public libraries. Arkansas libraries and museum web sites can be found by visiting <http://www.state.ar.us/ina/mvhometown.html>

CENTRAL ARKANSAS LIBRARY SYSTEM

Main Library
100 Rock St.
Little Rock, AR 72201
501-918-3000
WEB SITE <http://vera.cals.lib.ar.us/>

Arkansas Academic Libraries

Many college/university campuses have libraries with resources that may be helpful when conducting industry research. Use of materials will probably be restricted to their facility without a student/staff/faculty identification. Information on where to find these libraries and how to access can be found by visiting web site. <http://www.state.ar.us/ina/mvhometown.html>

Arkansas Convention & Visitors Bureaus

University Of Arkansas – Cooperative Extension Service**

P.O. Box 391

Little Rock, AR 72203-0391

501-671-2000

See USDA under “Other U.S. Government Resources”

UALR – Arkansas Small Business Development Center (ASBDC)

STATE OFFICE

100 S. Main Street, Suite 401

Little Rock, AR 72201

501-324-9043 or

800-862-2040

WEB SITE <http://www.ualr.edu/-sbdcept/>

SBDC's are sponsored by the SBA in partnership with state and local governments, the educational community and the private sector. They provide assistance, counseling, and training to prospective and existing business people. The ASBDC also has an extensive Information Center geared to assist small business people with researching their industry.

ASBDC Regional Offices

FORT SMITH - 1109 South 16th, 72902

HARRISON - 818 Highway 62-65-412 North, 72601

HOT SPRINGS- 835 Central Ave., Ste. 402D, 71901

MAGNOLIA - 600 Bessie Street, 71753

PINE BLUFF - 400 Main Street, Ste. 117, 71601

OSCEOLA - 118 N. Poplar, 72370

STUTTGART- 301 South Grand, Ste. 101, 72160

ASBDC Subcenter Offices

ARKADELPHIA - Henderson State University, P.O. Box 7624, 71999

JONESBORO, Arkansas State University, Drawer 2650, 72467

FAYETTEVILLE UA-Fayetteville, BA 106, 72701

APPENDIX C

FEDERAL AGENCIES AND RESOURCES

U.S. Small Business Administration (SBA)

The SBA has offices throughout the country. For more information about SBA business development programs and services, call the SBA Small Business Answer Desk at 1-800-U-ASK-SBA (827-5722).

LITTLE ROCK DISTRICT OFFICE (serves all of Arkansas)

2120 Riverfront Drive, Suite 100

Little Rock, AR 72202

501-324-5871

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products. Their programs include training and education, counseling services, financial programs and contract assistance.

U.S. Department of the Interior

NATIONAL PARK SERVICE (NPS)

P.O. Box 37127

Washington, D.C. 20013-7127

U.S. Department Of Labor (DOL)

FEDERAL LABOR LAWS

Office of Federal Contract Compliance Programs

TCBY Tower, Suite 725

425 West Capitol

Little Rock, AR 72201

501-324-5436

Regulatory agency for Federal Government contractors, usually with contracts greater than \$50,000, to ensure compliance with federal labor laws.

Service Corps Of Retired Executives (S.C.O.R.E.)

Located in the Little Rock District Office

SCORE is a national organization, sponsored by SBA, of volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people.

OTHER U.S. GOVERNMENT RESOURCES

Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in many major cities and are listed in the Yellow Pages under the "bookstore" heading. You can request a "Subject Bibliography" by writing to Government Printing Office, Superintendent of Documents, Washington, DC 20402-9328.

Many federal agencies offer publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses. To get their publications, contact the regional offices listed in the telephone directory or write to the addresses below:

Consumer Information Center (CIC)

P.O. Box 100

Pueblo, CO 81002

The CIC offers a consumer information catalog of federal publications.

Consumer Product Safety Commission (CPSC)

Publications Request

Washington, DC 20207

The CPSC offers guidelines for product safety requirements.

U.S. Department Of Agriculture (USDA)*

12th Street and Independence Avenue, SW

Washington, DC 20250

The USDA offers publications on selling to the USDA. Publications and programs on entrepreneurship are also available through county extension offices nationwide.

U.S. Department Of Commerce (DOC)*

Office of Business Liaison

14th Street and Constitution Avenue, NW

Room 5898C

Washington, DC 20230

DOC's Business Assistance Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different programs and services in the DOC and other federal agencies.

U.S. Department of Health and Human Services (HHS) – Public Health Service

Alcohol, Drug Abuse and Mental Health Administration

5600 Fishers Lane

Rockville, MD 20857

* Drug Free Workplace Helpline: 1-800-843-4971 – Provides information on Employee Assistance Programs.

* National Institute for Drug Abuse Hotline: 1-800-662-4357 – provides information on preventing substance abuse in the workplace.

* The National Clearinghouse for Alcohol and Drug Information: 1-800-729-6686 – Provides pamphlets and resource materials on substance abuse.

U.S. Department of Labor (DOL)*

EMPLOYMENT STANDARDS ADMINISTRATION

TCBY Tower, Suite 735

200 Constitution Avenue, NW

425 West Capitol

Washington, DC 2020

Little Rock, AR 72201

501-324-5292

The DOL offers publications on compliance with labor laws.

U.S. Department Of Treasury

INTERNAL REVENUE SERVICE (IRS)

P.O. Box 25866

Richmond, VA 23260

1-800-424-3676

WEB SITE <http://www.irs.ustreas.gov/>

The IRS offers information on tax requirements for small businesses.

U.S. Food And Drug Administration (FDA)*

FDA Center For Food Safety and Applied Nutrition

200 C Street, SW

Washington, DC 20204

The FDA offers information on packaging and labeling requirements for food and food-related products.

U.S. Environmental Protection Agency (EPA)

Small Business Ombudsman

Crystal Mall – No. 2, Room 1102

1921 Jefferson Davis Highway

Arlington, VA 22202

703-557-1938 (VA and DC)

800-368-5888

The EPA offers more than 100 publications designed to help small businesses understand how they can comply with EPA regulations.

APPENDIX D

ARKANSAS OF PARKS AND TOURISM ACT 291 AND SUMMARY

SUMMARY

This program has been designed to encourage the growth and development of tourism attractions in Arkansas. The Arkansas Tourism Development Act (Act 291) provides incentives for qualified new or expanding tourism facilities and attractions. The program applies to cultural or historical sites, recreational or entertainment facilities, areas of natural phenomenon or scenic beauty, theme parks, amusement parks, indoor or outdoor plays or music shows, botanical gardens, and cultural or educational centers.

To qualify, a project:

- ?? must cost a minimum of \$500,000
- ?? must draw 25% of its visitors from out-of-state
- ?? shall be open to the public on a regular basis

Qualified and approved businesses will be eligible to recover up to 25% of initial investment through a tax credit against state sales taxes collected from visitors to the attraction. To request additional information about this program, call the Arkansas Department of Parks & Tourism at 501-682-5240. Send e-mail to carla.edwards@mail.state.ar.us. For information on communities in Arkansas, please see the Arkansas Economic Development Commission or the Development Information Network of Arkansas.