

Washington University in St. Louis
Student Entrepreneurial Program (StEP)
Business Proposal Submission Form

Please submit this form electronically to osaleadership@wustl.edu

Business Name
Business Purpose

Name of Primary Contact
WU Email Address
Local Address
Local Phone
Home Address
Home Phone
Cell phone
Year in School
School/College
Major

Business Partners
Name, WU email address, local address, home address, cell phone number, year in school, school/college, major

Instructions:

Please answer the questions in each of the following sections. You may use this form or attach other pages as necessary. In addition, attach:

- *estimated opening cost, estimated profit and loss statements for the first operating year (detail on preparing this is provided in this packet)*
- *anything else you feel is important, brochures, sample products, promotional materials, etc.*

THE BUSINESS PLAN

I. The Concept and Company

The best place to start the plan is with a basic overview of your proposed business.

1. Mission statement: What is your mission?
2. Marketplace needs: Why does the South 40 need your business?
3. Filling marketplace needs: How do you expect to fill that need with your company?

II. Products and Services

Be as detailed in your description as possible. Describe each of the specific services you will be offering.

1. Types of products or services: What types of products or services are you offering?
2. Distinctive qualities: How is your product or service distinctive?
3. Additional products or services: Are there any ancillary or spin-off products or services that you may offer in the future?

III. The Market

Regardless of the type of product or service you offer, you should have a potential buyer in mind and be able to define your consumer as clearly as possible. Describe your “typical customer.” Who wants your product or service? Other than those living on the South 40, do you see other potential customers in the University community?

IV. The Competition

Consider what competition currently exists. When answering these questions, name names.

1. Identify your competition: Who is competing for your customers?
2. Your advantage over the competition: What is your specific advantage over the competition?
3. Price comparison: How do your prices compare?

V. Marketing

Address how you plan to get your projected share of the market you described above.

1. Pricing structure & strategy: What is it and why? Discuss your pricing strategy in relation to the market. How does your price compare to the competition's?
2. Promotion strategy: What is your strategy to promote the product or service? Local advertising? Direct-mail marketing? Internet marketing? Personal networking?
3. Distribution plan (if applicable): How will you do it?

VI. The Management Team

Discuss how your experience and your managers, if any, equip you to lead your business. Explain how your team's skills complement one another and how the combination will lead your venture to success. If you plan to run it yourself, describe how you can do it all and why you are qualified.

VII. Ownership

Please discuss the ownership arrangement of the business. How are profits divided? How are management decisions made? What happens if an owner is not doing his or her share or wants to leave the partnership (if applicable).

VIII. Operations

The operations section is the most technical portion of your plan. Please explain your business process: Walk us through a typical customer transaction, step by step. Don't forget to address your hours of operation, staffing plans, and suppliers in this section.

IX. Personnel

1. What are your current personnel needs?
2. What are their duties?
3. What are your plans for hiring and training personnel?

IX. Administrative

1. What type of accounting system will you use? (i.e., manual, package system, spreadsheet)
2. How will you pay your payroll? (i.e., process yourself, outsource)
3. How will you manage your cash? This includes paying bills and securing cash (recommend business checking account & daily deposits)
4. What type of tender will you accept? (i.e., cash, check, credit card)
5. Will you have a cash register?
6. Who will file your taxes? (i.e., payroll, sales (if applicable), income)
7. What kind of insurance do you need?
8. Will you need any special modifications to the space? If so, please describe.
9. What are your plans for the business after graduation? (terminate, sell, etc.)

X. Financial Management

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open your business (**start-up costs**) and the amount needed to keep it open (**operating costs**). The first step to building a sound financial plan is to devise a start-up budget. Your start-up budget will usually include such one-time-only costs as major equipment, down payments, etc.

The start-up budget could include the following expenses.

Start-up Budget

- personnel (costs prior to opening)
- accounting/legal/professional fees
- occupancy
- licenses/permits
- equipment
- insurance (if applicable)
- supplies
- advertising/promotions

Using these items as a guide, prepare a start-up budget

An operating budget is prepared when you are actually ready to open for business.

The operating

budget will reflect your priorities in terms of how you spend your money, the expenses you will incur

and how you will meet those expenses (income). It should allow for the following expenses.

Operating Budget

- personnel & payroll expense

Using these as a guide, prepare an operating

- insurance (if applicable)
- rent
- loan payments
- advertising/promotions
- legal/accounting
- miscellaneous expenses
- supplies
- dues/subscriptions/fees
- taxes
- repairs/maintenance

The following questions should help you determine the amount of start-up capital you will need.

- How much money do you have?
- How much money will you need for start-up? From start up budget
- How much money will you need to stay in business? From operating budget

INSTRUCTIONS FOR PROFIT AND LOSS STATEMENT

The profit and loss statement is valuable as both a planning tool and a key management tool to help control business operations. It enables the owner/manager to develop a preview of the amount of income generated each month and for the business year, based on reasonable predictions of monthly levels of sales, costs and expenses.

As monthly projections are developed and entered into the income projection statement, they can serve as definite goals for controlling the business operation. As actual operating results become known each month, they should be recorded for comparison with the monthly projections. A completed income statement allows the owner/manager to compare actual figures with monthly projections and to take steps to correct any problems.

Total Net Sales (Revenues)

Determine the total number of units of product or service you realistically expect to sell each month at the prices you expect to get. Use this step to create the projections to review your pricing practices. What returns or sales can be expected?

Cost of Sales

The key to calculating your cost of sales is that you do not overlook any costs that you have incurred. Calculate cost of sales of all products and services used to determine total net sales. Where inventory is involved, do not overlook transportation costs.

Gross Profit

Subtract the total cost of sales from the total net sales to obtain gross profit.

Gross Profit Margin

The gross profit margin is expressed as a percentage of total sales (revenues). It is calculated by dividing gross profits by total net sales

Controllable (also known as Variable) Expenses (this is not necessarily a comprehensive list)

- Salary expenses-Base pay plus overtime.
- Payroll expenses-Include payroll taxes, social security taxes and benefit expenses (if applicable)
- Outside services-Includes special or one-time services.
- Supplies-Services and items purchased for use in the business.
- Repair and maintenance that aren't included in rent
- Advertising
- Delivery
- Accounting and legal - outside professional services.

Fixed Expenses

- Rent (assume a range of \$100-\$200.month for 9 months)
- Insurance (if applicable)
- Loan repayments - Interest on outstanding loans.

Net Profit (loss) (before taxes)

- Subtract total expenses from gross profit.

Taxes (if any)

Net Profit (loss) (after taxes)

- Subtract taxes from net profit (before taxes)

SAMPLE PROFIT AND LOSS STATEMENT

Using this as a guide prepare an estimated profit and loss statement and attach

		% of Sales
Total net sales (revenues)	\$ 10,000.00	100.0%
Cost of sales	6,290.00	62.9%
Gross profit	<u>3,710.00</u>	37.1%
Controllable expenses		
Salaries/wages	2,000.00	20.0%
Payroll expenses	200.00	2.0%
Legal/accounting	500.00	5.0%
Advertising	500.00	5.0%
Office supplies	1,000.00	10.0%
Delivery	200.00	2.0%
Dues/Subscriptions	20.00	0.2%
Purchase of Inventory	500.00	5.0%
Miscellaneous	50.00	0.5%
Total controllable expenses	<u>\$ 5,350.00</u>	53.5%
Fixed expenses		
Rent	200.00	2.0%
Insurance	200.00	2.0%
License/permits	40.00	0.4%
Loan payments	200.00	2.0%
Miscellaneous	300.00	3.0%
Total fixed expenses	<u>\$ 940.00</u>	9.4%
Total expenses	<u>\$ 6,290.00</u>	62.9%
Net profit (loss) before taxes	\$ 3,710.00	37.1%
Taxes	<u>\$ 1,000.00</u>	10.0%
Net profit (loss) after taxes	<u>\$ 2,710.00</u>	27.1%