

# KU Small Business Development Center



# KU SBDC Team



**Kristina Mease**  
Regional Director



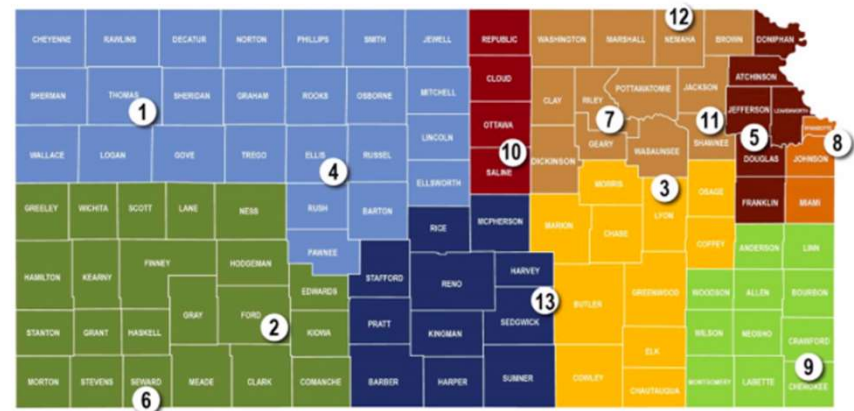
**Christian Hopkins**  
Business Advisor

# KU Small Business Development Center

**NATIONWIDE NETWORK OF SMALL BUSINESS DEVELOPMENT CENTERS PROVIDING FREE CONSULTING TO BUSINESSES ALL TYPES**

Part of a network of 13 SBDC's in Kansas and 1,000 across the country

Serving Douglas, Franklin, Leavenworth, Jefferson, Atchison, and Doniphan County



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## Our Mission:

Increase economic prosperity in Kansas by helping entrepreneurs and small business owners start and grow their business.

## Our Vision:

Grow Kansas one business at a time!

## What We Do

- Individual, one-to-one FREE and confidential advising for start-up AND existing businesses
- Focused trainings + content providers
- Connection to appropriate resources
- Community Partnerships

# Advising Services

- Business Planning
- Cash Flow Management
- Financial Analysis
- Sales and Business Development
- Employee Management
- Market and Consumer Research
- Marketing and Social Media

# Advising Services

- What am I doing?
- Where do I start?
- Where do I go from here?
- Am I doing okay?
- Brainstorm?

# Value Adds at the KU SBDC

- Custom approach to Advising
- Access to resources
  - Market Research
  - Financial Benchmarking Data
  - Educational Opportunity
  - Navigating Resources
- Strong Referral Network
- Community Partnerships



Resources  
at the  
KU SBDC

# Business Plan Outline and Samples

<b>BUSINESS PLAN OUTLINE</b> Provided by the KU Kansas Small Business Development Center	
<p><b>Cover Sheet</b></p> <ul style="list-style-type: none"> <li>Company Name</li> <li>Owner's Name</li> <li>Address</li> <li>Phone number and Fax number</li> <li>Presented To</li> <li>Date</li> <li>Copy number</li> </ul> <p><b>Table of Contents</b></p> <ul style="list-style-type: none"> <li>List key sections of business plan</li> </ul> <p><b>Executive Summary</b></p> <ul style="list-style-type: none"> <li>The Company Overview           <ul style="list-style-type: none"> <li>The unique aspects of your product or service</li> <li>The business structure you have chosen</li> </ul> </li> <li>Mission Statement</li> <li>What are the <u>short and long term</u> goals for the company?</li> <li>Statement of Funding           <ul style="list-style-type: none"> <li>The amount of money you need to implement your plan and how it will be used</li> <li>The amount of money you are investing</li> <li>If you are requesting a loan, how you will repay the funds and the collateral that will be used to secure the loan</li> </ul> </li> <li>Statement of Purpose</li> </ul> <p><b>Description of Business</b></p> <ul style="list-style-type: none"> <li>Company Ownership</li> <li>Description of Product/Service (overview)           <ul style="list-style-type: none"> <li>What are you going to sell?</li> </ul> </li> <li>Company Location and Facilities           <ul style="list-style-type: none"> <li>Describe the physical plant, equipment, etc.</li> </ul> </li> <li>Licenses/Permits/Regulations           <ul style="list-style-type: none"> <li>What licenses and permits are needed to operate in your city and state?</li> <li>Is the business affected by zoning regulations?</li> </ul> </li> <li>Overview of most pertinent concepts</li> <li>Listing of key purchases necessary to execute business plan</li> </ul> <p><b>Start-up Costs</b></p> <ul style="list-style-type: none"> <li>Sources of Funds- list source and amount           <ul style="list-style-type: none"> <li>Loan amount</li> <li>Your investment</li> <li>Investment of others</li> </ul> </li> <li>Uses of Funds- list use and cost of expenditures before opening business or using expansion           <ul style="list-style-type: none"> <li>Real Estate (separate land and buildings)</li> <li>Equipment</li> <li>Prepaid Expenses</li> <li>Working Capital (cash)</li> </ul> </li> </ul>	<p><b>Market Analysis</b> <i>(External factors impacting marketing)</i></p> <ul style="list-style-type: none"> <li>Target Market and Demographics           <ul style="list-style-type: none"> <li>Who are potential Customers?</li> <li>Define the characteristics of the customer by sex, age, income, education, occupation, household size, geography, lifestyle, or other relevant characteristics</li> <li>How many different Market Segments (customer groups) are included in the customer base?               <ul style="list-style-type: none"> <li>Describe each Market Segment                   <ul style="list-style-type: none"> <li>What is the basis of purchase decisions by each segment?</li> <li>Unmet needs &amp; how you fill them</li> <li>Key trends</li> </ul> </li> </ul> </li> </ul> </li> <li>Quantity Market Potential           <ul style="list-style-type: none"> <li>Number of customers</li> <li>Number of units</li> <li>Trends in consumption               <ul style="list-style-type: none"> <li>Describe the potential annual growth of the target market for the product or service for each market segment</li> </ul> </li> <li>Future projections</li> </ul> </li> <li>Competitive Analysis           <ul style="list-style-type: none"> <li>List of Competitors               <ul style="list-style-type: none"> <li>Present a profile for each main competitor by defining the current advantages and disadvantages of its product and services, suppliers, and place in the market</li> </ul> </li> <li>Positioning Analysis</li> <li>Pricing Analysis (overview, detail could be put in appendix)               <ul style="list-style-type: none"> <li>Compare competing products/services listed based on price, performance, warranties, and other pertinent features</li> </ul> </li> <li>SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)               <ul style="list-style-type: none"> <li>Assess the competitors strengths, weaknesses, opportunities, and threats</li> </ul> </li> </ul> </li> </ul> <p><b>Marketing Strategy and Implementation</b> <i>(Internal marketing activities)</i></p> <ul style="list-style-type: none"> <li>Marketing Plan           <ul style="list-style-type: none"> <li>Product / service offering</li> <li>Pricing strategies               <ul style="list-style-type: none"> <li>What is the pricing strategy? Why was it chosen?</li> <li>Compare pricing strategy to competitors, and explain its advantage for the company</li> </ul> </li> <li>Marketing communications</li> <li>Promotional strategies               <ul style="list-style-type: none"> <li>What methods will be used for each market segment previously identified- TV, radio, journals, magazines, direct mail, trade shows, etc?</li> <li>Describe any advertising materials proposed or developed</li> <li>What type of promotions will you use?</li> </ul> </li> </ul> </li> </ul>

## Business Plan for Clean Sweep Housekeeping

### Executive Summary

Clean Sweep Housekeeping is a Lawrence, KS based company owned and operated by John and Jane Jones since 2006. After two years of positive cash flow and growth, the business is seeking to expand to a storefront location and diversify its offering.

The purpose of this business plan is to obtain financing of \$25,000 to expand the location and the offering. A line of credit is being initially sought, with interest rates not exceeding 9.5%. Because of the rapid growth and remarkable results, the owners are confident that the business can generate significant revenues to cover all associated costs of this line of credit.

### Description of Business

Clean Sweep Housekeeping is a residential house cleaning business owned and operated by John and Jane Jones. The company is a Kansas Sub S Corporation formed in 2006. Currently, the Joneses operate the business from a home location but are considering moving to a commercial facility. The business has increased tremendously in the last two years. They have several employees (5 full time, 2 part time) and are in a position to hire more. They would like to separate the business from their home location for practical and person reasons as they are experiencing steady growth. A location with street signage will enable them to expand their marketing efforts and continue to grow the business.

Currently, Clean Sweep is a residential house cleaning service, however, they are considering expanding their resources into the commercial and crime scene markets. Having a storefront location will allow them to grow in these directions.

- The company has purchased the \$25 city permit needed for storefront signage from the City of Lawrence. Kaw Valley Insurance Company is the commercial liability provider and employee bonding for the business.

**Key Purchases:** the growth of the business has necessitated a closer look at the current working capital position. Moving to a new location will open new doors and require corresponding capital expenditures:

- Equipment (vacuums, cleaning supplies); estimated cost \$3,000
- Furniture and fixtures (desks, shelving units); estimated cost \$2500
- Computer and software upgrades; estimated cost \$1500
- Commercial van; estimated cost \$10,000
- Marketing expenses (signage, materials with new address); estimated cost \$1500

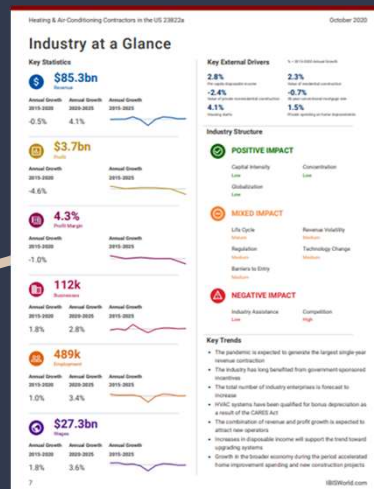
# Cash Flow Template

Projected CashFlow Analysis																
CASHFLOW STATEMENT	Pre-Open	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Year 1	Year 2	Year 3
<b>STARTING CASH BALANCE</b>	0	79,400	83,789	82,179	91,668	101,157	110,647	120,136	135,625	151,115	166,604	182,093	197,583	213,072	426,144	551,846
<b>SOURCES OF CASH</b>																
Revenues	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000	378,000	472,500
Owner Equity	20,000	0	0	0	0	0	0	0	0	0	0	0	0	20,000	0	0
SBA Loan 1	100,000	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	0
<b>TOTAL CASH INFLOWS</b>	<b>120,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>480,000</b>	<b>378,000</b>	<b>472,500</b>
COGS	0	12,000	12,000	900	900	900	900	900	900	900	900	900	900	33,000	36,300	39,930
Salaries/Benefits	0	9,000	15,000	15,000	15,000	15,000	15,000	9,000	9,000	9,000	9,000	9,000	9,000	138,000	151,800	166,980
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000	14,300	15,730
Utilities	500	500	500	500	500	500	500	500	500	500	500	500	500	6,500	7,150	7,865
Repairs / Maintenance	100	50	50	50	50	50	50	50	50	50	50	50	50	700	770	847
Advertising	0	600	600	600	600	600	600	600	600	600	600	600	600	7,200	7,920	8,712
Fuel Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professional Services	500	150	150	150	150	150	150	150	150	150	150	150	150	2,300	2,530	2,783
Insurance	0	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,980	2,178
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone / Internet	0	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,980	2,178
Sign Expense	1,000	0	0	0	0	0	0	0	0	0	0	0	0	1,000	0	0
Start Up Supplies	5,000	0	0	0	0	0	0	0	0	0	0	0	0	5,000	0	0
POS	0	750	750	750	750	750	750	750	750	750	750	750	750	9,000	9,450	11,813
Loan Repayment 1	0	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,728	12,728	12,728
Getting it Ready	30,000	0	0	0	0	0	0	0	0	0	0	0	0	30,000	0	0
Miscellaneous	2,500	200	200	200	200	200	200	200	200	200	200	200	200	4,900	5,390	5,929
<b>TOTAL CASH OUTFLOWS</b>	<b>40,600</b>	<b>25,611</b>	<b>31,611</b>	<b>20,511</b>	<b>20,511</b>	<b>20,511</b>	<b>20,511</b>	<b>14,511</b>	<b>14,511</b>	<b>14,511</b>	<b>14,511</b>	<b>14,511</b>	<b>14,511</b>	<b>266,928</b>	<b>252,298</b>	<b>277,672</b>
<b>CHANGE IN CASH</b>	<b>79,400</b>	<b>4,389</b>	<b>-1,611</b>	<b>9,489</b>	<b>9,489</b>	<b>9,489</b>	<b>9,489</b>	<b>15,489</b>	<b>15,489</b>	<b>15,489</b>	<b>15,489</b>	<b>15,489</b>	<b>15,489</b>	<b>213,072</b>	<b>125,702</b>	<b>194,828</b>
<b>ENDING CASH BALANCE</b>	<b>79,400</b>	<b>83,789</b>	<b>82,179</b>	<b>91,668</b>	<b>101,157</b>	<b>110,647</b>	<b>120,136</b>	<b>135,625</b>	<b>151,115</b>	<b>166,604</b>	<b>182,093</b>	<b>197,583</b>	<b>213,072</b>	<b>426,144</b>	<b>551,846</b>	<b>746,674</b>

# Market Analysis: Industry / Big Picture

## IBIS World

- 50ish page reports
- In depth report on selected industry
- Financial Benchmarks
- Success Factors
- Lots More



# IBIS World: Statistics

US INDUSTRY (NAICS) REPORT 45411A / RETAIL TRADE

## E-Commerce & Online Auctions in the US

**\$681.5BN**  
REVENUE

Annual Growth 2016–2021    Annual Growth 2021–2026  
**13.3%**                      **8.6%**

Annual Growth 2016–2026



**282K**  
BUSINESSES

Annual Growth 2016–2021    Annual Growth 2021–2026  
**12.2%**                      **10.5%**

Annual Growth 2016–2026



**719K**  
EMPLOYMENT

Annual Growth 2016–2021    Annual Growth 2021–2026  
**12.8%**                      **9.6%**

Annual Growth 2016–2026



# IBIS World: Key Trends

US INDUSTRY (NAICS) REPORT 72221B / ACCOMMODATION AND FOOD SERVICES

## Coffee & Snack Shops in the US

### Key Trends

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The industry is characterized by high product turnover and discretionary spending

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Specialty coffee has become a product similar to craft beer and wine, in which the origin and quality of the ingredients are important

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The industry's high level of competition is expected to intensify

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Industry profitability is expected to increase, recovering from the decline early in the period

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International expansion is anticipated to be the largest source of revenue and profit growth

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Demand for coffee and snack shops has increased at a faster rate than most segments of the food service sector

# IBIS World – Key Success Factors

US INDUSTRY (NAICS) REPORT 44813 / RETAIL TRADE

## Children's & Infants' Clothing Stores in the US

### Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

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**Having a clear market position:** A clear market position projects a clear and consistent company image.

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**Ability to control stock on hand:** It is essential to have adequate stock controls in place to reduce inventory costs and increase stock turns.

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**Superior financial management and debt management:** Successful operators have financial management controls in place to control cash flow and reduce debt.

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**Establishment of brand names:** Recognized brand names have the ability to induce purchases.

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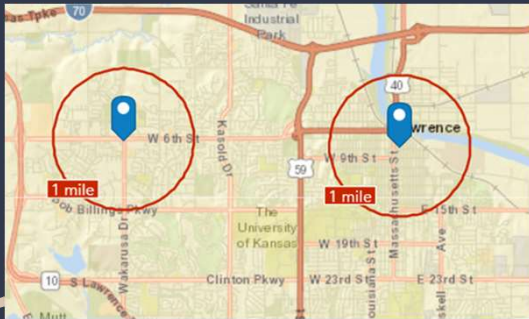
**Attractive product presentation:** Appealing store layout and product displays can encourage product purchases and reinforce company image.

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**Experienced work force:** The quality of staff needs to be high to ensure quality customer service.



# Market Analysis: Local Market



## ESRI By Business Analyst Online

- Geographic Information System
- Gain Location Intelligence
  - Market Planning
  - Site Selection
  - Customer Segmentation
- In-depth data
  - Demographic
  - Lifestyle
  - Behavioral
  - Spending Data
  - More



# Market Analysis: Leavenworth

## Demographics

Population:		37,351
Med Age:		35.3
Med Income:		\$67,999
Average Household Size:	2.55	

## Spending Habits

Food Away from Home:	83 (\$3,575)	
Footwear:		86 (\$487)
Tickets to Movies:	84 (\$52)	

## Behaviors

Buy foods specifically labeled as natural/organic:	109 (14.9%)	
Owns 1 Dog:		111 (26.7%)
Spends 7+ Hours Exercising Per Week:	82 (19.1%)	
Used professional service (Haircut):	88 (51%)	

# Rustbelt Traditions



Average Household Size: 2.74

Median Age: 39

Median Household Income: \$51,800

## Socioeconomic Traits

- Family-oriented consumers who value time spent at home.
- Most have lived, worked, and played in the same area for years.
- Budget-aware shoppers that favor American-made products.
- Read newspapers, especially the Sunday editions.

## Market Profile

- Residents take advantage of convenience stores for fueling up and picking up incidentals.
- Watching television is a common pastime; many households have more than four TVs.
- Residents are connected; entertainment activities like online gaming dominate their internet usage.
- Favorite family restaurants include Applebee's, Arby's, and Texas Roadhouse.
- Radio dials are typically tuned to classic rock stations.

# Profitcents

## INDUSTRY DATA COMMON SIZE

What Is Common Size?		Average by Year (Number of Financial Statements)			
Income Statement	Last 12 Months (1,152)	2021 (1,248)	2020 (5,160)	Last 5 Years (36,743)	All Years (119,048)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	36.84%	37.06%	37.18%	37.85%	39.58%
Gross Profit	63.16%	62.94%	62.82%	62.15%	60.42%
Depreciation	0.91%	0.91%	1.68%	1.87%	2.01%
Overhead or S,G.& A Expenses	39.89%	39.68%	46.59%	43.60%	42.95%
Other Operating Income	0.00%	0.00%	0.01%	0.02%	0.02%
Other Operating Expenses	8.23%	8.28%	12.37%	12.91%	12.16%
Operating Profit	14.11%	14.05%	2.16%	3.75%	3.29%
Interest Expense	0.42%	0.43%	0.72%	0.74%	0.79%
Other Income	0.06%	0.06%	0.06%	0.04%	0.04%
Other Expenses	0.03%	0.03%	0.09%	0.14%	0.12%
Net Profit Before Taxes	13.72%	13.65%	1.41%	2.92%	2.41%
Adjusted Owner's Compensation	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Net Profit Before Taxes	13.72%	13.65%	1.41%	2.92%	2.41%
EBITDA	15.05%	14.99%	3.81%	5.53%	5.21%
Taxes Paid	2.00%	1.76%	2.00%	1.75%	1.98%
Net Income	11.72%	11.89%	-0.59%	1.17%	0.44%

## INDUSTRY DATA COMMON SIZE SUB ACCOUNTS

What Is Common Size?		Average by Year (Number of Financial Statements)			
Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
Payroll	28.63% (642)	28.73% (705)	29.51% (3413)	27.18% (24962)	26.21% (74743)
Rent	6.95% (687)	6.89% (757)	7.37% (3571)	7.07% (26594)	7.15% (78914)
Advertising	1.82% (642)	1.96% (696)	1.77% (3199)	1.77% (23357)	1.88% (72628)

## INDUSTRY FINANCIAL DATA AND RATIOS

View Formula Key		Average by Year (Number of Financial Statements)			
Financial Metric	Last 12 Months (1,152)	2021 (1,248)	2020 (5,160)	Last 5 Years (36,743)	All Years (119,048)
Current Ratio	4.38	4.40	3.73	2.97	2.58
Quick Ratio	3.77	3.76	2.87	2.11	1.76
Gross Profit Margin	63.16%	62.94%	62.82%	62.15%	60.42%
Net Profit Margin	13.72%	13.65%	1.41%	2.92%	2.41%
Inventory Days	14.13	13.79	15.00	13.73	13.84
Accounts Receivable Days	0.69	0.71	0.53	0.47	0.48
Accounts Payable Days	14.92	15.00	16.32	15.30	17.04
Interest Coverage Ratio	18.29	17.97	7.80	10.27	9.78
Debt-to-Equity Ratio	2.62	2.69	3.70	3.22	3.20
Debt Service Coverage Ratio	11.67	11.66	5.03	6.30	6.12
Return on Equity	85.61%	82.11%	52.03%	54.12%	48.49%
Return on Assets	42.88%	42.45%	15.7%	22.40%	18.73%
Gross Fixed Asset Turnover	4.11	4.13	3.55	3.93	3.87
Sales per Employee	\$71,886	\$71,886	\$43,135	\$63,135	\$54,530
Profit per Employee	\$11,170	\$11,170	\$315	\$4,475	\$2,332
<b>Growth Metric</b>	<b>Last 12 Months (265)</b>	<b>2021 (274)</b>	<b>2020 (2,877)</b>	<b>Last 5 Years (20,510)</b>	<b>All Years (62,196)</b>
Sales Growth	32.62%	32.55%	-8.82%	4.24%	5.52%
Profit Growth	57.94%	63.34%	29.59%	15.41%	16.02%

\*This benchmark has been set according to where a healthy business within the industry would perform.

# Profitcents - Key Benchmarks

Industry: 238220 - Plumbing, Heating, and Air-Conditioning Contractors

Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
Payroll	15.26% (650)	15.01% (788)	15.86% (1554)	15.12% (8090)	15.53% (25511)
Rent	1.29% (664)	1.32% (804)	1.34% (1551)	1.33% (8205)	1.39% (24520)
Advertising	0.60% (578)	0.65% (655)	0.70% (1336)	0.71% (7165)	0.74% (22563)

Industry: 238210 - Electrical Contractors and Other Wiring Installation Contractors

Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
	(905)	(1,116)	(1,963)	(10,190)	(33,408)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	67.48%	68.66%	66.24%	66.31%	67.66%

# Contact Us!

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Questions??????