

## **Planning Is Key to A Successful Start-Up Business**

**Hand in hand with creating a business plan is having to make some educated guesses on the income and production of your business. Here's some tips on how.**

**By Deborah Sexton**

One of the biggest mistakes start-up businesses make is a lack of planning and failing to properly prepare for some of the challenges they are going to face. But even though you are, at best, making educated guesses, the process of coming up with those guesses forces you to make some discoveries that will benefit your business in the long run.

**How much revenue can I expect to earn the first year?** This is one of the hardest questions a newcomer has to answer. It should be as realistic as possible given all of the factors you know. You don't say, 'I'm going to make a million dollars.' You've got to show how you're going to get to that million dollars.

If you're going to sell an embroidered T-shirt for \$15, figure out how many you need to sell to make X amount of dollars. What kind and how much equipment you're going to buy determines how much you can produce. Basically, you've got to come up with a wild guess that makes sense.

If you're going to a bank for financing, you'll want to do projections on a quarterly or monthly basis. Quarterly is better because predicting on a monthly basis is difficult. One month may be good and the next month may be bad. You can't make a decision on a single month of sales.

**Predicating cash flow.** Look at what you're going to spend. You're going to have a big upfront cost that will be amortized over a period of time. Equipment, training, supplies, computers, and software all have to be paid for upfront. Be sure you do not make the initial investment and forget about it. Amortize it over time to see what your payback is.

**Who will manage and staff the company?** For a small company with only one or two people, this will be less important, but it's still ideal to cite the qualifications of any people involved. Show how the skills and experience you and your employees have will allow you to reach your projections. "If you're claiming that you're going to be the best four-color printer in Chicago, what makes that a believable statement," asks Mark Coudray, president, Coudray Serigraphics, San Luis Obispo, Calif.

## **What will be my product delivery and performance expectations?**

### **What will my budget be?**

Other categories you may want to add to your plan, again depending on your situation are: management and control structure, administration, timelines/deadlines, financial data, and support documents.

The most important thing when deciding to do a business plan is to not get intimidated by everything you think needs to be in it. In its simplest form, it states what you are going to do and how you're going to do it. You then project your revenues and expenses, and come up with a marketing plan. With just these basic elements, you've gone a long way to ensuring that you are starting off on the right foot and that you have a gauge to measure your progress a long the way.

## **Trade Shows Give**

### **Newcomers A Head Start**

One of the best places to research the decorated apparel industry is by attending one of the many trade shows throughout the year. According to Mark Venit, president, Apparel Graphics Institute, Ocean Pines, Md., "Many times when someone who has done a business plan goes to a trade show, he comes back knowing his plan is irrelevant." Check out these Web sites to find out upcoming dates and locations.

## **The Imprinted Sportswear Shows**

[www.isshows.com](http://www.isshows.com)

## **The Big Show**

[www.nbm.com/bigshow/](http://www.nbm.com/bigshow/)

## **SGIA**

[www.sgia.org](http://www.sgia.org)

## **National Network of Embroidery Professionals**

[www.embroideryexpo.com](http://www.embroideryexpo.com)

## **BUSINESS PLAN RESOURCES**

To get a comprehensive list of books and software, simply go to [www.amazon.com](http://www.amazon.com) and type in "business plans." Listed below are some industry specific programs or ones that were recommend by screen printers. Also included are some helpful Web sites and association information.

## **Price It Software**

747 Putney Road  
Brattleboro, VT 05301  
(800) 257-5188  
Contact: Ron Bascom  
[www.priceitsoftware.com](http://www.priceitsoftware.com)

This program was recommended by Greg Kitson, Mind's Eye Graphics, Decatur, Ind. It is a plug-in used with Quick Books.

### **Biz PlanBuilder 8**

JIAN Tools for Sales  
1975 W. El Camino Real  
Mountain View, CA 94040  
(650) 254-5600  
fax (650) 254-5640  
[www.jian.com](http://www.jian.com)

This program was recommended by Steve Roney, Shred Threads, Hood River, Ore. He says, "Inexpensive and comprehensive, the manual itself is a valuable guide. Once the information is loaded into the program making changes is a snap. There are more reports available than any other program I've seen. The Web site services are extensive and can easily stand alone for creating a business plan. Check out the site and you will find a ton of useful information and samples of biz plans."

### **Specialty Printing & Graphic Imaging Association (SGIA)**

10015 Main St.  
Fairfax, Va. 22031  
(703) 385-1335  
fax (703) 273-0456  
[www.sgia.org](http://www.sgia.org)

This association, which is for screen printers of any substrate, is dedicated to helping people run successful, profitable businesses. It offers articles on business plans and a comprehensive resource guide of software, books, Web sites, etc. on the SGIA Web site. The association also conducts a number of annual surveys that offer valuable information for business planners. Topics include an operating ratio survey, a sales compensation survey: one for screen printers and one for suppliers; and an industry profile study. The studies are available for sale to nonmembers. Or if you just need one piece of information from a survey, SGIA also has an assist line that is open to the public. Each nonmember is allowed at least one phone call.

Assist Line  
(888) 385-3588  
[assist@sgia.org](mailto:assist@sgia.org)

### **Small Business Administration (SBA)**

Office of Advocacy  
[www.sba.gov/starting/indexbusplans.html](http://www.sba.gov/starting/indexbusplans.html)  
This link goes right to a business plan outline that include a tutorial.

### **Using A Business Plan To Get A Loan**

If you are applying for a loan, one of the first things a bank will ask for is your business plan. A banker is not going to accept you sitting down in front of him and saying, "I think I could do really well at this." They want to see some numbers.

The numbers may not even be right, but at least you have something on paper to show you've gone through the process. If the banker believes you've taken the time to go through the process, he's more likely to loan you money.

"What banks really want to see is that you've done your homework," says Mark Venit, president, Apparel Graphics Institute, Ocean Pines, Md. "They want to know what are industry ratios and how can you be viable? They will want to get to know you personally and how you are capitalized."

## **10 Top Reasons**

### **Why Decorators Fail**

Mark Venit, president, Apparel Graphics Institute and chairman of Shopworks, has been consulting in the decorated apparel industry for more than 30 years. He offers these reasons why companies fail.

- 1.** A poor marketing plan
- 2.** Failure to identify human resources
- 3.** Failure to identify competitors
- 4.** Unrealistic advertising expenditures
- 5.** Unrealistic salaries
- 6.** Unrealistic sales forecasts
- 7.** Unrealistic forecast of equipment needs
- 8.** Lack of sufficient operating capital
- 9.** Overestimated profitability
- 10.** Unrealistic estimate how long payback will take.