

Small Business Planning Handbook

A guide to assist you in developing a business and marketing plan tailored to your specific business needs.



**DECATUR-MORGAN COUNTY
CHAMBER OF COMMERCE**

www.dcc.org



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www.stovallmarks.com



Mission of the Chamber

To promote job creation and capital investment in Decatur-Morgan County through the retention and expansion of existing business as well as by the recruitment of new business.

How to Begin

The Decatur-Morgan County Chamber of Commerce is ready to help you achieve your dream of owning your own business. We can provide information, resources and counseling to help you reach your goal.

This handbook contains a checklist of information on a business plan, marketing plan, where to seek financial and management advice for your business, and where to get licensing and zoning information.

Free Business Counseling

For those contemplating starting a business or for existing business owners, the Chamber's Business Development Program and the Decatur-Morgan County Entrepreneurial Center, in conjunction with the Small Business Development Center, offer assistance with the development of business plans and resource information at a no-cost as well as one-on-one counseling with experienced professionals. Please call (256) 353-5312 for more information.

Available Workshops and Seminars

Various training opportunities are scheduled throughout the year specifically geared toward small business owners and those who are thinking of starting a business. These opportunities provide a venue for peer mentoring and networking as well. Workshops and counseling are also available at the Decatur-Morgan County Entrepreneurial Center.

What is a Business Plan and Why Should I Write One?

A business plan is a document that will describe your business goals and the means of achieving them over the next 4 – 5 years. The business plan should demonstrate how you will sell your product or service, and what market you will target.

There are many reasons why you should write a business plan. Most notable are:

- 1) A business plan is meant to sell your idea to interested parties on the projections of your business becoming successful. When obtaining bank financing, a business plan can help set you apart from the rest of the pack. A business plan helps set bankers at ease. Banks are adverse to risk now more than ever and your business plan shows them that you have a well thought out plan of action and that you are serious enough to do formal planning.
- 2) A business plan can help the writer answer questions about his/her own business goals. During the course of researching and goal setting, you might discover that the business opportunity isn't exactly what you want, but on the other hand, you may discover your opportunity could be even greater than you realized. In other words, your focus can change in midstream and you can change your approach to focus on alternate goals and opportunities. In summary, your business plan will sell your business to potential investors; from bankers to private investors, to partners and employees.

Outline of a Business Plan

Section One: Cover Letter

- A. Name of Business
- B. Names of Principals
- C. Address and Phone Number

Section Two: Statement of Purpose

- A. Brief Statement of the Business Vision & Goals
- B. Brief Statement of the Business Plan Objectives

Section Three: The Business

- A. Description & Location of Business
- B. Product/Service Description
- C. Target Market
- D. Current /Anticipated Market Share
- E. Competition
- F. Management/Organization Chart
- G. Personnel
- H. Licenses & Permits
- I. Application and Expected Effect of Loan (if needed)
- J. Summary

Section Four: Financial Management

For A New Business

- A. Sources and Applications of Funding
- B. Capital Equipment List
- C. Estimate of start-up costs
- D. Break-Even Analysis
- E. Income Projections (detail by month for first year; summary for year 2nd & 3rd year)
- F. Projected cash flow statement (detail by month for first year)
- G. Projected cash flow statement (detail by quarter for 2nd & 3rd year)
- H. Notes of explanation
- I. Deviation Analysis (Actual performance as compared to projected performance)

For an Existing Business

- A. Balance sheets (last 3 years)
- B. Income statements (last 3 years)
- C. Cash flow statement (12 months)
- D. Tax Returns

If Applying for a Loan (in addition to the above)

- E. Current personal financial statement on each principal.
- F. Federal tax return for prior year.

Section Five: Supporting Documents

Personal resumes, personal balance sheets, cost of living budget, credit reports, letters of reference, job descriptions, letters of intent, copies of leases, contracts, legal documents, brochures and anything else relevant to the plan.

For additional information, counseling or to use resource material, please contact the Business Development Department of the Decatur-Morgan County Chamber of Commerce at (256) 353-5312.

Type of Business

Select Type of Legal Entity:

Sole proprietorship: The simplest business form, usually used for small business with low liability risk. In a sole proprietorship, the individual is the sole owner and employer in the business. Personal as well as business assets are subject to creditors claims. The sole proprietor includes a Schedule C with Federal 1040 for business income and is taxed a special self-employment rate on income.

Partnership: Similar to the sole proprietorship except there is more than one owner. Partners are liable for the debts and actions of other partners. Partnerships can be advantageous in that investment monies can be pooled, ideas shared and liability divided between partners. Partners file Schedule Form E with Federal Form 1040. If profits are made partners submit Federal Form 1065.

Corporation: A corporation is a separate legal entity, independent of the owners or shareholders. Liability is limited. Profits are taxed once through the corporation and again through your personal income tax. Corporations file Federal Form 1120 on profits and losses.

Note: An attorney is recommended when choosing to incorporate because of the complications associated in filing articles of incorporation, registration of name and franchise taxes.

S-corporation: Eliminate double taxation and continue to limit liability for the corporation. Again, an attorney is recommended for incorporation. S-corps must submit Federal Form 1120-S.

Limited Liability Partnership: Allows the simplified structure of a partnership with the liability limitation previously found only in corporations. (See explanation of Partnerships listed above.)

Limited Liability Company: Provides limited liability to all of its “members”. Provides flow-through tax treatment so that the entity itself is not taxed. Permits the “members” to control the management of the business operations (unlike limited partners who may become personally liable if they were to do this).

Marketing Your Business

Marketing is identifying your customers, their wants and needs, and determining the best way to reach them. Marketing is not selling and promoting. Selling and promoting are the implementation of the marketing plan.

Suggested Outline of a Marketing Plan:

- I. Mission statement
(What you want your business, main markets, and products/services to be)
- II. Marketing objectives for the next year and for the next three years
(These are the broad marketing objectives)
- III. Sales and profit goals for the next year and the next three years
- IV. Products/Services
(Brief description by product/service lines, including proposed changes and any recent changes that would affect marketing goals)
- V. Target markets
(List and briefly describe)
- VI. Market potential
(What size are the markets and what potential sales, profit, or other advantages does each have?)
- VII. How will you achieve your goals?
 - A. Overall strategy
 - B. Competitive strategies
 - C. Promotion strategies

- D. Pricing, location, and sales practices
(brief statement of pricing strategy, location, hours and selling practices)
 - E. Marketing and advertising budgets
- VIII. Potential problems
(Brief description, plus proposed solutions)
- IX. Implementation and measurement of timetables and benchmarks
- X. Review and evaluation schedule
(Short schedule of important review dates)

Appendix: Include supporting documents such as letters of intent, purchase agreements, and so forth if you think documentation is needed.

The Decatur-Morgan County Chamber of Commerce is here to assist individuals complete the marketing plan described above. For additional information, counseling or to utilize resource material, please contact the Business Development Department of the Chamber of Commerce at (256) 353-5312.

Business Start-Up Checklist

- _____ Prepare a written business plan complete with financial statements
- _____ Select business name and register website domain name(s)
(www.godaddy.com)
- _____ Get entrepreneurial training and counseling
- _____ Select a suitable location
- _____ Check zoning ordinances
- _____ Establish a source of adequate and reliable financing
- _____ Retain an attorney and/or CPA, if appropriate and register your business name
- _____ Decide whether you wish to operate as a sole proprietorship, partnership or corporation

- _____ Get tax ID number and forms; follow other state and local tax requirements
- _____ Acquire necessary licenses and permits
- _____ Choose a record keeping system and method of inventory control
- _____ Open bank accounts
- _____ Arrange for utilities, telephone and other services
- _____ See insurance agent for full range of coverage
- _____ Learn the legal steps of hiring and training employees

Where to Find Financial and Management Advice

Decatur-Morgan County Chamber of Commerce

Business Development Department

515 6th Avenue, NE

PO Box 2003

Decatur, AL 35602-2003

Phone: (256) 353-5312

Fax: (256) 353-2384

www.dcc.org

Decatur –Morgan County Entrepreneurial Center

Larry Wayne - Director

1629 4th Ave, SE

Decatur, AL 35601-4903

Phone: (256) 686-2999

Fax: (256) 351-7984

www.dmcecenter.com

University of Alabama in Huntsville

Small Business Development Center

301 Sparkman Drive BAB Suite 126

Huntsville, AL 35899

Phone: (256) 824-6422

Fax: (256) 824-4339

www.uah.edu/sbdc

U.S. Small Business Administration (SBA)

801 Tom Martin Dr. Ste. 201

Birmingham, AL 35211

Phone: (205) 290-7101

Fax: (205) 290-7404

www.sba.gov

Locating Your Business

The Decatur-Morgan County Chamber of Commerce can provide information on traffic counts and other valuable demographics on the Decatur metro area to help you decide the most suitable location for your business.

Leasing an Existing Building

- Complete “Application to Occupy” at the Building Department.
- Building Department will inspect the site for the following: electrical; plumbing; ingress/egress; mechanical; handicap access; parking; firewalls; and general safety issues.
- If okay, will issue a Certificate of Occupancy.
- If anything structurally inadequate, ingress/egress issue(s), etc., Building Department will provide a list of corrective actions.
- If the building is 2,500 square feet or more, Alabama state law requires a registered design professional to provide building plans/drawing(s) for any modifications to structure.
- Following the issuance of a Certificate of Occupancy, application can be made for a Business License through the Revenue Department.

Note: Businesses with multiple locations must have a Certificate of Occupancy and Business License for each location. However, they can elect to file consolidated Sales and Use Tax Reports with the City of Decatur.

Construction of a New Building

- Confirm or verify lot and address with the city’s planning department
- If the building is over 2,500 square feet or more, Alabama law requires a registered design professional to provide building plans/drawing(s).
- Submit two (2) paper copies and one PDF copy for review to the City of Decatur Building Department.

- Submit at least one (1) copy to the city engineer’s office for review.
- Submit at least one (1) copy to the fire marshal for review.
- All three entities above will review and coordinate their efforts for any changes/alterations.
- Once the building department, planning department, city engineer’s office, and fire marshal approve the plan, the building department will issue a building permit for the construction or improvements.
- Following satisfactory completion of construction or improvements, an application is submitted for approval of a Certificate of Occupancy (CO). If the building department approves of the construction, they can issue the CO.
- Once the CO is obtained, take documents to the City of Decatur Revenue Department and obtain a business license.
- Site plan review may be required based on zoning and district requirements.

Mobile Vending

- Obtain lease agreement for lot space from a permanent business owner that includes bathroom access for customers.
- Request temporary occupancy of location (90 day maximum) from the Board of Zoning & Adjustments; requires a \$250 fee.
- Request Health Department approval and purchase license.
- Following the issuance of license from Health Department, application can be made for a temporary Business License through the Revenue Department.

Note: There are sometimes additional requirements to open a business, depending on the nature of the business. The Revenue Department can answer these questions.

CITY OF DECATUR

PLANNING DEPARTMENT

- **Annexation**
- **Census**
- **Economic Data & Official City Maps**
- **Addresses, Street Names & Lot Verification**
- **Building Site Review**
- **Zoning/Rezoning, Vacation of Public Right-of Ways, Subdivision Regulations**

Planning Department

P. O. Box 488

308 Cain Street. NE

Decatur, AL 35602

Location: City Hall Annex

Phone: (256) 341-4720

Fax: (256) 341-4727

Office Hours: 8 a.m. – 5 p.m. M-F

www.decaturalabamausa.com

REVENUE DEPARTMENT

- **Business/Privilege License**
 - *License required prior to opening business
 - *License renewed annually in January
- **Sales Tax/Rental Tax (4%)**
- **Alcohol License**
 - *Application process includes criminal background check, departmental approvals and city council approval
 - *Approval requires minimum of 30-60 days

Revenue Department

PO Box 488

402 Lee Street NE

Decatur, AL 35602

Location: 1st Floor - City Hall

Phone: (256) 341-4546

Fax: (256) 341-4544

Office Hours: 7 a.m. – 5 p.m. M-F

www.decaturalabamausa.com

BUILDING DEPARTMENT

- **Building Codes and Permits**
- **Certificate of Occupancy (CO)**
- **Sign Permits**
- **Flood Zones**
- **Fire Inspection Codes**
- **Zoning Enforcement and Verification**

Building Department

P. O. Box 488

402 Lee Street, NE

Decatur, AL 35602

Location: 4th Floor – City Hall

Phone: (256) 341-4570

Fax: (256) 341-4572

Office Hours: 7 a.m. – 5 p.m. M-F

www.decaturalabamausa.com

DECATUR UTILITIES

- **Water**
- **Sewer**
- **Gas**
- **Electrical Service for Commercial/Industrial**
- **Grease Interceptor**

Gravity grease interceptors (GGIs) are required for *all* Food Service Facilities (FSFs) including, but not limited to, any restaurant, eatery, food caterer, cafeteria, grocery store, service station, convenience store, manufacturing facility, sandwich shop, or institution which cuts, cooks, bakes, prepares, serves or makes available for consumption any food products by any prescribed method, or which disposes of food related wastes. All Food Service Facilities shall install, operate, and maintain properly sized grease interceptors. Existing FSFs may be required to modify existing grease interceptors, install new or additional grease interceptors, and operate and maintain properly sized grease interceptors at the expense of the FSF Owner. Please contact the Environmental Engineering Department at Decatur Utilities for more information; (256) 552-1452

Decatur Utilities

P. O. Box 2232

1002 Central Parkway, SW

Decatur, AL 35609

Phone: (256) 552-1400

Office Hours: 8 a.m. – 4:30 p.m. M-F

www.decaturutilities.com

MORGAN COUNTY

MORGAN COUNTY HEALTH DEPARTMENT

- **Health Permits**

- **Food Permits**

- **Septic Tanks**

Morgan County Health Department

510 Cherry Street NE

Decatur, AL 35601

Phone: (256) 340-2105

Hours: 7 a.m. – 5 p.m. M-F

www.adph.org/morgan

LICENSE DEPARTMENT / REVENUE DEPARTMENT

- **Privilege License**

- **Sales Tax**

*Morgan County: 1%

*Limestone County & outside any incorporated area: 2%

- **Property Tax**

*Businesses owning property, both real & business personal property, must pay ad valorem tax

*Property tax is due October 1 and delinquent January 1

Commissioner of License

Morgan County Courthouse
302 Lee Street NE
Decatur, AL 35601
Phone: (256) 351-4770
Fax: (256) 350-1127
Hours: 8:30 a.m. - 4:30 p.m. M-F
www.morganlicensecommissioner.org

Revenue Commissioner

Morgan County Courthouse
302 Lee Street NE
Decatur, AL 35601
Phone: (256) 351-4690
Fax: (256) 351-4699
Hours: 8:00 a.m. - 4:30 p.m. M-F
www.morgancountyrevenue.com

STATE OF ALABAMA

DEPARTMENT OF REVENUE

- **Sales Tax (4%)**
- **Alabama State Tax License & Number**
- **Alabama Estimated Quarterly Business Tax Return**

Alabama Department of Revenue

Taxpayer Service Center
4920 Corporate Drive, Suite H
Huntsville, AL 35805
Phone: (256) 837-2319
Hours: 8:00 a.m. - 5:00 p.m. M-F
www.ador.alabama.gov

BEVERAGE CONTROL BOARD

- **State Retail Liquor License**

Alabama Beverage Control Board

202 Exchange Place – Suite B

Huntsville, AL 35806

Phone: (256) 726-0401

(256) 560-6014

Fax: (256) 726-0402

Hours: 8:00 a.m. – 5:00 p.m. M-F

www.abcboard.state.al.us

OTHER FEDERAL & STATE INFORMATION

Other Federal and State permits and regulations relating to your business could apply. Using legal counsel could prove to be invaluable in determining the proper licenses and permits.

Federal Agencies: (800) 688-9889

State Agencies: (334) 242-8000

CITY OF HARTSELLE

Hartselle Town Hall

200 Sparkman Street, NW

Hartselle, AL 35640

Phone: (256) 773-2535

Hours: 7:30 a.m. – 4:30 p.m. M-F

www.hartselle.org/wp

Department of Development

Building & License Inspector

City Planner

Phone: (256) 773-0188

CITY OF TRINITY

Trinity Town Hall

PO Box 36

Trinity, AL 35673

Phone: (256) 353-2474

Hours: 8 a.m. – 4:30 p.m. M-F

Building Department & Planning Department

Contact City of Trinity

CITY OF PRICEVILLE

Priceville Town Hall

242 Marco Drive

Decatur, AL 35603

Phone: (256) 355-5476

Hours: 9 a.m. – 5 p.m. M-F

www.townofpriceville.com/contact-us

Building Department & Planning Department

Contact City of Priceville

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QuickBooks
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