

BAIC



Bahamas Agricultural & Industrial Corporation

Business Start-Up Kit: Forms & Checklists

Facilitating Business Development
in The Bahamas



The Business Services Department

PREFACE

BAIC continues its efforts to reduce the complexity and minimize the uncertainty surrounding the Start-Up phase or launching of a small business, or any business venture for that matter.

As a service to those of our clients who have taken the initiative and invested their time, money and energy in taking our 3-Night 'Small Business Management' Course, we have compiled a booklet of easy to read, easy to use start-up forms and checklists.

The forms originated with a variety of sources: books, magazine, the internet, and our own creation. Some have been copied without modification, some copied and modified, some have been completely revised and updated, while others were developed in-house.

If properly utilized – in whole or in part – the kit will serve as an invaluable resource for entrepreneurs or small business persons. While the kit may not cover every conceivable situation or circumstance, it will remove much of the headache of launching a business and increase the likelihood of success for small business persons/entrepreneurs in The Commonwealth of The Bahamas.

BAIC is here to guide you, take you by the hand (if necessary) and lead you step by step toward business success. *Remember: You may be in business for yourself, but you do not have to be in business by yourself.*

This Kit was developed and prepared by the Business Services Department.

D.L. Major

Manager

Business Services

May 2002

Owner's Checklist for Starting a New Business

Background work:

- ___ Assess your strengths and weaknesses
- ___ Establish business and personal goals
- ___ Assess your financial resources
- ___ Identify the financial risks
- ___ Determine the start-up costs
- ___ Decide on your business location
- ___ Do market research
- ___ Identify your customers
- ___ Identify your competitors
- ___ Develop a marketing plan

Business transactions

- ___ Select a lawyer
- ___ Choose a form of organization (proprietorship, partnership, corporation)
- ___ Create your business (register your name, incorporate business, etc.)
- ___ Select an accountant
- ___ Prepare a business plan
- ___ Select a banker
- ___ Set up a business checking account
- ___ Apply for business loans (if applicable)
- ___ Establish a line of credit
- ___ Select an insurance agent
- ___ Obtain business insurance

First Steps

- ___ Get business cards
- ___ Review local business codes
- ___ Obtain a lease
- ___ Line up suppliers
- ___ Get furniture and equipment
- ___ Obtain a business license or permit (if applicable)
- ___ Obtain shop license if applicable
- ___ Get a national insurance number
- ___ Obtain relevant permits
- ___ Join a professional organization
- ___ Set a starting date

This final step before developing your plan is the pre-business checklist. You should answer these questions:

- What business am I interested in starting?
- What services or products will I sell? Where will I be located?
- What skills and experience do I bring to the business?
- What will be my legal structure? (see overview below)
- What will I name my business?
- What equipment or supplies will I need?
- What insurance coverage will be needed?
- What financing will I need?
- What are my resources?
- How will I compensate myself?

Your answers will help you create focused, well researched business plan that should serve as a blueprint. It should detail how the business will be operated, managed and capitalized.

BUSINESS EVALUATION FORM

This evaluation form will help you determine how successful you will be if you enter a given business. Fill out the entire form for each business you consider. In the column on the right side of the form, indicate how well a given opportunity meets a given requirement for success (5=excellent, 3=good, 1=fair, 0=poor). The opportunity with the highest total points is your strongest candidate for success.

| | 5 | 3 | 1 | 0 |
|--|---|---|---|---|
| 1. Relevance of your previous experience to opportunity | | | | |
| 2. Familiarity with the daily operations of this type of business | | | | |
| 3. Compatibility of business with your investment goals | | | | |
| 4. Compatibility of business with your income goals | | | | |
| 5. Likely profitability of business | | | | |
| 6. Likelihood of business to meet your desire for personal fulfillment | | | | |
| 7. Projected growth for the industry | | | | |
| 8. Acceptability of projected growth | | | | |
| 9. Projected level of risk | | | | |
| 10. Acceptability of risk level | | | | |
| 11. Hours you will need to work (fewer the better) | | | | |
| 12. Acceptability of hours you will need to work | | | | |
| TOTAL | | | | |

Adapted from Entrepreneur Magazine's *SMALL BUSINESS ADVISOR*
 By D.L. Major, MBAS

EQUIPMENT & SUPPLIES NEEDED WORKSHEET

| Item | Supplier | Cost | Lease/Buy | Date Needed | Comments |
|-----------------------------|----------|------|-----------|-------------|----------|
| A. Production Equipment | | \$ | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| B. Office Equipment | | | | | |
| Telephone System | | | | | |
| Answering machine | | | | | |
| Copy machine(s) | | | | | |
| Computer(s) | | | | | |
| Computer Printer(s) | | | | | |
| Computer software | | | | | |
| Computer software | | | | | |
| Computer software | | | | | |
| Postage meter | | | | | |
| Fax machine(s) | | | | | |
| | | | | | |
| | | | | | |
| C. Supplies & Miscellaneous | | | | | |
| Business stationery | | | | | |
| Business cards | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total Cost | | \$ | | | |

Adapted from Entrepreneur Magazine's *SMALL BUSINESS ADVISOR*
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| Item Description | Quantity | Unit Cost | Total Cost | Supplier | Comments |
|------------------|----------|-----------|------------|----------|----------|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| 11. | | | | | |
| 12. | | | | | |
| 13. | | | | | |
| 14. | | | | | |
| 15. | | | | | |
| 16. | | | | | |
| 17. | | | | | |
| 18. | | | | | |
| 19. | | | | | |
| 20. | | | | | |
| 21. | | | | | |
| 22. | | | | | |
| 23. | | | | | |
| 24. | | | | | |
| 25. | | | | | |
| 26. | | | | | |
| 27. | | | | | |
| | Subtotal | | \$ | | |
| | Previous | Page | \$ | | |
| | | Total | | | |
| | Total | Cost | \$ | | |

| Type of Financing | Source | Comments | Amount |
|-----------------------------|--------|---------------------------------|-----------|
| Owner's Equity | | | |
| | | | |
| Partner's Equity | | | |
| | | | |
| Bank Loans | | | |
| | | | |
| Credit Union Loans | | | |
| | | | |
| Loans from Individuals | | | |
| | | | |
| Credit Card(s) | | | |
| | | | |
| Venture Capital | | | |
| | | | |
| Individual Equity Investors | | | |
| | | | |
| Trade Credit | | | |
| | | | |
| Other Financing | | | |
| | | | |
| | | TOTAL START-UP FINANCING | \$ |

To see if the community you are considering offers a population with the demographic traits you need for your business, fill out the following form.

| Population | Market A | Market B | Market C |
|----------------------------------|-----------------|-----------------|-----------------|
| Within 1 mile of your business | | | |
| Within 5 miles of your business | | | |
| Within 25 miles of your business | | | |

| Predominant Income | Market A | Market B | Market C |
|---------------------------|-----------------|-----------------|-----------------|
| Under \$15,000 | | | |
| \$15,000-\$25,000 | | | |
| \$25,000-\$35,000 | | | |
| \$35,000-\$50,000 | | | |
| \$50,000 + | | | |

| Age | Market A | Market B | Market C |
|------------|-----------------|-----------------|-----------------|
| Preteen | | | |
| Teens | | | |
| 20-29 | | | |
| 30-39 | | | |
| 40-49 | | | |
| 50-59 | | | |
| 60-69 | | | |
| 70 + | | | |

| Density | Market A | Market B | Market C |
|----------------|-----------------|-----------------|-----------------|
| Homeowners | | | |
| Renters | | | |
| Urban | | | |

Adapted from Building A Profitable Business
 By: D.L. Major
 Courtesy of BAIC

CUSTOMER PROFILE WORKSHEET

Describe your ideal customer or client (after answering the questions below): _____

1. Are they men, women or both? _____
2. What is their age group? _____
3. What is their approximate average income? _____
4. What is their employment type (blue-collar, white-collar, managerial, professional, homemaker, etc)? _____
5. What is their lifestyle (personality, self-image, etc.)? _____
6. Where are they located (local, statewide, national., international)? _____
7. How many of them are there? _____
8. How many do you expect to get as customers? _____
9. What percentage of the market do you expect to get? _____
10. What's the growth trend of your target market? _____
11. How much will they pay for your product or service? _____
12. What are their buying habits? _____
13. What are their attitudes toward what you're offering? _____
14. What magazines do they read? _____
15. What organizations do they belong to? _____
16. What conventions or events do they attend? _____
17. Is there a directory that lists them? _____
18. Are there mailing lists of them available? _____
19. What's the best way to reach them? _____

COMPETITOR REVIEW WORKSHEET

| | Competitor #1 | Competitor #2 | Competitor #3 | Competitor #4 |
|---------------------------|---------------|---------------|---------------|---------------|
| Location | | | | |
| Prices | | | | |
| Product Lines | | | | |
| Target Markets | | | | |
| Positioning | | | | |
| Unique Selling Points | | | | |
| Your Strategic Difference | | | | |
| Their Major Strengths | | | | |
| Their Major Weaknesses | | | | |
| Promotional Activities | | | | |
| Reputation | | | | |
| Market Share | | | | |
| Financial Condition | | | | |
| How you will compete | | | | |
| Expected Responses | | | | |

SOURCE: Building A Profitable Business

A. Product Concept (for all types of businesses)

*1. Describe your primary product or service in 45-50 words: _____

+1a. Now describe it again in only 12-20 words, keeping only the key points, the essence, of what you're offering so you can quickly communicate it to others

*2. What benefits does your product, service or store offer customers or clients?

*3. What is special or unique about what you're offering that will give you a strategic advantage over your competitors?: _____

*4. List the other products and services you plan on selling initially: _____

*5. What additional products, services or locations can you introduce in the future?: _____

B. Product Specifics: Service Businesses

*1. Will you be providing a specific service to a wide range of clients, or a broad range of services to a specific group of clients?: _____

*2. What means (educational materials, seminars, free consultations) will you use to add Value to your services? _____

C. Product Specifics: Retailers

*1. Will you focus on providing a deep selection of a single product category, or a wide assortment of related goods? _____

*2. What services (delivery, alterations, repair, etc.) can you provide for your customers?

C. Product Specifics: Retailers

*1. What stage is your product currently in?

Existing Ready to manufacture Prototype Model/Drawing Idea

*2. What's your product's status with regard to patent or trademark protection?

Protectable Protection applied for Protection granted Not protectable

*3. Will you produce a single version of one product, several models of a single product, or a wide range of different products? _____

* To be included in the Product Service subsection of the Marketing Plan in the "Business Plan Guide".

+ To be included in the Company subsection of the "Business Plan Guide"

| |
|-------------------------------|
| PRODUCT COST WORKSHEET |
|-------------------------------|

| Product: | Quantity | | Date |
|--------------------------|-------------|-----------|------|
| Item | Description | Unit Cost | Cost |
| Part #1: | | | |
| Materials | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Part #2 | | | |
| Materials | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Part #3: | | | |
| Materials | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Part #4: | | | |
| Materials | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Part #4: | | | |
| Materials | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Product Packaging | | | |
| Set-Up Charge | | | |
| Tool Cost | | | |
| Freight In | | | |
| Labor | | | |
| Assembly Labor | | | |
| Finishing Labor | | | |
| Royalty | | | |
| Overhead | | | |
| Other | | | |
| Other | | | |
| TOTALS | | \$ | \$ |

PRICING PLAN WORKSHEET

A. For Retailers

1. What percentage will you mark up merchandise by? _____

2. What range does this put you in compared to your competitors (high, medium, low)?

3. How do you justify this price range? _____

B. For Service Businesses

1. What price or hourly rate have you established for your service? _____

2. What range does this put you in compared to your competitors? _____

3. How do you justify this price range? _____

C. For Product Based Businesses

1. What wholesale price have you established for your product? _____

2. How do you justify this price? _____

3. What retail price have you established for your product? _____

4. How do you justify this price? _____

5. What range does this put you in compared to your competitors (high, medium, low)?

6. How do you justify this price range? _____

BREAK-EVEN WORKSHEET

In order to determine your Break-Even Sales Volume you need to know:

1. Price- What you intend to charge for your product or service (from Pricing Mini Worksheets). \$ _____
2. Variable Cost per Unit – The cost per unit of producing your product or service (from “Product Cost Worksheet”) plus shipping and handling. \$ _____
3. Total Fixed Cost – The total costs of operating your business; includes all the expenses listed on the “Projected Expenses Budget”. \$ _____

By subtracting the Variable Costs per Unit from your Price you can determine Gross Margin per Unit:

$$\begin{array}{r r r r} \text{Price} & - & \text{Variable Cost per Unit} & = \text{Gross Margin per Unit} \\ \hline & - & & = \end{array}$$

Dividing your Total Fixed Costs by your gross Margin per Unit gives you your Break-Even Sales Volume:

$$\begin{array}{r r r r} \text{Total Fixed Costs} & - & \text{Gross Margin per Unit} & = \text{Break-Even Sales Volume} \\ \hline & - & & = \end{array}$$

The Break-Even Sales Volume is the number of units you need to sell to generate enough revenue to cover all of your fixed and variable expenses without generating any profit or loss.

All sales made above the Break-Even Sales Volume contribute to Net Profit.

| TYPES OF INSURANCE | REQUIRED (YES/NO) | YEARLY COST | COST PER PAYMENT |
|---|----------------------|----------------|---------------------|
| 1. General liability insurance | | | |
| 2. Product liability insurance | | | |
| 3. Errors and omissions liability insurance | | | |
| 4. Malpractice liability insurance | | | |
| 5. Automotive liability insurance | | | |
| 6. Fire and theft insurance | | | |
| 7. Business interruption insurance | | | |
| 8. Overhead expense insurance | | | |
| 9. Personal disability | | | |
| 10. Key-employee insurance | | | |
| 11. Shareholders' or partners' insurance | | | |
| 12. Credit extension insurance | | | |
| 13. Term life insurance | | | |
| 14. Health insurance | | | |
| 15. Group insurance | | | |
| 16. Workers' compensation insurance | | | |
| 17. Survivor-income life insurance | | | |
| 18. Care, custody and control insurance | | | |
| 19. Consequential losses insurance | | | |
| 20. Boiler and machinery insurance | | | |
| 21. Profit Insurance | | | |
| 22. Money and securities insurance | | | |
| 23. Glass insurance | | | |
| 24. Electronic equipment insurance | | | |
| 25. Power interruption | | | |
| 26. Rain insurance | | | |
| 27. Temperature damage insurance | | | |
| 28. Transportation insurance | | | |
| 29. Fidelity bonds | | | |
| 30. Surety bonds | | | |
| 31. Title insurance | | | |
| 32. Water damage insurance | | | |
| TOTAL ANNUAL COST | | \$ | \$ |

| Basic Coverages Available | Coverage Amount | Cost | Comments |
|-------------------------------|-----------------|------|----------|
| Building related | | | |
| Building Structure | | | |
| Fire | | | |
| Windstorm | | | |
| Lightning | | | |
| Vandalism | | | |
| Earthquake | | | |
| Trees, plants and shrubs | | | |
| Glass damage | | | |
| Exterior signs | | | |
| Total | | | |
| | | | |
| Property related | | | |
| Inventory | | | |
| Base level | | | |
| Peak season (plus 25%-40%) | | | |
| Employee dishonesty | | | |
| Robbery and burglary | | | |
| Money and securities | | | |
| Accounts receivable | | | |
| Valuable papers | | | |
| Boiler and machinery | | | |
| Personal effects | | | |
| Automobile | | | |
| Total | | | |
| | | | |
| Business operations related | | | |
| General business liability | | | |
| Bodily injury to others | | | |
| Damage to property of others | | | |
| Personal injury to others | | | |
| Professional liability | | | |
| Key person | | | |
| Loss of income | | | |
| Direct | | | |
| Indirect | | | |
| Extra expenses following loss | | | |
| Loss of refrigeration | | | |
| Total | | | |
| | | | |
| Other | | | |
| Medical (owner/employees) | | | |
| Disability (owner/employees) | | | |
| Worker's Competition | | | |
| Life (owner/employees) | | | |
| Total | | | |

Facility Planner

By answering the questions below, you can determine the requirements for your ideal business location:

1. What kind of facility does your business need?

Home Office Store Factory Warehouse Other

2. Do you intend to lease, rent or purchase your business facility? _____

3. How much are you willing to pay per month? _____

4. How many square feet do you need? _____

5. Do you need additional space for future growth? How much? _____

6. What special requirements does your business have?

| | |
|--|---|
| <input type="checkbox"/> Electrical _____ | <input type="checkbox"/> Plumbing _____ |
| <input type="checkbox"/> Heating _____ | <input type="checkbox"/> Air Conditioning _____ |
| <input type="checkbox"/> Ventilation _____ | <input type="checkbox"/> Refrigeration _____ |
| <input type="checkbox"/> Water _____ | <input type="checkbox"/> Storage _____ |
| <input type="checkbox"/> Access _____ | <input type="checkbox"/> Other _____ |

7. Rank the following (from 1 to 5) in terms of their importance to your business:

_____ Customer convenience
_____ Supplier proximity
_____ Employee proximity
_____ Competitor proximity
_____ Personal preference

8. Where could you locate your business to satisfy the two (2) most important considerations above? _____

BUSINESS-LEASE CHECKLIST

After you have chosen a particular site, check the following points before you sign the lease:

- Is there sufficient electrical power?
- Are there enough electrical outlets?
- Is there enough parking space for customers and employees?
- Is there sufficient lighting? Heating? Air conditioning?
- Do you know how large a sign and what type you can erect at your facility?
- Will your city's building and zoning departments allow your business to operate in the facility?
- Will the landlord allow the alteration that you deem necessary for your business?
- Must you pay for returning the building to its original condition when you move?
- Is there any indication of roof leaks? (A heavy rain could damage stored goods.)
- Is the cost of burglary insurance high in the area? (This varies tremendously.)
- Can you secure the building at a low cost against the threat of burglary?
- Will the health department approve your business at this location?
- Will the fire department approve the operation of your business at this location?
- Have you included a written description of the real property?
- Have you attached drawings of the property to the lease document?
- Do you have written guidelines for renewal terms?
- Do you know when your lease/rent payment begins?
- Have you bargained for one to three months free rent?
- Do you know your date of possession?
- Have you listed the owner's responsibility for improvements?
- Do you pay the taxes?
- Do you pay the insurance?
- Do you pay the maintenance fees?
- Do you pay the utilities?
- Do you pay the sewer fees?
- Have you asked your landlord for a cap of 5 percent on your rent increases?
- Have you included penalty clauses in case the project is late and you're denied occupancy?
- Have you retained the right to obtain your own bids for signage?
- Can you escape if the center is never more than 70 percent leased?
- Has a real estate attorney reviewed your contract?

BUSINESS START-UP COST CHART

Undercapitalization is one of the primary reasons for business failure. For instance, if it had been determined that you would need \$60,000 to cover all your start-up costs, but you only spend \$12,000, chances are you are going to fail. You must account for all your start-up costs – opening expenses and initial operating expenses. The main start-up costs are listed below.

| CATEGORY | DEPOSIT | INITIAL COST | SIX MONTHS | TOTAL |
|-------------------------------|---------|--------------|------------|-------|
| Rent | \$ | \$ | \$ | \$ |
| Phone | \$ | \$ | \$ | \$ |
| Electricity | \$ | \$ | \$ | \$ |
| Water | \$ | \$ | \$ | \$ |
| Gas | \$ | \$ | \$ | \$ |
| Equipment: Purchase | \$ | \$ | \$ | \$ |
| Equipment: Lease | \$ | \$ | \$ | \$ |
| Fixtures* | \$ | \$ | \$ | \$ |
| Inventory | \$ | \$ | \$ | \$ |
| Leasehold Improvements | \$ | \$ | \$ | \$ |
| Licenses | \$ | \$ | \$ | \$ |
| Taxes | \$ | \$ | \$ | \$ |
| Marketing Budgets | \$ | \$ | \$ | \$ |
| Professional Services: | | | | |
| Lawyer | \$ | \$ | \$ | \$ |
| Accountant | \$ | \$ | \$ | \$ |
| Other | \$ | \$ | \$ | \$ |
| Pre-Opening Payroll | \$ | \$ | \$ | \$ |
| Insurance | \$ | \$ | \$ | \$ |
| Vehicle(s) | \$ | \$ | \$ | \$ |
| TOTALS | | | | |

*Includes such items as partitions, paneling, signage, storage shelves, and/or cabinets, lighting, checkout counter(s), all shelves, tables, stands, wall systems, showcases, and related hardware for product display.

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- What will be my legal structure? (see overview below)
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- What insurance coverage will be needed?
- What financing will I need?
- What are my resources?
- How will I compensate myself?

Your answers will help you create focused, well researched business plan that should serve as a blueprint. It should detail how the business will be operated, managed and capitalized.

| Type of Financing | Source | Comments | Amount |
|-----------------------------|--------|---------------------------------|-----------|
| Owner's Equity | | | |
| | | | |
| Partner's Equity | | | |
| | | | |
| Bank Loans | | | |
| | | | |
| Credit Union Loans | | | |
| | | | |
| Loans from Individuals | | | |
| | | | |
| Credit Card(s) | | | |
| | | | |
| Venture Capital | | | |
| | | | |
| Individual Equity Investors | | | |
| | | | |
| Trade Credit | | | |
| | | | |
| Other Financing | | | |
| | | | |
| | | TOTAL START-UP FINANCING | \$ |

To see if the community you are considering offers a population with the demographic traits you need for your business, fill out the following form.

| Population | Market A | Market B | Market C |
|----------------------------------|-----------------|-----------------|-----------------|
| Within 1 mile of your business | | | |
| Within 5 miles of your business | | | |
| Within 25 miles of your business | | | |

| Predominant Income | Market A | Market B | Market C |
|---------------------------|-----------------|-----------------|-----------------|
| Under \$15,000 | | | |
| \$15,000-\$25,000 | | | |
| \$25,000-\$35,000 | | | |
| \$35,000-\$50,000 | | | |
| \$50,000 + | | | |

| Age | Market A | Market B | Market C |
|------------|-----------------|-----------------|-----------------|
| Preteen | | | |
| Teens | | | |
| 20-29 | | | |
| 30-39 | | | |
| 40-49 | | | |
| 50-59 | | | |
| 60-69 | | | |
| 70 + | | | |

| Density | Market A | Market B | Market C |
|----------------|-----------------|-----------------|-----------------|
| Homeowners | | | |
| Renters | | | |
| Urban | | | |

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CUSTOMER PROFILE WORKSHEET

Describe your ideal customer or client (after answering the questions below): _____

1. Are they men, women or both? _____
2. What is their age group? _____
3. What is their approximate average income? _____
4. What is their employment type (blue-collar, white-collar, managerial, professional, homemaker, etc)? _____
5. What is their lifestyle (personality, self-image, etc.)? _____
6. Where are they located (local, statewide, national., international)? _____
7. How many of them are there? _____
8. How many do you expect to get as customers? _____
9. What percentage of the market do you expect to get? _____
10. What's the growth trend of your target market? _____
11. How much will they pay for your product or service? _____
12. What are their buying habits? _____
13. What are their attitudes toward what you're offering? _____
14. What magazines do they read? _____
15. What organizations do they belong to? _____
16. What conventions or events do they attend? _____
17. Is there a directory that lists them? _____
18. Are there mailing lists of them available? _____
19. What's the best way to reach them? _____

