

**CAMS Inventors Inc. Successful Investor Project**  
**Senior Class Project: Business Plan**

**I. Business Plan**

1. Describe the business you operate or propose to start.
  - a) What product or service will you offer?
  - b) Who will be the customers for this? (size, location, demographics)
  - c) What features or benefits will you offer that are now available to those customers?
  - d) Describe in detail the business and its goals.
  
2. Define the market.
  - a) What is the estimated size of the market in dollar sales per year?  
What is the basis of this estimate?
  - b) Describe your product or services.
  - c) Identify the customer demand for your product or services.
  - d) How is the market served? Who are your potential competitors, by name?
  - e) What are the names and locations of the major customers for your product?
  - f) Explain how you will advertise and market your product or service.
  - g) Explain your pricing strategy.
  - h) Explain your planned selling strategy (for example, your sales force, distributors, agents, advertising).
  
3. How will you operate?
  - a) Will you purchase and sell the entire product, purchase parts and assemble it, or manufacture it? Explain your choice.
  - b) Buildings and equipment
    - 1) Space needed, type, build or lease, location, cost, availability
    - 2) Equipment needed: list items, cost new, cost used, availability
  - c) Manning table: List employees needed for each of the first three years by job, number of employees in each position, and annual salary. Include the management team. In other words, list all the people needed to make this project go.
  - d) Discuss insurance, lease, or rent agreements and issues pertinent to your business.
  - e) Development cost: Is the product ready to go, or do you expect more developmental and learning costs? Explain in detail.
  - f) Account for production and delivery of products and services.

4. Management
  - a) How will you organize the venture: sole proprietorship, partnership, corporation?
  - b) Identify advantages you and your business have over your competitors.
  - c) Provide résumés of the principal and active owners, detailing relevant experience, skills, and qualifications.
  - d) Has the management team worked together before? For how long? Was it successful?
  - e) What are your plans for legal and accounting services?
  - f) What are your plans for employee benefits, and what are the estimated costs?
  - g) What are your service and warranty policies?
  
5. Financial projections
  - a) Capital requirements at start-up: A detailed list of funds needed to buy equipment; lease or build buildings; purchase supplies and raw materials; meet payrolls for a reasonable time; pay such operating costs as insurance, travel, taxes, and power (variable and fixed costs, production schedule) for a reasonable time; carry accounts receivables the normal trade time; and other working-capital needs. Bear in mind that many businesses fail due to lack of working capital, so examine this aspect carefully.
  - b) Sources of capital: a list of the planned sources of funds that details the owner's investment (cash), net book value of assets transferred to the business, existing debt, and additional capital needed.
  - c) Sales projections for three years, shown by product, net sales value, and gross margin. (Gross margin = net sales value minus raw-material cost.)
  - d) Pro forma profit and loss for three years. Show for each year, on a balance sheet, the total net sales, gross margin, salaries, and wages from the manning table, fringe benefit costs, other operating expenses, selling and administrative costs, gross profit (BT) and net profit (AT) available to repay debt.
  - e) Develop an expected return on investment (ROI) and monthly cash flow for the first year.
  - f) Discuss your break-even point.
  - g) Explain your personal balance sheet and method of compensation.
  - h) Discuss who will maintain your accounting records and how the records will be kept.
  - i) Provide what-if statements that address alternative approaches to any problem that may develop.

## II. Legal Requirements

### 1. Registration and accounting requirements

You may need a

- a) work certificate or a license from the state.
- b) business name registered with the state (depending on state regulations).
- c) sales tax number.
- d) separate business bank account.

If your business has employees, you are responsible for

- a) withholding income and Social Security taxes.
- b) complying with laws covering employee health and safety and the minimum wage.

### 2. The U.S. Business Advisor, a Web site found at [business.gov](http://business.gov), can help you identify and comply with federal regulations. It also provides links to the Internal Revenue Service, the Social Security Administration, the Occupational Safety and Health Administration, and numerous other federal agencies. You can obtain federal tax information by calling the IRS at (800) TAX-FORM.

### 3. Zoning: Be aware of the city's zoning regulations.

### 4. Restrictions on certain goods: Find out what the State of California outlaws in home production of fireworks, drugs, poisons, explosives, sanitary or medical products, and toys. Also see if the state prohibits home-based businesses from making food, drink, or clothing.

### 5. Patent/copyright laws: See if there are any existing protections of ownership that could cause you to be in violation of these, and, if not, begin the process of acquiring whichever one that applies to your product or service.