

BUSINESS PLAN

Logo or Image (optional):



Central California Associates

“ Serving agencies so they can serve others.”

2555 Clovis Avenue
Clovis, CA 93612

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Prepared By:

Mary Jones, Owner

If pursuing funding Include:

Submitted To:

Bank of Mytown
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Clovis, CA 93612

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
OVERVIEW OF THE BUSINESS	4
Description of the Business	4
Vision Statement	4
Vision Trigger	4
Mission Statement.....	5
Business Objectives	5
Management Expertise	5
Support Personnel	6
OPERATIONS	7
Product Development.....	7
Equipment, Facility & Staffing	7
Distribution	7
Breakeven Point.....	8
INDUSTRY & COMPETITIVE ANALYSIS	9
Industry Analysis	9
Additional Factors Affecting the Industry.....	9
Competitor Analysis	9
MARKETING	11
Target Market.....	11
Product Position	11
Price	11
Location	11
Promotion.....	12
Implementation Plan	12
ACCOUNTING	13
Monthly Cost of Living.....	14
Total personal monthly cost of living expenses	14
One-Year Cash Flow Projection.....	15
Sources and Uses Explanation	16
CONCLUSION	18
ATTACHMENTS	19

EXECUTIVE SUMMARY

The purpose of this business plan is to provide a roadmap for the development of Central California Associates (CCA). CCA is a start-up consulting business owned and operated by Mary Jones as a sole proprietorship. CCA will be located in the Central Valley Business Incubator at 2555 Clovis Avenue, Clovis, CA 93612. The business has taken a one-year lease on a 1,200 square foot office and will begin operation on December 1, 2002. The owner will provide \$10,000 in initial equity and the business will generate a minimum of \$40,000 in revenue by the end of year one.

Ms. Jones has over twenty years of experience in non-profit management and grant writing and offers the following consulting services to non-profit and community-based organizations located within Ford County. The primary services offered include general project management, organizational structure and development, event management, fund raising & grant writing, volunteer management and recruitment, and board development

The owner, Mary Jones has a Bachelor's degree in Organizational Development from XYZ University and is a certified non-profit executive with the American Society of Association Executives. Ms. Jones has over twenty years of work experience in non-profit organizations serving in positions including development director, training manager, grant writer, and executive director. She also has hands-on business experience from working in her father's hardware store from the age of six to nineteen. She still reviews the financial records for this business and helps prepare payroll and the annual tax return.

She serves on the boards of the National Society of Fund Raising Executives and numerous local non-profit organizations. Most recently, she is a graduate of the AcceleratorOnline Business Plan Course presented by the University Business Center of California State University, Fresno.

CCA is destined to be successful because of the combination of the owner's experience and reputation in the community with a fee structure that is fair and affordable to almost any organization. In addition, CCA will be the only one-stop, full-service consulting firm available to local non-profit and community-based organizations.

OVERVIEW OF THE BUSINESS

Description of the Business

Central California Associates (CCA) is a start-up consulting business owned and operated by Mary Jones as a sole proprietorship. CCA will be located in the Central Valley Business Incubator at 2555 Clovis Avenue, Clovis, CA 93612. The business has taken a one-year lease on a 1,200 square foot office and will begin operation on December 1, 2002.

Ms. Jones has over twenty years of experience in non-profit management and grant writing and offers the following consulting services to non-profit and community-based organizations:

- General Project Management
- Organizational Structure and Development
- Event Management, Fund Raising & Grant Writing
- Volunteer Management and Recruitment
- Board Development

CCA is destined to be successful because of the combination of the owner's experience and reputation in the community with a fee structure that is fair and affordable to almost any organization. In addition, CCA will be the only one-stop, full-service consulting firm available to local non-profit and community-based organizations.

Attached is a copy of Ms. Jones' resume as well as a copy of the lease agreement for the proposed location.

Vision Statement

In five years, CCA will have grown from a one-person operation to a staff of at least three consultants and two support positions. Our services will expand to include grant administration and management, human resource consulting, and membership records administration. At the five year mark, annual gross revenues will be at least \$500,000 and CCA will be relocated to a building in the downtown area.

Vision Trigger

The vision trigger CCA plans to use is based on the concept that our clients are mostly agencies that provide services or assistance to various types of people in need. One of the primary concerns voiced by the non-profit community is the fact that they spend so much time on administrative issues, they don't have enough time to adequately serve their target populations. Based on this need for administrative and/or technical help, CCA will use the vision trigger:

“Serving agencies so they can serve others.”

Mission Statement

CCA’s Mission Statement is as follows:

Central California is committed to being the premier provider of consulting, technical and support services that will allow non-profit and community-based organizations to achieve their goals. We will conduct business in an ethical and honest fashion, putting the needs of the client as the focus of our efforts. We will make every effort to facilitate the growth and development of our clients. We will lead by example and demonstrate to the community that profitability and community service do not contradict each other.

Business Objectives

CCA will have these business objectives during the first three years of operation:

1. Fifteen clients by the end of year one.
2. Gross revenue of \$40,000 end of year one.
3. Thirty clients (including at least two government agencies) by the end of year two.
4. Gross revenue of \$90,000 by the end of year two.
5. An owner’s draw of \$20,000 by the end of year two.
6. Gross revenue of \$200,000 by the end of year three.
7. An owner’s draw of \$50,000 by the end of year three.
8. One part-time assistant by end of year three.

Management Expertise

Mary Jones is the owner and operator of CCA. Ms. Jones has a Bachelor’s degree in Organizational Development from XYZ University and is a certified non-profit executive with the American Society of Association Executives.

Ms. Jones has over twenty years of work experience in non-profit organizations serving in positions including development director, training manager, grant writer, and executive director. She also has hands-on business experience from working in her father’s hardware store from the age of six to nineteen. She still reviews the financial records for this business and helps prepare payroll and the annual tax return.

She serves on the boards of the National Society of Fund Raising Executives and numerous local non-profit organizations. Most recently, she is a graduate of the

AcceleratorOnline Business Plan Course presented by the University Business Center of California State University, Fresno. Attached is the resume of Mary Jones as well as other documentation that supports her ability to manage this business.

Support Personnel

CCA will initially be operated solely by the owner, Mary Jones. If the need arises, she will use sub-contractors to complete projects. If the need for subcontractors occurs, Ms. Jones will select from a pool of consultants and professionals that she knows and has worked with in the past. When revenue projections have been met, CCA will hire a part-time administrative assistant to help with scheduling, marketing and correspondence.

For financial and legal issues, the owner will also work closely with her family's accountant (Dave Smith of Smith & Associates) and attorney (Susan Clark of Business Law, Inc.). For other business issues and/or concerns, Ms. Jones will solicit advice, counseling and/or technical assistance from local business assistance organizations such as the University Business Center, Central Valley Business Incubator, Small Business Development Center and Chamber of Commerce.

OPERATIONS

Product Development

CCA's primary products are consulting services and writing projects. Because of this, product development basically consists of meeting with a client to determine their needs and then creating, developing, and providing information to address those needs. The information can be presented to client orally, in writing (hard copy), or electronically (via e-mail).

Because this is an on-call consulting business, it is not necessary to maintain an inventory or materials. We use standard office products in the course of our business and keep an adequate supply in stock using an open account at the Mega-Office Supply store.

Equipment, Facility & Staffing

CCA uses standard office equipment including a laptop computer with Microsoft Office applications, a cell phone, standard phone, fax machine, copy machine and binding machine.

CCA will operate from a 1,200 square foot office located in the Central Valley Business Incubator at 2555 Clovis Avenue, Clovis, CA 93612. The office is used primarily as a place to conduct administrative business and a point of contact for clients. 90% of all service is provided at the client's place of business, and we do not solicit walk-in business, so this office is appropriate for our needs.

Initially all services will be performed by the owner, Mary Jones. As the business grows, and additional staff or subcontractors are needed, prospective candidates will be required to have a bachelor's degree and/or specialized training and experience in the non-profit field.

Distribution

The vast majority of consulting and writing projects are delivered by hand to the client at their place of business. However, in a few instances consulting can be given via the telephone or through e-mail correspondence and writing projects can be mailed, faxed or e-mailed to the client.

CAA usually observes standard business hours (Monday through Friday, 8:00 a.m. to 5:00 p.m.) However, due to the nature of our clients and the types of services we provide to them, flexibility is a critical competitive advantage. Based on the need, circumstances and our ability to perform the work, we will occasionally conduct business after standard hours and on weekends and holidays.

Breakeven Point

Due to relatively low fixed and variable costs per month, CCA will achieve a breakeven point with a minimal amount of business. Based on the \$100 per hour calculation shown in the break-even analysis table shown below, CCA will become profitable when we have reached at least twenty billing hours per month.

BREAK-EVEN ANALYSIS

Estimated price per unit	\$ 100.00
Variable cost per unit (material + labor)	\$ 20.00
Fixed cost per month:	\$ 1,120.00

Quantity Produced	Fixed Cost	Variable Cost	Total Cost	Revenue	Profit
5	1120	100	1220	500	(\$720)
10	1120	200	1320	1000	(\$320)
20	1120	400	1520	2000	\$480
30	1120	600	1720	3000	\$1,280
40	1120	800	1920	4000	\$2,080
50	1120	1000	2120	5000	\$2,880
60	1120	1200	2320	6000	\$3,680
70	1120	1400	2520	7000	\$4,480
80	1120	1600	2720	8000	\$5,280
90	1120	1800	2920	9000	\$6,080
100	1120	2000	3120	10000	\$6,880
110	1120	2200	3320	11000	\$7,680
120	1120	2400	3520	12000	\$8,480
130	1120	2600	3720	13000	\$9,280
140	1120	2800	3920	14000	\$10,080

INDUSTRY & COMPETITIVE ANALYSIS

Industry Analysis

CCA belongs to the professional services industry and, more specifically, the management consulting sector. According to the 2000 U.S. Economic Census, the management consulting sector of the professional services industry generates over \$6.4 million in annual sales, employs approximately 180,000 people and is comprised of 21,323 businesses. Although the management consulting industry was consolidated (being dominated by three large firms), it is now becoming more fragmented with the entry of mostly smaller businesses.

In a December, 2001 report published by the American Management Consulting Association:

“In recent years, outsourcing, competition and financial scandal are fueling the expansion of the management consulting industry which is rising at an astonishing rate of 23 percent per year.”

Additional Factors Affecting the Industry

Two factors that have a direct impact on this business are:

Political/Legal – Government funding that is given directly or as a flow-through to non-profit organizations has been steadily decreasing over the last decade. This leaves local organizations faced with the task of serving their clients with fewer resources. This encourages these organizations to seek out the services that CCA can provide on a more cost-effective basis.

Social/Cultural - The trend of creating Non-profit and community-based organizations has been growing since the 1960's. According to the American Association of Non-Profit Organizations, in 1970 the average community had ten non-profit organizations for every 10,000 people. In 2000 this has grown to over thirty for every 10,000 people.

Competitor Analysis

CCA has three primary competitors in the Greenbelt County region. They are ABC Consultants, The Writer's Group, and The Non-profit Advancement Center.

ABC Consultants is owned by John Johnson and has been located at 1234 Elm Street in Springfield since it started in 1998. John does most of the consulting himself, but he does have two on-call subcontractors for larger jobs. They focus mostly on larger

organizations and government agencies in the downtown area. Their rates range from \$100 to \$500 per hour depending on the type of work involved and they have a good reputation throughout the area. Their primary strength is in obtaining government grants. However, because of their client load, they often cannot complete larger jobs in a timely manner.

The Writers Group is a husband and wife partnership owned by George and Michelle Washington. They are home-based and have been in business for over twenty years. They have a great reputation and they charge very reasonable rates (usually on a per-project basis). They have been offering grant writing services since they started. However, the majority of their business is targeted towards corporate and business clients.

The Non-profit Advancement Center (NPAC) is a non-profit organization that provides technical assistance and training to organizations throughout the county. They have been operating since 1990 and have a staff of counselors, a resource library and also conduct monthly workshops. Their advantage is that many of their services are offered at little or no cost. CCA will work with the NPAC to form a mutually beneficial relationship where we will refer clients to each other.

Competitive Analysis

Items	CCA	ABC Consultants	The Writer's Group	NPAC
Grant Writing	Yes	Yes	Yes	No
Technical Assistance	Yes	Yes, but limited	No	Yes
Price Level	Moderate	High	Moderate	Low
Specialty	Non-profit consulting and technical Assistance	Government/Non-profit consulting and technical Assistance	Corporate/Non-profit technical Assistance	Non-profit consulting and technical Assistance
Reputation	Unknown	Good	Very Good	Excellent
Years In Business	Start-Up	4	20+	12
Flexible Hours	Yes	No	No	No
Methods of Promotion	Direct Contact, Word-of-Mouth, Events, Articles, Workshops	Yellow Pages, Direct Mail, Word-of-Mouth	Newspaper, Referrals	Yellow Pages Newspaper Radio/TV

MARKETING

Target Market

The overall target market of CCA are non-profit and community based organizations located within Ford County that have been in operation for at least one year. Of this group, we will seek out organizations with a limited and/or over-extended staff and a budget that includes training, development, or consulting expenses.

Based on the 2001 Ford County Economic Profile, there are approximately 320 non-profit organizations within the county. In the event that this pool of potential clients is no longer available, CCA will market its services to four counties that are adjacent to Ford County.

Product Position

CCA offers the highest quality services at a very competitive price. However, we are very careful not to position the business as the “discount” consultant. Instead, we position the business as the best alternative to hiring staff for a project. By reducing the clients’ human resource costs we are still able to charge a reasonable fee and save them time and money. We then set ourselves apart from the competition by illustrating our competitive advantages including:

- Scheduling to Accommodate the Client’s Needs
- A Diverse and Comprehensive Background in Non-Profit Management
- Specialized Training and Certification in the Field

Price

The current rate for our consulting and writing services is \$100.00 per hour. This is based on the current rates charged by our competitors and then determining the exact midpoint. By starting out with rates that are above the low-end of our competition, yet lower than those charged by established businesses, we will be able to enter this field with a better perceived value and can still be competitive with the established firms.

Location

CCA will be located in the Central Valley Business Incubator at 2555 Clovis Avenue, Clovis, CA 93612. The business has taken a one-year lease on a 1,200 square foot office and will begin operation on December 1, 2002. The Incubator is a terrific location for this business because it already hosts a number of non-profit organizations and is strategically located between the three largest areas that contain non-profit and community-based organizations: The Smith Avenue corridor, the Airport Business Complex, and the downtown region. The Incubator site also provides the benefit of

being on a major thoroughfare and attracts hundreds of businesses to the facility each year.

Promotion

Based on the owner's experience and reputation in the local non-profit arena, the promotion plan focus on conducting low-cost, yet effective promotional activities. These will included the following:

- **Direct efforts** – Phone calls, faxes, and e-mails (cost: \$0 – 200 per year).
- **Events** – By participating in and/or sponsoring events, workshops, trade shows, fairs, business functions, fund raisers, etc. (cost: \$400 per year).
- **Word-of-mouth** - By asking family, friends, business associates, vendors, and (most importantly) satisfied customers for leads, referrals and recommendations (cost: \$0).
- **Limited print advertising** - In the local independent newspaper and specialty newsletters (primarily in the form of articles written by the owner. Cost: \$600 per year).

Implementation Plan

CCA's implementation plan is quite simple. We will initially use direct contact (phone calls with follow-up appointments), e-mail and fax distribution to our target list of agencies, attend ongoing networking opportunities, and will offer seminars and workshops on subjects of interest to non-profit and community-based organizations.

Within the first three months of operation we will begin contacting local independent newspapers and industry-specific newsletters and offer to write articles for them. CCA will also evaluate and test the effectiveness of limited print advertising based on our budget of \$600 per year. A referral incentive will also be used to encourage word-of-mouth activity with existing clients

ACCOUNTING

The following section comprised of three financial documents:

- A **Monthly Cost of Living Statement** for Mary Jones, Owner of CCA,
- A **One-Year Cash Flow Projection** for the business, and
- The **Sources and Uses Explanation** of the amounts you listed on the One-Year Cash Flow Projection.

Monthly Cost of Living

Central California Associates

Regular Monthly Payments

Rent or house payments (including taxes)	1200
Car payments (including insurance)	250
Appliance payments	40
Loan payments	225
Health, life and other insurance premiums	80
Miscellaneous	220
Total	2015

Household Expense

Telephone	60
Utilities	300
Miscellaneous	150
Total	510

Personal Expense

Clothing, cleaning, laundry, shoe repair	200
Medical and dental	75
Education and training	50
Automobile expenses	100
Spending allowance	100
Total	525

Food Expenses

Food at home	140
Food away	260
Total	400

Tax Expenses

Federal	400
Personal property	60
Other taxes (except house)	0
Total	460

<u>Total personal monthly cost of living expenses</u>	3910
Subtract monthly income from sources other than the business	<u>- 5000</u>
Grand total - the minimum monthly draw needed from the business	-1090

One-Year Cash Flow Projection

Central California Associates

i) Sources of Cash

1. Personal Funds	10,000
2. Loan Proceeds	0
3. Cash Receipts from Business	40,000
Total Sources	50,000

ii) Uses of Cash

4. Equipment/Supplies	2,400
5. Vehicle Purchase/Lease	0
6. Real Estate	0
7. Fixtures	1,500
8. Security Deposits (Rent and Utility)	1,000
9. Signs	400
10. Leasehold Improvements	0
11. Cost of Goods Sold	0
12. Telephone and Utilities	3,600
13. Rent	4,200
14. Business License Fee	400
15. Insurance Premiums	600
16. Office Supplies	720
17. Legal and Accounting	1,500
18. Advertising	1,200
19. Real Estate Taxes	0
20. Miscellaneous Expenses	1,200
21. Payroll Taxes and Benefits	0
22. Payroll Wages (Including Withholdings)	0
23. Loan Payments (Principal and Interest)	0
24. Owner's Draw	0
Total Uses	18,720

Net Cash Flow for the Year (Sources Minus Uses) 31,280

Sources and Uses Explanation

Sources of Cash

1. **Personal Funds.** The owner will invest \$10,000 into the business.
2. **Loan Proceeds.** The owner will not pursue financing for this venture.
3. **Cash Receipts From Business.** \$40,000 in cash receipts is estimated. This projection is based on conducting 400 hours of billable time at a rate of \$100 per hour.

Uses of Cash

4. **Equipment.** Basic equipment cost is estimated to be \$2,400. This expense includes: one laptop computer with software (\$1,200), one color printer (\$300) one fax/copy machine (\$400), standard and cell telephones including installation (\$300), and one binding machine with supplies (\$200). These figures are based on estimates from Office Depot, Pacific Bell and Cell-City.
5. **Vehicle Purchase/Lease.** The owner will use her personal vehicle for business use.
6. **Real Estate.** CCA will not purchase real estate at this time.
7. **Fixtures.** Fixture costs will total about \$1,500 based on an estimate from Furniture To Go! This will include purchasing a desk (\$800), chairs (\$200), a table (\$200), and credenza (\$300).
8. **Security Deposits.** Security and other deposits will include \$800 for lease-related deposits and \$200 for utility deposits.
9. **Signs.** CCA will purchase two magnetic car signs from Acme Sign Company for a total cost of \$400.
10. **Leasehold Improvements.** None are needed.
11. **Cost of Goods Sold.** All costs of goods sold are minimal and covered under other budget items.
12. **Telephone and Utilities.** Mycity Gas and Electric, estimates energy usage to cost approximately \$2,000 per year. Standard and cell phone charges are estimated to be \$1,200 per year. Internet connection services is estimated to be \$400 per year.
13. **Rent.** Rent payments are \$350 per month for a total of \$4,200 per year.
14. **Business License Fee.** The business license fee based on business revenue is estimated to be approximately \$400 per year.
15. **Insurance Premiums.** Standard Insurance of America has estimated annual premiums at \$600. These premiums will cover business liability, errors and omissions, and all other types of insurance.
16. **Office Expense.** This item includes all office-related expenses including copying and paper supplies. The owner will perform office duties. The total is estimated at \$720 annually based on the owner's previous experience.

17. **Legal and Accounting.** Gus Barnes, CPA, and the McGrew law firm will provide basic accounting review, tax preparation, and legal services. The total estimated annual cost is \$500 for accounting review and tax preparation and \$1,000 for legal services.
18. **Advertising and Promotion.** \$1,200 will be allocated to the advertising and promotion campaigns discussed in the Marketing section above.
19. **Real Estate and Other Taxes.** No real estate or personal property taxes will be incurred.
20. **Miscellaneous Expenses.** \$1,200 has been estimated for miscellaneous expenses based on a \$100 monthly contingency fund.
21. **Payroll Taxes and Benefits.** CCA has no employees, therefore none will be incurred.
22. **Payroll.** CCA has no employees, therefore there is no payroll.
23. **Loan Payments (Principal and Interest).** No loans will be used in the formation of this business.
24. **Owner's Draw.** The owner will not take an owner's draw during the first year of business.

CONCLUSION

Central California Associates will be a successful business enterprise. It has been clearly illustrated in the various sections of this business plan:

- The Owner has the experience, training and ability to run the business.
- The business can produce its services effectively and efficiently.
- The business can distinguish itself from its main competitors.
- A market exists for this type of business.
- The personal financial situation of the owner is sound.
- The projected financial outlook for the business is appropriate and justified.

ATTACHMENTS

The following documents are included as attachments:

- The resume of Mary Jones.
- A copy of the lease agreement for the business location.
- Letters Of Intent from two non-profit organizations who will utilize the services of CCA.
- Awards and Certificates demonstrating relevant training and experience.
- Additional Supporting Information