

Appendix 16: Sample Business Plan

Business Plan
For
Campground Concessions
Pacific Northwest Region
of the
USDA Forest Service



A Proposal in Response to the
Campground Prospectus for:

on the

_____ Ranger District

_____ National Forest

Name of Company : _____

Address: _____

Company Contact: _____

Phone: _____

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Contents

Part I: The Business..... 148

Purpose and Goals..... 148

Location of Your Business..... 151

Market And Customers..... 152

Competitive Analysis..... 153

Management..... 154

Personnel..... 155

Part II: Financial Data..... 156

Capital-Equipment List..... 156

Start-Up Expenses..... 157

Sources and Uses of Financing..... 158

Monthly Cash Flow Projection..... 159

Start-Up Balance Sheet..... 161

Start-Up Income Statement Projection..... 162

Part III: Historical Financial Reports for Existing Business..... 164

Part IV: Supporting Documents..... 164

Part V: Appendices..... 165

Legal Organization..... 165

Sole Proprietorship..... 165

General Partnership..... 166

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Corporation..... 167

Limited Partnership..... 168

Limited Liability Company (LLC)..... 168

Available Business Resources..... 170

Small Business Development Centers

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Part I: The Business

1. Purpose and Goals:

- A. What is your purpose in pursuing this business?
- B. Define your business goals for the next year and what you foresee five years from now:

2. Description of the Business:

This section should describe the nature and purpose of the company, background on your industry, and what opportunities you see for your services.

- A. Brief description of the business:
- B. Briefly describe your knowledge of this industry:
- C. List the products and services you will provide:

3. Legal Structure:

There are several ways in which your business can be legally organized.

A. How is your company legally organized? (Check appropriate box).

- Sole Proprietorship
- General Partnership
- Corporation --- "C" Corp or "S" Corp
- Limited Partnership
- Limited Liability Company (LLC)
- Other

B. Why is this legal organization most appropriate for your business?

C. Does your operation require a state registration number? *YES* ___ *NO* ___.

(If "Yes", include a copy of the registration in the Supporting Documents.)

Include any appropriate information, including shareholder or partnership agreements, in the Supporting Documents, and complete the following list of owners:

<i>Name</i>	<i>Address</i>	<i>SSN</i>	<i>% Ownership</i>
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Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

4. Location of Your Business:

Describe the planned geographical location of the business and discuss the advantages and disadvantages of the site location in terms of wage rates, labor availability, closeness to customers or suppliers, access to transportation, state and local taxes, laws, and utilities. Describe your approach to overcoming any problems associated with the location.

- A. Planned geographical location:
- B. Discuss advantages or disadvantages of the site location:
- C. Describe your approach to overcoming any problems:

5. Market And Customers:

The purpose of this section is to present sufficient facts to convince the evaluation team that your service has a substantial market and can achieve success in the face of competition. Discuss who the customers are for your service. Where are the major purchasers for the service?

- A. Describe your anticipated target market (e.g., age, income, hobbies, regional, national, international):
- B. Describe the size of the current total market and potential annual growth:
- C. Discuss your advertising campaign in terms of how, when, and where you will advertise, and estimated annual cost:

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

6. Competitive Analysis:

Make a realistic assessment of the strengths and weaknesses of your competitors. Compare the competing services on the basis of image, location, price, advertising, and other pertinent features. Discuss your key competitors and explain why you think that you can capture a share of their business. Discuss what makes you think it will be easy or difficult to compete with them.

- A. Identify your key competitors:
- B. Discuss their strengths and weaknesses.
- C. Compare your product or service on key areas. For each area of comparison rank yourself and your selected competitors on a scale of 1 (high) to 5 (low). Remember: no ties.

C o m p e t i t o r s

Area of Comparison	You	A	B	C	D
Image					
Location					
Price					
Advertising					
Service					
Uniqueness					
Other					

Why do you think you can compete with your competitors and capture a share of the market?

7. Management:

The evaluation team is looking for a committed management team with the proper balance of technical, managerial, and business skills and experience which supports your proposal. Be sure to include complete resumes for each key management member in the Supporting Documents section.

(Use additional pages and attach as necessary)

- A. List owners and key management personnel and their primary duties. If any key individuals will not be onboard at the start of the venture, indicate when they will join the staff.
- B. Discuss any experience when the above people have worked together that indicates how their skills complement each other and result in an effective management team.
- C. List the advisors and consultants that you have selected for your venture. Capable, reputable, and well-known supporting organizations can not only provide significant direct and professional assistance, but also can add to the credibility of your venture.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Accountant _____

Attorney _____

Banker _____

Insurance Broker _____

Advertising _____

Others _____

8. Personnel:

Explain how you plan to recruit, develop, and maintain your workers. List the number of employees you will have, as well as their job titles and required skills. (Use additional pages as necessary)

- A. Identify essential employees, their job titles, and required skills:
- B. Identify the source and your plan to recruit essential employees:
- C. Discuss any training or retraining that you plan for your employees. Also, discuss any necessary first-aid certification or recertification, etc:

Part II: Financial Data

1. Capital-Equipment List:

Capital equipment is defined as assets which have useful lives of more than one year. Examples include machines, equipment, vehicles, livestock, tack, gear, and computers. Describe the equipment, the quantity, whether the equipment is new or used (N/U), the expected useful life, and the cost. This includes equipment purchased from existing businesses.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Equipment	Quantity	N/U	Life	Cost
------------------	-----------------	------------	-------------	-------------

Total Cost of Capital Equipment \$ _____

2. Start-Up Expenses:

Start-up expenses are the various costs it takes to open your doors for business:

Item	Cost
-------------	-------------

Total cost of capital equipment	\$
---------------------------------	----

Beginning inventory of operating supplies	
---	--

Legal fees	
------------	--

Accounting fees	
-----------------	--

Other professional fees	
-------------------------	--

Licenses and permits	
----------------------	--

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Remodeling and repair work

Deposits (public utilities, etc.)

Advertising

Insurance

Bonds

Advance permit fees

Other expenses:

Total Start-Up Expenses \$ _____

3. Sources and Uses of Financing:

A. Sources of Financing:

Investment of cash by owners \$ _____

Investment of cash by shareholders _____

Investment of noncash assets by owners _____

Investment of noncash assets by shareholders _____

Bank loans to business: short term (one year or less) _____

Bank loans to business: long term (more than one year) _____

Bank loans secured by personal assets _____

Small Business Administration loans _____

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Willowa-Whitman National Forest

Other sources of financing (specify)

Total Sources of Financing	\$ _____

B. Uses of Financing:

Buildings	\$ _____
Equipment	_____
Initial inventory	_____
Working capital to pay operation expenses	_____
Noncash assets contributed by owners	_____
(use same amount as in Sources, above)	
Other assets (specify)	
_____	_____
_____	_____
Total Uses of Financing	\$ _____

C. Monthly Cash Flow Projection:

The cash flow projection is the most important financial planning tool available to you. The cash flow projection attempts to budget the cash needs of a business and shows how cash will flow in and out of the business over a stated period of time. A cash flow deals only with actual cash transactions. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent a cash disbursement.

NOTE: The Cash Flow Projection chart on the following page is required to be completed and submitted in the existing format.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Cash Flow Projection (or Cash Flow Budget) by Month: Year One

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	TOTAL
1														
2	Cash Receipts													
3	Sales Receivables													
4	Wholesale													
5	Retail													
6	Other Services													
7	Total Cash Receipts													
8	Cash Disbursements													
9	Cost of Goods													
10	Variable Labor													
11	Advertising													
12	Insurance													
13	Legal and Accounting													
14	Delivery Expenses													
15	Fixed Cash Disbursements*													
16	Mortgages (Rent)													
17	Term Loan													
18	Line of Credit													
19	Other													
20	Total Cash Disbursements													
21														
22	Net Cash Flow													
23														
24	Cumulative Cash Flow													
25														
26	*Fixed Cash Disbursements													
27	Utilities													
28	Salaries													
29	Payroll Taxes and Benefits													
30	Office Supplies													
31	Maintenance and Cleaning													

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

32	Licenses												
33	Boxes, Paper, etc.												
34	Telephone												
35	Miscellaneous												
36	Total FCD/Year												
37	FCD/Month												
38													
39	Cash on Hand												
40	Opening Balance												
41	+ Cash Receipts												
42	Cash Disbursements												
43	Total = New Balance												

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

D. Start-up Balance Sheet:

Balance sheets are designed to show how the assets, liabilities, and net worth of a company are distributed at a given point in time.

NOTE: The following Start-up Balance Sheet is required to be completed and submitted in the existing format.

**Start-up
Balance Sheet**

Assets

Current Assets		\$	
Fixed Assets	\$		
Less Accumulated Depreciation	\$		
Net Fixed Assets		\$	
Other Assets		\$	
Total Assets		\$	

Footnotes:

Liabilities

Current Liabilities		\$	
Long-Term Liabilities		\$	
Total Liabilities		\$	

Net Worth or Owner's Equity

(Total assets minus total liabilities)		\$	
Total Liabilities and Net Worth		\$	

Footnotes:

E. Start-up Income Statement Projection:

Income Statements (also called Profit and Loss Statements) complement balance sheets. The income statement provides a moving picture of the company during a particular period of time. For most businesses (and for most bankers), income projections covering one to three years are more than adequate.

If you are in a start-up situation, look for financial-statement information and income ratios for businesses similar to yours. The Robert Morris Associates' *Annual Statement Studies* and trade association publications are two possible sources.

NOTE: The following Income Projection is required to be completed and submitted in the existing format.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Income Projection by Month: Year One

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Total
1.														
2.														
3.	Sales													
4.	Wholesale													
5.	Retail													
6.	Total Sales:													
7.														
8.	Cost of Materials													
9.	Variable Labor													
10.	Cost of Goods													
11.														
12.	Gross Margin													
13.														
14.	Operating Expenses													
15.	Utilities													
16.	Salaries													
17.	Payroll Taxes and Benefits													
18.	Advertising													
19.	Office supplies													
20.	Insurance													
21.	Maintenance and Cleaning													
22.	Legal and Accounting													
23.	Delivery Expenses													
24.	Licenses													
25.	Boxes, Paper, etc.													
26.	Telephone													
27.	Depreciation													
28.	Miscellaneous													
29.	Rent													
30.	Total Operating Expenses													
31.														
32.	Other Expenses													
33.	Interest (Mortgage)													
34.	Interest (Term Loan)													
35.	Interest (Line of Credit)													
36.	Total Other Expenses:													
37.	Total Expenses:													
38.														
39.	Net Profit (Loss) Pre-Tax													

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Part III: Historical Financial Reports for Existing Business

1. Each applicant is required to submit all four items listed below.

- ____ 1. Balance sheet (past three years)
- ____ 2. Income statement (past three years)
- ____ 3. Tax returns (past three years)
- ____ 4. Current credit report from major credit bureau

Part IV: Supporting Documents

1. Each applicant is required to submit all five items listed below.

- ____ 1. Personal resumes of business owners, officers, and partners
- ____ 2. Personal financial statements of business owners, officers, and partners
- ____ 3. Bank or investor letters of intent to finance project
- ____ 4. Copies of business leases pertinent to this business
- ____ 5. Copies of all pertinent existing permits or licenses applicable to this business

(Submit only the face pages of all current concession permits)

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Part V: Appendices

Legal Organization:

The more popular legal organizations and their reasons are outlined below. Business Start-up Kits and information on registration, licensing, and permit requirements for Arizona can be obtained from Small Business Development Centers (SBDC) by logging onto the web site www.sba.gov/sbdc .

1.Sole Proprietorship

A sole proprietorship is a business owned by one person. This form of business is regulated by the state only in that some states requires you to register your trade name to do business as a sole proprietor. You do not have to register with the state if you are operating your business under your own full legal name. (Note: You must be licensed where required, and pay all appropriate taxes.)

Advantages:

- v Simple to start.
- v Easy to dissolve.
- v Owner makes all management decisions.
- v Pay only personal income tax; business entity not taxed separately.

Disadvantages:

- v Unlimited liability (owner legally liable for all debts, claims and judgments).
- v Difficulty in raising additional funds.
- v No one to share the management burden.
- v Impermanence (company can't be sold or passed on; however, you may sell or pass on assets of the company).

2. General Partnership:

A partnership is an association of two or more persons to carry on as co-owners of a business for profit. Some states require that you register your name if it is a trade name (not your full legal name). You must file state and Federal "information returns," but business income and losses flow through to the partners' personal taxes. The business pays no separate income taxes. Partners may share the profits of the business (and the losses) on an equal basis, or may pro rate the proceeds as set forth in a Partnership Agreement. Whichever way you determine to share in the business, you need to have a written Partnership Agreement outlining the ownership, responsibilities, and eventualities of dissolution or liquidation for the business.

Advantages:

- v Simple to start.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

- v Fairly easy to dissolve.

- v Additional sources of capital from partners.

- v Broader management base.

- v More opportunity for each partner to specialize.

- v Tax advantages: no separate income tax.

- v Limited outside regulation, compared to a corporation.

Disadvantages:

- v Unlimited financial liability for all general partners (some partners' personal debts can even be charged to the business).

- v Difficulty if raising outside capital.

- v Divided authority.

- v Continuity problems (business dies when any partner leaves or dies, unless succession has previously been spelled out in a Partnership Agreement. Partnership terminates in the event of a personal bankruptcy on the part of any partner).

- v Difficult to find suitable (compatible) partners.

- v One partner may be responsible for the actions of another partner, regardless of whether that partner had prior approval.

3. Corporation:

There are two types of corporations generally recognized today: a regular "C" corporation, organized under the laws of the state in which you do business; and an "S" Corporation, so designated by the IRS and not necessarily recognized by your state.

A corporation is a business entity separate and distinct from its owner(s) or shareholder(s). You must file incorporation papers with the state of your choice. The corporation must file annual reports with the Secretary of State, and may have to file separate quarterly income tax returns. The corporation exists forever, can be bought and sold, and is regulated by the state.

A. "C" Corporation Advantages:

- v Limited liability (as long as you *act* like a corporation which means having a separate checking account and phone number, paying interest on any borrowed money, keeping up a corporate record book, filing annual reports, meeting with your Board of Directors at least annually, etc.).

- v Easier to bring in additional capital.

- v Ownership is transferable.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

- v Company has continuous, perpetual existence.

- v Possible tax advantages (seek adequate advice from a tax professional).

- v Gives you more sense of permanence, thus more "weight," in the business world.

"C" Corporation Disadvantages:

- v More expensive to organize.

- v Highly regulated.

- v Extensive record-keeping requirements.

- v Double taxation (corporation pays its own income taxes; if you pay yourself a salary or a dividend, you also pay personal income taxes).

- v Shareholders/Board of Directors may counter your management decisions.

B. "S" Corporation Advantages

- v Filing a Subchapter Selection with the Internal Revenue Service allows you to be taxed on your corporate profits through your personal tax return.

- v You still maintain the limited liability of a corporation.

- v If you have additional personal income against which to deduct company losses, or if your personal tax rate is lower than the corporate tax rate, this form may be advantageous for you. Again, please seek professional tax advice to make this determination.

"S" Corporation Disadvantages

- v There are some restrictions on "S" corporations, mainly in how you can sell your shares. You can have a maximum of 35 shareholders, all of whom must be U.S. citizens, and be individuals (not corporations).

- v You must request permission from the IRS to be an "S" corporation, and generally, must maintain the calendar year as your fiscal year.

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

4. Limited Partnership

In a Limited Partnership, there are two kinds of partners: general partners, who carry full liability; and limited partners, who carry limited liability. Limited partners must make known, through filing with the Secretary of state, that they indeed are limited partners, and they may not participate in the day-to-day management of the business. Again, as in the "S" Corporation, profits from Limited Partnerships are taxed through each partner's personal tax return. Limited partnerships are popular in industries where a great deal of "up-front" money is needed for projects that are expected to produce a high return, such as in real estate, energy, movie production, and sports teams.

5. Limited Liability Company (LLC)

While wearing the corporate form, essentially, an "LLC" is similar to a Limited Partnership, except the general partner also carries limited liability. Profits are taxed through individual owners' personal tax returns. The advantage of this form over an "S" Corporation is that other corporations may be owners, and the "LLC" may also hold 100% ownership in subsidiary companies. If you are a small corporation, but have interest from institutional or corporate investors, this form of organization may hold distinct advantages for you.

Be aware that the "LLC" is a relatively new business form. Legal precedents have not yet been set to outline clearly all the legal and tax ramifications of this form of organization. If interested in becoming an "LLC", you are strongly urged to seek competent, professional legal and tax advice.

Available Business Resources:

The following offices are available as resources to those interested in responding to a prospectus that offers an opportunity to supply a recreation activity to the Forest visitor. Additional information is available online at www.sba.gov

Deschutes National Forest

1001 SW Emkay, Bend, OR 97702,
541-383-5300; Fax: 541-383-5531

Fremont-Winema National Forests

1301 South G Street, Lakeview, OR
97630, 541-947-2151, Fax: 541-947-6399
(Lakeview); 541-883-6714, Fax: 541-883-6709
(Klamath Falls)

Malheur National Forest

431 Patterson Bridge Rd, PO Box 909, John Day,
OR 97845, 541-575-3000; Fax: 541-575-3013

Mt. Hood National Forest

16400 Champion Way, Sandy, OR 97055,
503-668-1700; Fax: 503-668-1794

Ochoco National Forest

3160 NE 3rd Street, Prineville, OR 97754-0490,
541-416-6500; Fax: 541-416-6695

Rogue River-Siskiyou National Forest

Federal Building, 333 W. 8th Street,
Box 520, Medford, OR 97501-0209, 541-858-2200;
TTY 541-858-2203; Fax: 541-858-2205

Siuslaw National Forest

4077 Research Way, PO Box 1148, Corvallis, OR
97339,
541-750-7000; Fax: 541-750-7142; TDD: 541-750-
7006

Umatilla National Forest

2517 SW Hailey Ave., Pendleton, OR 97801,
541-278-3716; Fax: 541-278-3730

Appendix 16: Sample Business Plan

Union Creek & Anthony Lake Campground Complexes – Prospectus, Wallowa-Whitman National Forest

Umpqua National Forest

2900 NW Stewart Parkway, Roseburg, OR 97470,
541-672-6601; Fax: 541-957-3495

Willamette National Forest

211 East 7th Ave., PO Box 10607,
Eugene, OR 97440-2607, 541-225-6300; Fax: 541-
225-6223; TDD: 541-465-6323

Blue Mountain Community College

Small Business Development Center
37 SE Dorion, Pendleton OR 97801
(541) 276-6233 Fax (541) 276-6819
Pendleton@bizcenter.org.

Wallowa-Whitman National Forest

1550 Dewey Ave., PO Box 907,
Baker City, OR 97814, 541-523-6391; Fax: 541-
523-1315

Pacific Northwest Region

333 SW First Avenue, Portland, Oregon 97204-
3440; P.O. Box 3623, Portland, OR 97208-3623
Phone: 503-808-2468

Eastern Oregon University
Small Business Development Center
1410 L Avenue, La Grande OR 97850
(541) 962-3391 Fax: (541) 962-3669
LaGrande@bizcenter.org.