

Self Informed

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NASE Member Charlie Arnold knows how to run a powerful small business.

BUSINESS PLANS MADE EASY

How To Develop
A Simple Plan
That Will Boost
Your Business

By Kim O'Connor

Business plans are the term papers of the adult world—no one wants to write one. While experts stress the importance of planning, the very prospect fills most business owners with debilitating dread.

Little wonder it seems like such a chore: Formal business plans often run more than 30 pages and require weeks of hard work.

But, there is good news. If you're not trying to woo financial backers, you can opt for an informal business plan, which offers practical value without all the muss and fuss.

And having a plan in hand can actually boost your bottom line.

Crafting an informal business plan is a simple, straightforward way to monitor the health of your business. It's a vital tool that will help you diagnose problems, cut costs and implement new strategies. It also helps you capitalize on the things you're doing right and correct the things you're doing wrong.

Whether you are starting a new business or expanding an existing one, this guide is designed to make the planning process as painless as possible. It will walk you through writing an informal plan by examining three areas of your business: marketing, finances and infrastructure.

"Marketing is what brings money in the door," says Gene Fairbrother, the lead consultant for the [NASE's Business 101 program](#). "Finances determine how much you get to keep. Infrastructure is how you get the job done—that is, service your customers.

"If you have those three components in place, everything else falls in behind them."

BEFORE YOU BEGIN

You may find it's helpful to review templates and samples of traditional business plans. The [U.S. Small Business Administration](#) and [SCORE](#) both offer good ones.

This is for inspiration only; don't worry about all the fancy trappings. Since this plan is for your eyes only, formatting isn't important.

"The value of a business plan is that it forces people to ask themselves a lot of questions and do a lot of research that is going to help them be more successful," explains Fairbrother.

In the end, the process of developing your plan is much more valuable than the final document.



LEARN MORE

These NASE resources could come in handy when creating your business plan. They're online now—and they're free exclusively for NASE Members.

- [Poised For Growth](#)
- [Fast Ways To Market Your Startup](#)
- [Change Is Good: 4 Tips To Help You Move Your Business In A New Direction](#)
- [How To Sell To Uncle Sam](#)

SECTION ONE:

MARKETING

Your first task is to examine all the ways in which you communicate (or will communicate, if you're just getting started) with customers.

For example, how do you connect with new customers? How do you stay in touch with existing customers to encourage repeat business?

Take a close look at all the elements of your marketing arsenal, such as:

- Email blasts
- Print advertisements
- [Social media and online marketing](#)
- [Networking activities](#)
- [Direct mailers](#)
- Referrals
- Printed brochures

Consider stepping up activity in any areas that seem to be working and dropping any efforts that haven't paid off.

Next, identify and analyze opportunities.

For example, if your retail business promotions have been popular with customers, you might implement a customer loyalty plan. If your interior design website draws ample traffic, you might refresh its design or start writing a blog to keep readers coming back often.

As you work on your plan, don't forget to consider the risks. For instance, a re-branding effort might draw new customers, but it could also alienate your existing customer base.

Wrap up the marketing section of your business plan with a quick goal-setting session. Develop a strategy by breaking your goals into actionable steps. Outline complicated tasks with informal to-do lists. Set rough deadlines to help you stay on track.

Be realistic as you set financial goals.

SECTION TWO:

FINANCES

Now it's time to crunch the numbers.

Begin with a long look at last year's ledger. If you're planning to open a new business, focus on mapping out the first year, including one-time expenses such as security deposits.

Examine your expenses carefully and identify any areas that offer potential savings. For example, you might be able to renegotiate supplier contracts or interest rates on loans.

Next, determine which of your products or services are most and least profitable. This information might lead you to reconsider your offerings. Would it make sense to expand, diversify or cut back?

Round out your finance section by predicting your fiscal future. While formal business plans typically require a three- to five-year financial forecast, you only need to plan for the next year.

"Nobody in the world knows what their financial projections are going to be three years from now," Fairbrother says. "It's impossible. It's better to deal with real numbers and real situations."

Zoom in on your cash flow by walking through your projected expenses and income month by month.

A word of warning: Be realistic as you set financial goals.

Chances are, your profits will not triple in one year's time. Big dreams will serve you well in other areas of your business plan, but the finances section is where you want to be conservative and careful.

SECTION THREE:

INFRASTRUCTURE

The final section of your business plan concerns infrastructure, or operations.

This category encompasses employees (if you have them) as well as logistics—the systems and processes that form the backbone of your business. Search your schedule and the workflow of the business for pockets of inefficiency.

If you plan to explore new marketing opportunities or other business-building strategies, you will probably need to allocate (or reallocate) resources. Make sure you have all the tools you need, whether it's manpower, equipment or other materials.

Crafting an informal business plan is a simple, straightforward way to monitor the health of your business.

THE NASE CAN HELP

With so many types of business plans, how do you choose the right one for your new or expanding company?

The small-business consultants at the **NASE's Business 101 program** offer two free online webinars that can help you decide.

- **Business Plans That Work, Part 1**
- **Business Plans That Work, Part 2**

And if you still have questions, turn to the **NASE business strategy experts**. These professionals will give you confidential answers to all of your questions about developing and implementing a business plan.

And remember. The webinars as well as access to the **NASE business strategy experts** are included in the cost of your NASE Membership.

IMPLEMENTING YOUR PLAN

Many business owners go through the work of developing a business plan only to file it away in the archives.

Keep in mind that your plan is a living document that should be revisited often. Make adjustments as you go, inserting real-world figures as they become available and adjusting projections so you're always looking one year ahead.

Fairbrother recommends spending two to four hours with your plan every month, focusing on a different section at each session.

"It doesn't do you any good if you don't look at it and use it as a management tool," he says. "Every month you should be evaluating and re-evaluating. You have to continually work on it."

Chipping away at it a little each month not only makes the task more palatable, but it also keeps your finger on the pulse of your business. ■

Kim O'Connor is a freelance writer who frequently writes about best business practices.

TIME IS RUNNING OUT!



Apply for an NASE Succeed Scholarship® today—the final 2012 application period closes on Aug. 31st! Numerous NASE Members have already taken advantage of an NASE Succeed Scholarship® to help them grow their business through continuing education, seminars, training, certification and more. You could be the next member to receive a scholarship of up to \$4,000!

Succeed Scholarships are awarded at the sole discretion of the NASE. Unfortunately, not everyone who applies will receive a scholarship. The NASE has the discretion to make no awards or present a higher or lower amount than requested. Decisions of the selection committees are final and are not subject to appeal. No application feedback will be given.

Please contact the NASE's Member Services Center at 800-649-6273 with any questions.

nase®



Ask The Experts

Q: *Can you tell me which employment forms a contract employee needs to complete before starting to work for my company?*

A: The first question is whether your new worker is an employee or an independent contractor. This is not a matter of choice, but is dictated by the specific circumstances of the working relationship. The key element is who controls the work.

You most likely have an employee if:

- You tell the person when to be at work, where to work and how to complete the work
- You provide the workspace and the tools they need to do the job
- Payments made to employees are called wages. They're subject to tax withholding and are reported at the end of the year via [Form W-2](#).

You most likely have an independent contractor if you specify the end result, but the worker:

- Decides how to do the work, when to work and where to work
- Usually provides his or her own tools to complete the work
- Has other clients

If you hire an independent contractor, you'll report payments you make to the contractor on [Form 1099-MISC](#). The form is required if you pay at least \$600 to the independent contractor during a calendar year. The payments that are reported via Form 1099 are not subject to federal income tax withholding or other payroll taxes.

You'll issue one copy of the 1099 to the contractor and send one copy to the IRS at the end of the year.

GET MORE ANSWERS

The NASE's small-business experts are here to help you understand the ins and outs of operating a successful small business. And access to these professionals is free with your NASE Membership!

Just go online to the [NASE's Business Learning Center](#) where you can ask the experts questions about:

- Taxes
- Health care expenses
- Financial issues
- Employee relations
- Accounting rules
- And much more

The experts are available 24/7 and ready to help!

To complete Form 1099, you'll need specific information from the contractor. And the easiest way to ensure that the information is accurate is to have the contractor complete [Form W-4](#). The form asks for information such as name, address and tax identification number.

The form is not required and does not get sent to the IRS. But it does make sure that you have the independent contractor's correct data. And it's a good idea to get that form in advance of any payments. ■

Member Spotlight

Mr. Clean

Charlie Arnold has been an NASE Member since 2004. He owns Arnold Powerwash LLC in Lewes, Del.

Tell us about your business.

I bought my first power washer in 1999 after seeing someone using one to wash a car. The building our church was meeting in at the time needed a face lift. I decided to purchase a power washer and strip it myself. The front of the building turned out to be beautiful sand brick that had coats of blue, pink and white paint covering the brick.

I researched power-washing and found Power Washers of North America. I took some certification classes with them and the rest is history. I took the business full time in 2003. As president of Arnold Powerwash LLC, I currently oversee all operations, sales and future planning for the business.

What's the best compliment you've ever received from a customer?

A customer called me once to tell me he was impressed by how my employees waited at a stop sign when they could have pulled out into traffic. He was so impressed by their polite driving that he hired us to clean his home. He thought if they cared enough to drive politely, they would care enough to do a really good job cleaning his home.

How has the NASE helped your business?

There have been periods when my health has been poor and the hospital or emergency-type insurance was a lifesaver for us. I have also used Legal Club of America to get business advice and to have documents reviewed.

What's the most effective way you've found to market your business?

Many senior citizens have chosen to retire in my area due to low property taxes and no sales tax. I've found the most success in marketing my business using the Money Mailer coupon packet. I get 85 percent of my residential business from the senior discount coupon I place in the Money Mailer.

What advice would you have to your fellow NASE Members?

Learn how to develop systems within your business, then the training of personnel will become easier. You teach them a system that is consistent, and even those employees who may not be as gifted as others will still be able to perform at a level that will benefit everyone—the business, the employee and your clients. ■

GET PUBLICITY FOR YOUR BUSINESS!

Your business could be featured in SelfInformed's Member Spotlight or in another NASE publication. Let us know you'd like to be featured and tell us more about your business on our [Publicity Form](#).





3 BILLS THAT CONGRESS SHOULD PASS NOW

CONTACT
your elected
officials and urge
them to support
these three bills.

Reach them through
the NASE's Legislative
Action Center.



By Kristie L. Arslan

The NASE is encouraging its members to contact their representatives in Washington and urge them to support three pieces of legislation that are critically important to the self-employed.

1. Senate Bill 2050

The *Small Business Tax Extenders Act of 2012* (S 2050), extends key provisions of the small-business bill that was signed into law by President Obama in September 2010. The original bill provided key tax deductions for the self-employed, specifically, the ability to deduct health insurance and startup expenses for the 2010 tax year.

The new bill was introduced in the Senate Small Business Committee by Chairwoman Mary Landrieu, D-La., and ranking member Olympia Snowe, R-Maine. The bill has received bipartisan support with Sens. Scott Brown, R-Ma., Kirsten Gillibrand, D-N.Y., and Barbara Mikulski, D-Md., all signing on as co-sponsors of the legislation.

2. House Resolution 880

The self-employed encounter several glaring inequities in the current tax code. Perhaps the largest is the inability to deduct the cost of health insurance as a business expense. As a result, the self-employed pay on average 15 percent more than big businesses in taxes.

In 2010, the self-employed benefitted from tax savings ranging from \$456 to \$968. That's a significant amount. Congressional support for amending the tax code to allow the self-employed to deduct their health insurance is popular and receives bipartisan support. In the House, Rep. Wally Herger, R-Calif., introduced, HR 880, *Equity for Our Nation's Self-Employed Act of 2011*, which has received wide, bipartisan support and would make the deduction permanent.

3. House Resolution 4032

The extension of the deduction for startup expenses is another popular provision.

Like the health insurance deduction, the startup deduction is extended in *Small Business Tax Extenders Act of 2012*, but receives a permanent deduction in the bipartisan House resolution, *Help Entrepreneurs Create American Jobs Act of 2012* (HR 4032).

The bill was introduced by Rep. Hank Johnson, D-Ga., and is strongly supported by a bipartisan group of 27 of his colleagues.

Why You Need To Act Now

The self-employed community is well served by the introduction of these three bills.

But continued calls for enactment must reach the ears of the elected members in both chambers.

The NASE believes that lawmakers must address these tax bills and signal to our community that they understand the biggest segment of the business population is the self-employed. The NASE also wants Congress to indicate that the self-employed will be treated fairly by the tax code to encourage growth in our economy.

Please call your elected officials and urge them to support these three bills. We've made it easy. You can identify your members of Congress and contact them through the [NASE's Legislative Action Center](#). ■

Kristie L. Arslan is president and CEO of the NASE and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.



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