BUSINESS PLANNING & FINANCING

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Who needs a business plan?

• **Effective and productive business owners.**
  
  The key to success is planning! Business owners with a plan routinely accomplish more than those without. The time and effort investment upfront, will save you time and keep you focused going forward.

• **Loan and grant applicants.**
  
  Most banks and other lenders want to see a well-thought-out business plan. It helps them determine if you know what you’re doing and decide whether you’re worth the risk. Most grant makers and other funders want to see your business plan for the same reasons.
What should a business plan contain?

• **It is the blueprint for your business.**

  Your business plan should clearly describe your business. It should demonstrate your understanding of your industry, your competition, and what will make your business special. You should be able to explain how your business will operate. And it should set out a financial plan, estimating what it will cost and explaining how you will pay for it.

• **Consider your audience.**

  Just like a resume, it’s a good idea to tweak your business plan depending upon your who is reading it. For your own purposes, leave out no detail. For your lender or grant funder, you may want to change your emphasis. Always make sure that your plan is realistic.
• Executive Summary

Your opening presentation. Describe your business in detail and make your pitch for why it will succeed.

The Executive Summary is a summary of the other sections and may be easier to write last.

• Marketing Plan

Describe your industry, your target customer base, and your competition. Explain your costs and pricing policy, your marketing sales strategy, and your future plans.
• Organization & Operations

Describe how your business will operate, its location, legal form, management structure, and key employees. Explain your business operations and list any required training, licensing or insurance. Describe your quality control and contingency plans.

• Financial Plan

Determine how much money will you need for start-up and discuss where you will get it. How much is your own investment and how much is borrowed? Estimate your income and expenses to project your cash flow situation for the next two years.
Small Business Resources

Assistance Writing a Business Plan

- Maryland Small Business & Technology Development Center
- Business Center, Enoch Pratt Free Library
- Baltimore County Department of Economic Development
- Anne Arundel Economic Development Corporation
- Maryland Dept. of Business & Economic Development (DBED)
- Small Business Administration (SBA)
- SCORE
- www.bplans.com
- Maryland Capital Enterprises (MCE)
- MCE’s Women’s Business Center
Small Business Financing

Loans

• **Banks and Credit Unions** make small business loans. But if the bank turns you down, don’t stop there.

• **MCE (Maryland Capital Enterprises)** is a nonprofit corporation that is certified by the SBA, the State of Maryland and others to make micro loans to help start or expand small businesses. MCE also provides counseling, helps small businesses develop business plans, and more.

• **Local government programs** are good opportunities in areas that have small business lending programs, (e.g., the Arundel Business Loan Fund in Anne Arundel County, the Neighborhood Business Development Program in locally designated revitalization areas throughout the state, etc.).
Grants

Local government grant programs are good opportunities in areas that have active revitalization programs. For example, if your business is located in a designated Main Street area, you may qualify for a matching facade grant.

Grant programs for artists may be available. For example, the Baltimore Cultural Alliance offers The Rubys, a project-based funding for emerging and established Baltimore-regional artists, and Creative Capital is one of the only national nonprofit organizations that awards grants to individual artists through an open application process.
MCE Small Business Loans

MCE is a private nonprofit that provides small business loans on the Eastern Shore and now in Baltimore City, Baltimore County, and Anne Arundel County to small businesses that cannot get a loan from a bank.

- Loan Amounts range from $5000 to $50,000
- Term can be 1-10 years (depending on loan size).
- Interest Rates are currently set at 5-12%.
- Security is required.
- Sample loan uses include purchase of retail space or build out of leased space, furniture & equipment, operations, business supplies, etc.
Applying for a Small Business Loan

Eligibility Criteria

At MCE, loan applications are reviewed by a committee of local volunteers, bankers and community leaders,

Applicants are judged on...

- Clearly established business idea; thoroughness of business plan.
- Experience in the field.
- Strength of cash flow.
- Strength of collateral.
- Reasonable credit. That is credit at least good/consistent for the last 12 months, no bankruptcies in last 2 years.
- General economic conditions for the venture.
- Ability to repay the loan – can the applicant get back into the workforce if they do not make the business work?
Questions?

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