

# writing a sound business plan in the stone industry

## Part II

By David K. Speaker

*(Editor's note: Part I of this series appeared in the October 2006 issue.)*

Last month, we noted that your business plan depends on gathering relevant and reliable industry and market statistics. Knowing where to find the variety of research resources available is half the battle.

Your business plan must provide verifiable statistical information identifying your markets, market segmentation; and competition (current and possible, with relevant historic patterns).

The market is all potential customers for your product or service. Proper segmentation enables a focus on the different types of potential customers. The competition is all

those presently serving or likely to serve that market.

Detailed demographics enable you to accurately depict your market, and enable your readers to understand the business environment you're entering, its growth potential, how competitors affect your prospects, and how you'll distinguish yourself.

Where do you find these statistics? If you'll devote the time, and do a little digging and asking, the information is there.

**The Internet** – Significant resources are available online; if you're not proficient in accessing or using these resources, or you don't have the time, find someone who is proficient and can do it for you. The Internet changed practical business research, and knowing how to use it is vital.

**Industry Trade Associations and Institutes** – Trade associations compile and maintain industry statistics relevant to their members' business activities. They produce and disseminate this information as a regular part of their service. Contact these associations (via Website first – most have a good online presence) and ask for a list of their publications.

If you can't find what you're looking for, call them and ask where to look; they're usually willing to help even non-members. For non-members, these publications are often available for a fee. In many cases you may find the information available for free to members. It's often worth the price of membership.

The associations usually have members who are expert advisors to

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the association. These experts are another resource, and they're usually willing to help as well.

**Trade Publications** – The stone industry has a number of quality publications serving its members; their editors often compile industry-wide data, especially with respect to emerging trends. Their compiled data may be available for a small fee or online, or they may refer you to the data resources they trust.

If you want a complete list of the stone industry's trade publications, look on the trade association Websites, or call and ask if they have a list. You may also find lists of industry resources and publications posted on the websites of large industry players such as machine manufacturers.

**Stone Industry Trade Shows** – These events offer workshops and seminars to attendees. The course instructors and materials can be a source of useful statistical information. Find the course listing from recent or upcoming trade shows (and whether they're likely to contain the information you seek), and look for the instructors. Throughout the year, trade-show education programs are listed on the trade-show Website (to acquire course materials - ask), in trade association newsletters, and in trade publications.

**Stone Industry Consultants** – These experts also compile industry data as part of the service they offer to clients. They often sell their available statistical information, or they can readily procure it for you for a fee. Find industry consultants by inquiring with the trade associations and publications.

**Libraries** – Many people forget that libraries are *still* there, and don't realize that they've evolved significantly to contain a wealth of information both in-house and online.

Today, any business can gather targeted and sophisticated market and industry information at the local library; what the Internet did to connect homes is small when compared to the online power of local libraries. And libraries offer the added benefit of knowledgeable business librarians able to guide and assist you.

They have business and specialty

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reference services, coordinators who devote themselves to these subjects, and all the right tools to access pertinent, detailed business information. These are services that most businesses don't subscribe to, and you'd have to pay to use them online ... if you could find them yourself.

While it varies across institutions, most libraries subscribe to expensive commercial databases like ReferenceUSA, a database on



millions of businesses and households supplemented with census and other information. It's a powerful market-research tool.

## DITEQ

You can tap databases and other resources for statistical data, demographics and articles on industry trends. Because libraries have all kinds of data access in one place, you can do much (if not all) of your research here, combining different resources to compile compelling information – and people who will show you how to use it all.

In many ways, these services become your market-research department. The nice thing about public libraries is that you won't have to pay for what you get, even though you may have to camp out there for a while.

If it's not convenient to literally take temporary residence at your local library, many libraries in the country (and around the world) often have high-end Websites with online access to materials and some of the databases. The beauty of this is that now you can visit libraries anywhere, not just in your town (hint: search "business libraries" on Google or MSN).



You can communicate with their staff. What you can't find in or online at your regional library may be available at other libraries (some libraries have bigger business reference sections than others).

Library websites are also a useful research tool in themselves because they often have links to other useful sites and informational directories pre-screened for utility. You may find resources here that you wouldn't have thought of on your own.

To attract users, many libraries offer classes (e.g., on business research) networking opportunities, and connections to local economic development agencies. The Science, Industry and Business Library (SIBL

**POINTS CONSULTING**

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- part of the New York Public Library in Manhattan) trained 64,000 people through its 20 business information classes. Classes like these often afford you the opportunity to meet and connect with information and resource experts.

Libraries have the expensive database tools that aren't economic or affordable to smaller companies. For those who lack computer proficiency or a good Internet connection,

libraries can level the playing field.

**James J. Hill Reference Library** - *Hillsource.org* is an online business information center that offers access to tremendous information sources for members. Joining to do your business planning homework could be well worth the modest fee. They also offer fee-based market and industry research services. Exploring this site as a resource is worth the time.

A related website is *www.jjhill.org*.

## CHEMCORE



Here you'll find free tools and resources, including a variety of business calculators, and links to numerous demographic and industry information sites online. The direct link to the business research tools is *www.hillsource.org/members/*.

**SCORE (Service Corps of Retired Executives)** - This sophisticated nationwide nonprofit organization is filled with retired executive volunteers donating their expertise in more than 600 skill areas to aid entrepreneurs. SCORE is a resource partner with the federal Small Business Administration, and has many other significant alliances with information-resource tools available.

SCORE's website (*www.score.org*) is a great information-gathering site. It offers many ways to isolate facts relevant to your business plan. One of its main features is "ask SCORE", an online counseling tool offering free business advice 24/7. So go ask, "How do I find out the number of households in my county with marble or granite countertops as a percentage of total countertops? How many stone fabrication shops serve my county?" If they don't have the answer, they'll point you to other areas with information.

Throughout the SCORE



you with relevant local market and industry information, many on their websites.

**MarketResearch.com** – This site continuously updates its 100,000+-report market research collection, and helps you find reports that target your statistical needs. For a fee, you can buy the reports and subscribe to custom information services.

**Bureau of Labor Statistics** – This is an important research stop,

for its broad scope of detailed statistical information. Visit [www.bls.gov](http://www.bls.gov) and review its many links to information relevant to your plan.

**U.S. Census Bureau** – For quick information on population, households and housing, plus social and economic characteristics, visit [factfinder.census.gov/home/saff](http://factfinder.census.gov/home/saff) where you'll find an easy source of information by city, township, county, state or the entire country. These official

Website (and especially under its “Business Tools, Free Resources”) there are numerous links including the Center for Business Planning with a collection of resources for planning your business, documenting your plan and evaluating your strategy. If you can't find that link, the Center for Business Planning is at [www.businessplans.org](http://www.businessplans.org); click on “Web Resources” and you'll find plenty of good links to numerous resources.

Under the heading “Market Analysis” for example, you'll find dozens of quality market information sites like [www.marketresearch.com](http://www.marketresearch.com) and the U.S. Census Bureau. It's worth taking the time to comb through because odds are good you'll find links to information needed for your plan.

It's also very easy to find your local SCORE chapter (there are 389) – just enter your zip code, and with a few clicks you're at the local chapter's website. The local chapter will help you find local business information and market analytics.

**Chambers of Commerce** – The U.S. Chamber of Commerce has a complete list of all local and regional member chambers at [www.uschamber.com/chambers/directory/default.htm](http://www.uschamber.com/chambers/directory/default.htm). Many chambers in the markets you serve will be able to provide

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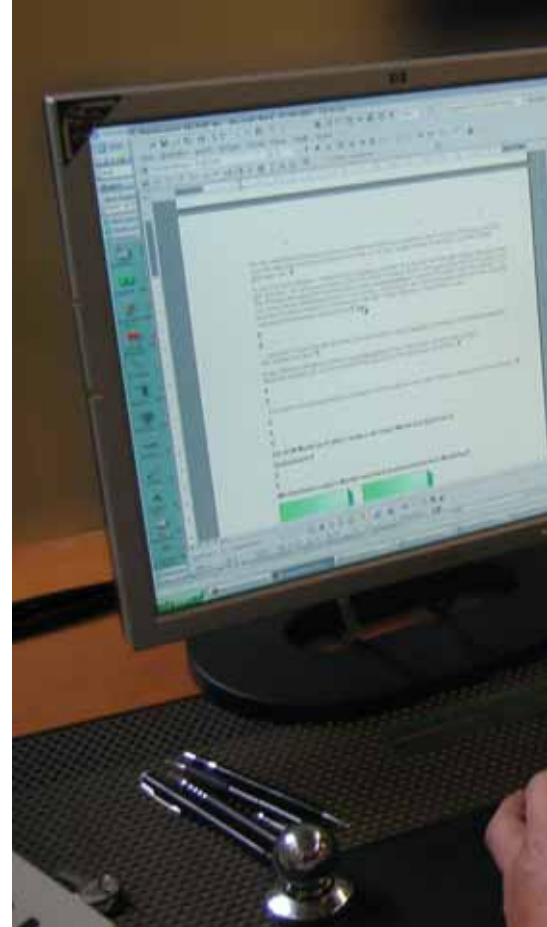
statistics provide much industry and general demographic information. The Bureau's main page is [www.census.gov/main/www/cen2000.html](http://www.census.gov/main/www/cen2000.html). Examine both of these pages closely, because they are loaded with government statistical information and research tools.

Sometimes the best market analysis is very simple. Aside from all of the foregoing information sources, remember to talk to real people –

potential customers and those already in the industry.

Visit your competition and examine closely what they're doing; ask questions, observe their customers, count their slabs, employees, bridge saws and other assets. Talk to anyone you know who has experience in either buying or selling stone products and take note of what they've witnessed about the industry.

## WATER TREATMENT



### ESSENTIALS OF INFORMATION AND PRESENTATION

The financials are, for some, the most-intimidating part of writing a business plan. But they're not as hard as you think, especially if you follow the basic steps.

Your sales forecasting and other financial projections depend, in large part, on the validity of your market analysis. You'll want to have projected sales, an analysis of cost-of-sales, personnel needs and other expenses, and a profit-and-loss (or income) statement (or the *pro-forma* future projections of these). This is where you will budget and forecast your expenses.

The most-important financial document, by far, is the cash-flow statement or plan; it's the life blood of any business and a key to viability. Here you'll identify and summarize all sources of revenues flowing in, all expenditures flowing out, and the balance during various time frames. In order to do the cash-flow plan properly you'll need the income statement and balance sheet as they directly rely on one another, with the cash flow plan essentially standing



business charts when presenting your financials, so that your important numbers are easier to find and understand. Use summary tables and simple business charts to highlight the main numbers. Related details should be easily found in your appendices, or in nearby text.

Also, use bar charts to show sales, gross margin, net profits, cash flow and net worth by year. Use pie charts to illustrate your market share

and market segments.

Don't use a chart unless you refer to it in the text. When source numbers are less than obvious in the summary tables, make sure you identify the appendix containing the detailed numbers.

### SHOPPING YOUR PLAN

If you're using your business plan to raise money, placing it before the right people makes a big differ-

between the other two.

To finish your financials, you'll need the balance sheet and a break-even analysis. The balance sheet states your financial position by identifying assets and liabilities at specified points in time. (Assets always equal capital and liabilities.) You should provide a balance sheet for each of the plan's first 12 months, and for each of the first three years.

The break-even analysis calculates technical break-even points based on assumptions of unit price, variable costs and fixed costs.

When creating your financial analysis, take advantage of all the financial tools available online. These are good aids for efficiently crunching numbers, are easy to understand, and can save you the trouble of paying an accountant. Examples include [www.finance.cch.com/tools/calcs.asp](http://www.finance.cch.com/tools/calcs.asp), the James J. Hill Reference Library ([www.hillsource.org/java/](http://www.hillsource.org/java/)), and [www.bplans.com/bc/](http://www.bplans.com/bc/). All provide a variety of business financial calculators, including starting costs, cash flow, break-even, investment offering and others.

To describe your plan well, you'll need text, tables and numbers. Use

## SALEM DIAMUT

ence. Where and how you look for money depends on the nature of your company and the type of money you need. While you want to get it out there and create a buzz, you don't want to waste time with folks unlikely to be interested or able to help.

The U. S. Small Business Administration (SBA) has many programs for financing small and growing businesses. Visit [www.sba.gov/](http://www.sba.gov/)

[financing/sbalan/snapshot.html](http://financing/sbalan/snapshot.html) for its Small Business Startup Kit, a list of various loan programs and useful links to related programs, funding sources and information about how the process works. It's a great place to determine if an SBA-backed program is right for you.

Funding-service online clearinghouses are able to position and present your plan to hundreds of qualified funding sources through a secure



## SURTEC

digital platform for a modest fee. Other online services sell powerful and extensive directories of venture capital, private equity, merchant banking and other investment firms.

These directories enable you to search and contact, quickly and efficiently, the firms most likely to work with you, and also provide you with pitch-related tools. See [www.fundingmatch.com](http://www.fundingmatch.com), [www.vcgate.com](http://www.vcgate.com), [www.businessfinance.com](http://www.businessfinance.com) and [www.vcaonline.com](http://www.vcaonline.com).

If you want to keep it simple and approach relatives, friends, and other private parties for private financing, [www.circlelending.com](http://www.circlelending.com) is very helpful. They provide a wide range of services for managing financial transactions between private parties, and enable you to set the stage, manage your presentation to a close, and properly document the transaction.

To make a plan accessible, the simplest method today is posting the plan online. If you're concerned about confidentiality, do this on a secure page accessible only to those you authorize. Another option is [www.secureplan.com](http://www.secureplan.com), which is a site that enables you to post your plan in a *secure*, remote environment for examination only by those you allow.

If you're going to distribute your plan by e-mail, you'll want to limit the risk of further dissemination or alteration by delivering the document in a secure format, like Adobe's Personal Document Format (PDF).



With proper security settings you can alter with Adobe Acrobat®, but recipients can't do anything but read it. They can't print, copy, or cut and paste – just read.

Your email should also contain a confidentiality or non-disclosure statement, putting the recipient on notice of the conditions under which you release and they accept the emailed plan.

If you've done your homework and created a quality plan, you now have a tool you can be proud of that reflects well on your organization, so don't be shy about it. Remember the plan is just a tool and a platform, and many financing options require it.

But no one invests in a plan – they use it to gather information about people and company prospects. *How* you communicate the substance and merit of your business and its people makes all the difference.

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