

PROSPERA

Welcome to

READY, SET, GO!



PROSPERA

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ACCESS TO CAPITAL

Loan and grant funding for business & community projects.



BUSINESS ADVISING & TRAININGS

Personal support for every phase of your business.



COMMUNITY DEVELOPMENT

Strategic partnerships to accelerate positive outcomes.



PEER NETWORKING

Bringing people together to make meaningful connections.

Helping businesses and communities find their pathway to success, acting as the navigator, problem solver, and catalyst for a strong Montana economy.

No-Cost Business Advising



Based on your business industry, plan, and needs we will match you with the appropriate business advisor at Prospera. Your industry, location, and specific needs are the primary factors that help us determine the best fit advisor for you.

**TECHNICALLY,
ANYONE CAN
START A
BUSINESS**

**THE QUESTION IS, DO
YOU HAVE WHAT IT
TAKES TO KEEP IT
OPEN?**




Before you start....

Is the risk of my financial assets worth the expected rewards?

Do I have a history of success at things to which I am committed?

Do I have strong support group of family and friends?



**Ask yourself
these questions**

Do I accept responsibility for my actions?

Am I able to function in an environment of uncertainty?

Am I willing to devote whatever time and energy it takes to be successful?

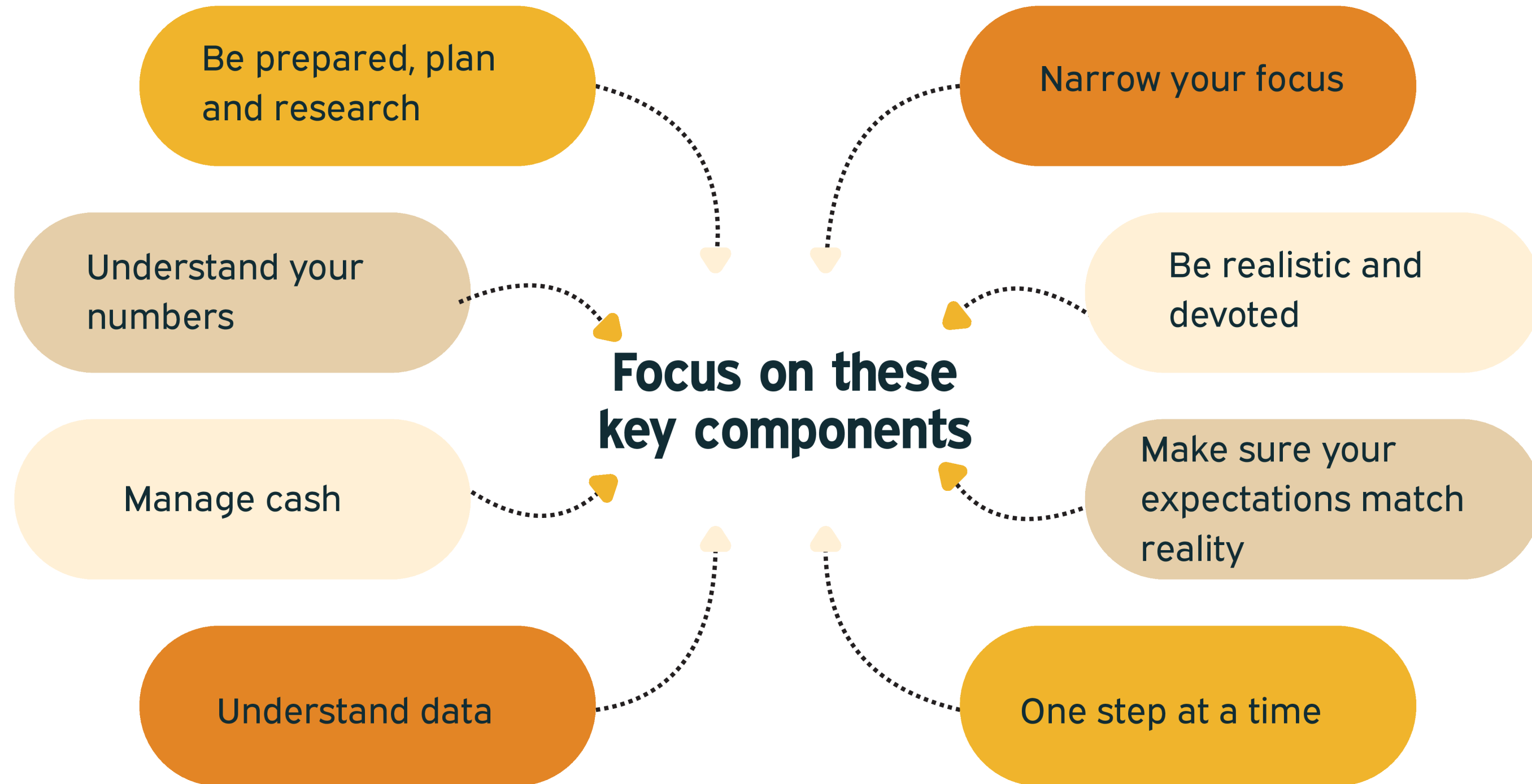
Did you know?

70% & 50%

of new businesses
will still be operating
in two years

of new businesses
will still be
operating in five
years

So, how do you beat the odds?



We know you are excited to launch!

The following steps will help you build a solid foundation.

01

Evaluate your business idea

04

Obtain licensing and knowledge on regulatory requirements

02

Perform market research

05

Determine your finance needs

03

Identify a business structure

06

Compile financial projections and a business plan

Evaluating your business idea

Is there a need or gap for the product or service you are wanting to provide?

What does the current market look like and is there room for an additional business/operator?

What is your service area?

How far are you willing to travel and how far might your customers be willing to travel?

Is there a lot of competition for this product/service?

Who is your competition, what are they doing, and how will you compete?

Who is your target customer?

How would your target market describe your product/service and is it priced for your target market to afford? How frequently?

What do you need to operate the business?

Will you need employees, to rent a space, or to purchase equipment?

Market Research

Use an industry report to use as a benchmark for your industry!

Industry standards and trends

What are the current happenings in your industry? Are there trends you need to pay attention to?

Industry leaders

Who is successful in your industry and what kinds of things are they doing that seem to be working?

Competition

How will you entice customers to transition their loyalty from other companies to yours? What will make your company stand out?

Identify your market share

Market share is the portion of the market controlled by a particular company - who will be your customers and how will you convince them to support your business?

Use Census data and identify demographic profiles

How many and what kinds of people are in your customer demographic or area?

Incorporating a Business

Choosing the legal structure of your business will be based on several factors:

The need to protect against liability for business actions



Do you want to separate personal assets from business assets?

Tax considerations for both you and/or your investors



Speak to an accountant about which structure would be best for you based on your full tax picture.

The degree of control you want over your business



Do you have business partners or investors you need or want to officially declare business roles, responsibilities, or agreements?

The ability to attract investors



Is your business structure set up so that it can scale and provide a return for investors?

The degree of formal organization you need



Do you want a formal business, do you plan to have employees, or grow the business down the line?

Types of Business Structures

This is not a comprehensive list but are the most common types for small, startup businesses.

Sole Proprietorship

Simple, inexpensive, and profits are reported on personal tax return.

General Partnership

Similar to a sole proprietorship but a partnership generally has more than one business partner.

Limited Liability Company (LLC)

Most common - provides liability protection because personal assets are separate from business assets.

S-Corporation

Usually best for companies with a gross revenue of \$75k or more. More expensive and more paperwork than LLC. Primary benefits are tax related.

C-Corporation

Not common for small businesses due to the expense, paperwork, and minimum employee requirement.

Business Licensing and Regulations

Local city and/or county business licenses

Look up the specific requirements for your business location and the respective city/county requirements.

If you are looking to operate your business out of your home, ensure this is allowable with your HOA

Workman's Compensation

If you plan to have employees on payroll, it is **REQUIRED** you have Worker's Compensation in Montana.

Apply for federal and state employer tax identification numbers (EIN)

You will need an EIN number for all business structures other than a sole proprietorship or partnership. File for an EIN directly through IRS.gov.

Liability insurance

Liability insurance is not always required, but is recommended. Contact an insurance agent to learn insurance standards and requirements for your industry.

Industry regulations and licenses

Some industries are highly regulated and have specific requirements that can serve as a barrier for entry or operation. Research if there are regulatory requirements for your industry.

What Are Your Startup Finance Needs

Do you own the products, equipment, software that you need to start your business?

Research how much will these items cost and how much money you will need to get started.

Lawyer fees, accounting support, licensing, insurance, etc.

Account for soft costs like drafting contracts, setting up a bookkeeping platform, obtaining insurance, etc.

Will you need employees or to hire help before you are making money?

Do you have enough funds to cover payroll for employees and to cover your own bills in the early days of operation?

Do you have enough funds to cover fixed and variable costs for the first 6-12 months?

Most businesses don't generate a profit until after two years. Do you have enough working capital to cover expenses until the business takes off?

Will you need to purchase inventory or fixed assets?

Inventory runs, land, buildings, deposits on leases and utilities, or leasehold improvements need to be accounted for in startup costs.

Do you have the money, or will you need a loan?

If you need a loan, you will most likely be required to compile financial projections and a business plan.

If you don't need a loan, you should still consider compiling these foundational documents.

Why?
Let's find out!

Now, the fun stuff!!

Financial Projections!



Business Planning!



Financial projections will help you answer these considerations

What is your expected revenue/expenses for your first year(s)?

What is your pricing strategy?

What is your break even point?

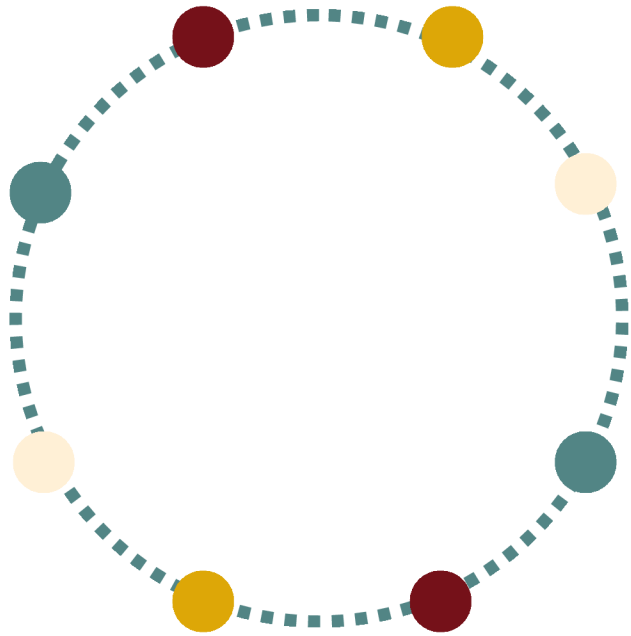
Understanding your cash flow cycles

What is your gross profit margin?

Basis for evaluating your investment and for seeking outside funding

Will you have slow periods and how much cash reserves will you need to cover these times?

Will you generate enough profit to survive AND pay yourself the wage you need?



The Sections and Flow of Financial Projections

Revenue

.....

This section helps you understand how many sales you could generate both based on market demand and feasible production capabilities.

Go back to your market research and be both **REALISTIC** and **CONSERVATIVE!**

1

Expenses

.....

This section includes both variable and fixed expenses. In addition, you can include startup expenses to help determine the break even point for your upfront investments

2

Wages

.....

Will you have employees? Work through how many employees you will need, how many hours per week they will work, and what a reasonable wage is for them. Also, consider overhead costs such as Workman's Comp and taxes.

3

Cash Flow

.....

Understand the ebbs and flows of your business revenue, expenses, payroll, loan payments, etc. Cash flow statements help you understand **WHEN** you will have money in the bank.

4

Loans

.....

Be sure to include the principal and interest amounts of a loan payment into your projections to help determine how much revenue you need to generate and if you can afford a loan payment.

5

Why write a business plan?

To test the feasibility of your idea. Test before you invest

To help you clarify your vision

You wouldn't build a house without laying a foundation, so why build a business without?

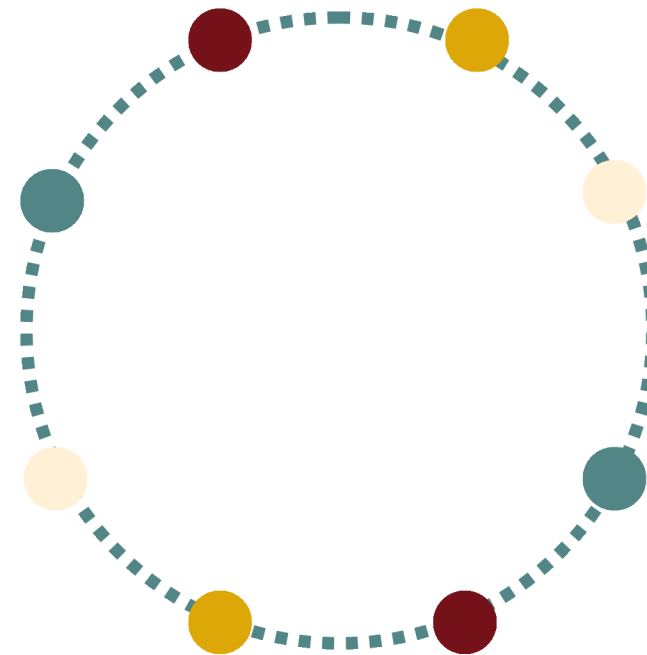
Basis for evaluating your investment and basis for seeking outside funding

Will help provide the best possible chance of success

Help you anticipate challenges and make informed decisions

To secure funding or attract investors

To make business operations more manageable and effective



The Sections and Flow of a Business Plan



M.V.B.P

Most Valuable Business Plan Components



■ Value Proposition

How does your product or service solve a customer's problem or fulfill a need? What makes your business different than all the rest?

■ Know your Customer

Understanding who your customer is and what their needs are is vital to success.

■ Sales Channels and Marketing

How will you reach your customers?
Identify key activities and partnerships.

■ Target Market

Identify specific customer segments who need your solution most urgently or would be willing to invest in your product or service.

■ Revenue Streams

Create multiple income sources to sustain and grow your business.

Using AI tools to draft your business plan and projections

Great for a first draft!

You will need to be sure to add “you” back into the business plan and check for errors.

Make sure there is substance and it doesn't just sound good! Yes, we can tell when you used AI.

Next Steps in Your Journey

Refer to Ready, Set, Go! resource website page

Check out www.prosperamt.org/ready-set-go or scan the QR code to view the presentation slides, a resource guide, download financial projection and business planning templates.



Ready for free business advising?

Reach out to info@prosperamt.org to get connected with the right business advisor for you.

Create a business plan and financial projections – these are critical!

A business advisor at Prospera would be happy to review your business plan and financial projections!

Prospera Trainings

Scan the QR code to view our full list of trainings, or visit www.prosperamt.org/calendar



Ed2Go Education Platform

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