

BUSINESS PLAN
WORKBOOK
for
SPECIAL USE PERMITS

USDA FOREST SERVICE



Table of Contents

PROSPECTUS PROPOSAL COVER PAGE	4
Part I. The Business	5
— Purpose and Goals	
— Description of the Business	
— Legal Structure	
— Market and Customers	
— Location of Your Business	
— Competitive Analysis	
— Management	
— Personnel	
Part II. Financial Data	14
— Capital Equipment List	
— Start-up Expenses	
— Income Statement Projections	
— Cash Flow Projections	
— Start-up Balance Sheet	
<hr/> <hr/>	
Part III. Historical Financial Reports for Existing Business	22
— Balance Sheet (past three years)	
— Income Statement (past three years)	
— Tax Returns (past three years)	
— Current Credit Report	
Part IV. Supporting Documents	23
— Personal Resumes of Business Owners, Officers, and Partners	
— Personal Financial Statements of Business Owners, Officers, Partners	
— Bank or Investor Letters of Intent to Finance Projects	
— Copies of Business Leases Pertinent to this Business	
— Proof of Liability Insurance Coverage	
— Copies of all Pertinent Existing Permits or Licenses Applicable to this Specific Business	
Part V. Appendices	24
— Glossary of Terms	
— Legal Entity Formation	
— Available Business Resources	



Before you begin, we'd like a word with you . . .



“We are the Association of Small Business Development Centers, and we are proud to serve both the private and public sectors with small business expertise. Our supportive relationship with the USDA Forest Service is an exciting, new advancement in interagency cooperation and technical transfer.

This Permit Applicant Workbook is provided to help you generate a business plan specifically for submission to a USDA Forest Service Special Uses prospectus.

You will be happy to learn that Small Business Development Centers (SBDC) are located throughout your state, and are available to help you with any small business issue. Please refer to the directory of SBDC's in the Appendices.

Good luck with your venture.”

Donald T. Wilson, ASBDC President/Ceo





Name of Company: _____
Address: _____
Company Contact: _____
Phone: _____

(check one)

Proposal in Response to the Prospectus for:

on the

_____ District

_____ Forest

or

Proposal for Transfer of Permit Currently Permitted to:

Existing Permittee Name _____

Address _____

on the

_____ District

_____ Forest



Part I The Business



PURPOSE AND GOALS

As we proceed through out business careers, it is vital that we set goals for the future. Although this is difficult and time consuming, the final reward is worth the effort. As you fill in the following, be as realistic as you can. Answers you develop now will be the basis of your business plan.

What is your purpose in pursuing this business?

Define your business goals for the next year and what you foresee five years from now.



DESCRIPTION OF THE BUSINESS

This section should describe the nature and purpose of the company, background on its industry, and what opportunities you see for its products or services. It provides you with insights that allow you to better correlate the projections and estimates presented in subsequent sections.

Brief description of the business.

Briefly describe your knowledge of this industry.

List the products and services you will provide.



LEGAL STRUCTURE

There are several ways in which your business can be legally organized. To determine the best one for you and your organization, you need to seek competent legal and tax advice. To give you a general frame of reference, the more popular forms and their reasons for uses are outlined in Part V Appendices.

How is your company legally organized?

Why is this legal organization most appropriate for your business?

Does your operation require a state registration number? Yes ___ No ___ If "Yes," please include a copy of the registration in the Supporting Documents.

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

Name	Address	SSN	% Ownership
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MARKET AND CUSTOMERS

The purpose of this section is to present sufficient facts to convince the evaluator that the product or service has a substantial market and can achieve sales in the face of the competition. Discuss who are the customers for the anticipated product or service. Where are the major purchasers for the product or service?

Describe your anticipated target market (e.g., age, income, and hobbies, regional, national, international).

Describe the size of the current total market and potential annual growth.

Discuss your advertising campaign in terms of how you will advertise, when, where, and estimated annual cost.



LOCATION OF YOUR BUSINESS

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

Planned geographical location.

Discuss advantages or disadvantages of the site location.

Describe your approach to overcoming any problems.



COMPETITIVE ANALYSIS

Each business has (or should have) a uniqueness which separates it from its competitors. Make a realistic assessment of the strengths and weaknesses of competitive products and services and name the companies that supply them. Compare competing products or services on the basis of image, location, price, advertising and other pertinent features. Discuss your three or four 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.

Identify three or four of your key competitors.

Discuss their strengths and weaknesses.

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). No ties.

Area of Comparison	Competitors				
	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?



MANAGEMENT

Your management team is the key to turning a good idea into a successful business. The evaluator looks for a committed management team with a proper balance of technical, managerial and business skills and experience in doing what is proposed. Be sure to include complete resumes for each key management member in the Supporting Documents section.

List owners and key management personnel and they're primary duties. If any key individuals will not be on board at the start of the venture, indicate when they will join the team.

Discuss any experience where the above persons have worked together that indicates how their skills complement each other and result in an effective management team.

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, professional assistance, but can also add to the credibility of your venture.

Accountant _____

Attorney _____

Banker _____

Insurance Broker _____

Advertising _____

Others _____



PERSONNEL

One of the key elements in any business is PEOPLE. 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.

Identify essential employees, their job titles and required skills.

Identify the source and your plan to recruit essential employees.

Discuss any training or retraining that you plan for your employees. Also, discuss any first aid certification or recertification, etc. that is necessary.



Part II Financial Data



CAPITAL EQUIPMENT LIST

This section will help you plan purchases of capital equipment needed to start your business. 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 business.

EQUIPMENT	QUANTITY	N / U	LIFE	COST

Total Cost Capital Equipment \$ _____



START-UP EXPENSES

Start-up expenses are the various expenses it takes to open your doors for business. Some of these will be one-time expenditures, while others will occur every year.

EXPENSE	COST
Total cost of capital equipment (See Capital Equipment List)	_____
Beginning inventory of operating supplies	_____
Legal fees	_____
Account fees	_____
Other professional fees	_____
Licenses and permits	_____
Remodeling and repair work	_____
Deposits (public utilities, etc.)	_____
Advertising	_____
Insurance	_____
Bonds	_____
Advance permit fees	_____
Other Expenses:	_____
TOTAL START-UP EXPENSES	\$ _____



INCOME STATEMENT PROJECTIONS

Income Statements, also called Profit and Loss Statements, complement balance sheets. The balance sheet gives a static picture of the company at a given point in time. The income statement provides a moving picture of the company during a particular period of time.

Income projections are forecasting and budgeting tools estimating income and anticipating expenses in the near to middle range future. For most businesses (and for most bankers) income projections covering one to three years are more than adequate. In some cases, a longer-range projection may be called for, but in general, the longer the projection; the less accurate it will be.

While no set of projections will be 100% accurate, experience and practices tend to make the projections more precise. Even if your income projections are not accurate, they will provide you with a rough set of benchmarks to test your progress toward short-term goals. They become the basis of your budgets.

The reasoning behind income projection is: Since most expenses are predictable and income doesn't fluctuate too drastically, the future will be much like the past. For example, if your gross margin has historically been 30% of net sales, it will (barring strong evidence to the contrary) continue to be 30% of net sales. If you are in a startup 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.

Try to understate your expected sales and overstate expenses. It is better to exceed a conservative budget than to fall below optimistic projections. However, being too far under can also create problems, such as not having enough capital to finance growth. Basing income projections on hopes or unjustified fears is hazardous to your business' health. Be realistic; your budget is an extension of your forecasts.

A suggested format for an income projection follows on the next page. The content as shown in the sample may have to be modified to fit your particular operation, but do not change the basic form.



CASH FLOW PROJECTIONS

The cash flow projection is the most important financial planning tool available to you. If you were limited to one financial statement, the Cash Flow Projection would be the one to choose.

For a new or growing business, the cash flow projection can make the difference between success and failure. For an ongoing business, it can make the difference between growth and stagnation.

Your Cash Flow Projection will:

- ◆ Show you how much cash your business will need.
- ◆ When it will be needed.
- ◆ Whether you should look for equity, debt, operating profits, or sale of fixed assets.
- ◆ Where the cash will come from

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. Cash flows into the business from sales, collection of receivables, capital injections, etc., and flows out through cash payments for expenses of all kinds.

A cash flow deals only with actual cash transactions. Depreciation, a non-cash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent cash disbursement.

After it has been developed, use your cash flow projections as a budget. If the cash outlays for a given item increase over the amount allotted for a given month, you should find out why and take corrective action as soon as possible. If the figure is lower, you should also find out why. If the cash outlay is lower than expected, it is not necessarily a good sign. Maybe a bill wasn't paid. By reviewing the movement of your cash position you can better control your business.

The level of detail you wish to provide is another judgement call. You may want to provide much more detail than is shown in these examples. You might benefit from breaking down your cash flow into a series of cash flows, each representing one profit center or other business unit. This may be particularly helpful if you have more than one source of revenue. The accumulated information gained by several projections can be very valuable.



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. The format is standardized to facilitate analysis and comparison; do not deviate from it.

Balance sheets for all companies, great and small, contain the same categories arranged in the same order. The difference is one of detail. Your balance sheet should be designed with your business information needs in mind. These will differ according to the kind of business you are in, the size of your business, and the amount of information your bookkeeping and accounting systems make available.

A sample balance sheet follows.

Name of the Business
Date (month, day, year)
Balance Sheet

Assets

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

Liabilities

Current Liabilities		\$ _____
Long-Term Liabilities		\$ _____
Total Liabilities:		\$ _____
Net Worth or Owner's Equity (total assets minus total liabilities)		\$ _____



Part III Historical Financial Reports

APPLICANT IS REQUIRED TO SUBMIT ALL FOUR ITEMS REQUESTED BELOW.

- Balance Sheet (past three years)
- Income Statement (past three years)
- Tax Returns (past three years)
- Current Credit Report from Major Credit Bureau



Part IV Supporting Documents

APPLICANT IS REQUIRED TO SUBMIT ALL FIVE ITEMS REQUESTED BELOW.

- Personal resumes of Business Owners, Officers and Partners**
- Personal Financial Statements of Business Owners, Officers and Partners**
- Bank or Investor Letters of Intent to Finance Project**
- Copies of Business Leases Pertinent to this Business**
- Proof of Liability Insurance Coverage**
- Copies of all Pertinent Existing Permits or Licenses Applicable to this Specific Business**



Part V Appendices

-- GLOSSARY OF TERMS --

-- LEGAL ENTITY FORMATION --

-- AVAILABLE BUSINESS RESOURCES --



GLOSSARY OF TERMS

Authorized officer – Forest Service official with delegated authority to sign special use permits.

BLM – Bureau of Land Management. An agency within the Department of Interior. Some BLM offices are co-located with Forest Service offices.

Campground concessionaire – private business operating Government-owned campgrounds under special use permit

Chief – head of the Forest Service. Reports to the Secretary of Agriculture.

District – Ranger District office. A field office of a Forest Supervisor's office.

District Ranger – Line officer who manages a Ranger District office.

Evaluation panel – a team of individuals brought together to select a special use permit holder(s) from a prospectus solicitation.

Forest Service — An agency within the Department of Agriculture with a multiple-use mission.

Forest Supervisor – Line officer who manages a National Forest and Grasslands.

NEPA – National Environmental Protection Act. Requires the Forest Service to conduct environmental analysis of projects.

NFs – National Forest system land

Outfitter – Person conducting a business leading or guiding clients onto NFs land. Examples of outfitting businesses include: hunting, fishing, photography, biking, hiking, educational trips, nature hikes, bird watching, jeep tours, rafting, and many more.

Prospectus – a solicitation of interest designed to fairly select a special use permit holder. Typical examples include, campground concessionaire, outfitter, or lodge operator.

Special use permit – an authorization to occupy National Forest system lands. Recreation special use permits are primarily issued for the purpose of operating a recreation business on NFs lands.



Special uses – general term referring to special use permits. Examples of recreation permits include outfitting and guiding, campground concessions, lodges, resorts, marinas, restaurants, vendors and more.

Regional Forester – Line officer who manages a Regional Office, National Forests and Grasslands within that Region.

RO – Forest Service Regional office. Locations of Regional Offices are: Atlanta, Milwaukee, Albuquerque, Denver, Ogden, Portland, San Francisco, Juneau.

SO – Supervisor’s office. Office of the Forest Supervisor of a National Forest.

Term or tenure – common phrase for the length of time for which a permit is valid.

WO – Washington, DC office of the Forest Service



LEGAL ORGANIZATION

There are several ways in which your business can be legally organized. To determine the best one for you and your organization, you need to seek competent legal and tax advice. To give you a general frame of reference, the more popular forms and their reasons for use are outlined below. Business Start-Up Kits and information on registration, licensing, and permit requirements can be obtained in Colorado by calling the Small Business Hotline: (303) 592-5920 in Denver, or 1-800-333-7798 outside the Denver Area.

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 (including Colorado) require 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 now full legal name. (NOTE: You must be licensed where required, and pay all appropriate taxes. You should also plan to maintain a separate checking account for your business, even if using your own Social Security number.)

Advantages:

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

Disadvantages:

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



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 “dba” (doing business as). You must file state and federal “information returns”, but business income and losses flow through to the partners’ personal taxes. The business pays not separate income taxes. Partners may share the profit of the business (and the losses) on an equal basis, or may pro rate the proceeds as set forth in the Partnership Agreement. Whichever way you determine to share in the business, you need to have a written Partnership Agreement, which outlines the ownership, responsibilities, and eventualities of dissolution or

Advantages:

- Simple to start
- Fairly easy to dissolve
- Additional sources of capital from partners
- Broader management base
- More opportunity for each partners to specialize
- Tax advantages – no separate income tax
- Limited outside regulation, compared to a corporation

Disadvantages:

- Unlimited financial liability for all general partners (some partners’ personal debts can even be charged to the business)
- Difficulty if raising outside capital
- Divided authority
- 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.)
- Difficult to find suitable (compatible) partners
- One partner may be held responsible for the actions of another partner, regardless of whether or not that partner has prior approval

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 or 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 partners’ personal tax return. Limited partnerships are popular in industries where a great deal of “up-front” money is needed for projects which are expected to produce a high return, such as in real estate, energy, movie production, and sports teams.



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 designed 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. In Colorado, further information about forming a corporation can be obtained from the Secretary of State’s Office, 1560 Broadway, Denver; (303) 894-2251, or from the Small Business Hotline.

“C” Corporation Advantages:

- Limited liability (as long as you ACT like a corporation—which means having a separate checking account, separate 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.)
- Easier to bring in additional capital
- Ownership is transferable
- Company has a continuous, perpetual existence
- Possible tax advantages (see adequate advice from a tax professional)
- Gives you more sense of permanence, thus more “weight”, in the business world

“C” Corporation Disadvantages:

- More expensive to organize
- High regulated
- Extensive recordkeeping requirements
- Double taxation (corporation pays its own income taxes; if you pay yourself a salary or a dividend, you also pay personal income taxes)
- Shareholders / Board of Directors may encounter your management decisions



“S” CORPORATION

“S” Corporation Advantages:

- Filing a Subchapter S election with the Internal Revenue Service allows you to be taxed on your corporate profits through your personal tax return
- You still maintain the limited liability of a corporation
- If you have additional personal income against which to deduct company losses, or if your personal tax rate is lower than the corporation tax rate, this form may be advantageous to you. Again, please seek professional tax advice to make this determination

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). You must request permission from the IRS to be an “S” Corporation, and generally, must maintain the calendar year as your fiscal year.

We suggest that, if you intend to be an “S” Corporation, you do so at the inception of your incorporation to meet IRS deadlines, and to be able to pass all losses on to the shareholders.

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 Limited Liability Company 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, however, that the LLC is a relatively new business form. As such, legal precedents have not yet been set to clearly outline 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



State SBDC Centers Directory

Local & Regional Resources



USDA FOREST SERVICE