



## Reference Reviews

Writing a business plan: reference tools to assist budding entrepreneurs

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## Reference Reviews overview

### Writing a business plan: reference tools to assist budding entrepreneurs

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#### Keywords

Business plan, Government information, Government statistics, Business librarianship, Entrepreneurship, Written communications, Business planning

#### Abstract

**Purpose** – This article aims to describe various free and commercial sources reference librarians can use when confronted with questions about writing a business plan.

**Design/methodology/approach** – Using a narrative overview, the article describes and provides full bibliographic citations for several free and commercial sources in many formats that can be used to answer reference questions on writing a business plan in the USA.

**Findings** – There are many free government and non-government, as well as commercial, sources that can aid librarians in gathering information relevant to writing a business plan.

**Originality/value** – While there are many articles and books about starting a business which have been written for a general audience, there are few articles written for the general reference librarian looking to help a patron with writing a business plan. This article contributes to that small body of work.

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A patron at the reference desk shares her dream of opening a neighborhood bar and grill. Suzy has her family's support, but they know such businesses often fail, and they are nervous about making such a big investment of time and financial resources. Suzy has already visited the Small Business Administration's website and seen that the agency provides a great deal of information on obtaining loans; she has also seen that they recommend writing a business plan. Suzy wants to do everything she can to ensure the success of her dream, but she has never even seen a business plan before. Does she really have to write one? Why is it helpful? Where does she go to find the information that it should contain? This article briefly highlights some of the most useful resources for anyone hoping to start a business and write a business plan.

A business plan is a must for those taking on loans or co-investors, but even those who are not seeking outside financing can benefit from writing one. *How to Write a Business Plan* offers four additional reasons why business plans are important: the process can help the entrepreneur refine and improve her concept; determine whether a concept is worth pursuing; improve her odds of success; and keep on track (McKeever, 2011).

Suzy's first stop for information was the correct one: the Small Business Administration's website ([www.sba.gov](http://www.sba.gov)). For almost 60 years, the SBA has provided loan programs for new small businesses, information about obtaining loans from other government and non-governmental sources, counseling and mentoring programs, and special assistance to minorities, women, and veterans. The SBA even has an iPhone app for tech-savvy patrons. Prominent in SBA's advice is the development of a strong business plan, and the SBA provides a template to aid in constructing one.

When it comes to writing the business plan and running the business, there are many free sources of information provided by the US government. The Economic Census ([www.census.gov/econ/](http://www.census.gov/econ/)) is conducted every five years, in years ending in two and seven, and it publishes information on the number of establishments, sales, payroll, and number of employees by industry code and geographic area, as well as by other dimensions such as sales size and legal form of organization. The information provided by the Economic Census can help a new business owner determine whether the business in which she is interested is already saturated in her area, whether there is room for another competitor, and how big similar businesses in the area are. Since costs of doing business vary by region, data from the Economic

Census can also help entrepreneurs like Suzy form a more specific idea of how much it will cost to run the business, and how much revenue it can bring in.

County Business Patterns (CBP) ([www.census.gov/econ/cbp/](http://www.census.gov/econ/cbp/)) includes the number of establishments and employees during the week of March 12 of each year. This data is useful for understanding the economic activity of small areas and analyzing economic changes over time. Potential and current small business owners can use the data for analyzing market potential, determining the effectiveness of sales and advertising programs, forecasting sales projections, and developing potential budgets. CBP provides a wealth of information about the number of “establishments” (existing businesses) in a county, the number of people employed in those establishments, and their average wage. This can help Suzy determine how many employees she might need to run her bar and grill, and how much she will need to pay them to stay competitive with other nearby employers.

A new business owner should also determine if the area’s demographics will support the business she has in mind. American FactFinder (<http://factfinder2.census.gov>) (RR 2001/355) from the US Census Bureau allows users to find demographic data such as age, race, language, income, household size and type, and more on geographic areas as precise as a single ZIP code. The site also offers many tutorials to assist the novice user. With data from American FactFinder, Suzy can determine that her bar and grill would be operating in an area with a high proportion of couples without children, who might be more likely to eat out on a regular basis.

There are also many non-governmental sources of information that will be helpful to the business plan writer, such as the Risk Management Association’s (n.d.) *Annual Statement Studies* ([www.rmahq.org/tools-publications/publications/annual-statement-studies](http://www.rmahq.org/tools-publications/publications/annual-statement-studies)), available in many public libraries. These tables are further broken down by the size of the business, so the new business owner can determine how successful other businesses of a similar size have been. This data is gathered from major banks around the country, which provide financial statements (stripped of all personal identifying information) to the Risk Management Association for analysis. This kind of real-world information allows Suzy to show what kind of return-on-investment bars and restaurants like hers can expect.

There are also several commercial sources for demographic targeting data. One of these is PRIZM from Nielsen Claritas ([www.claritas.com/MyBestSegments/Default.jsp](http://www.claritas.com/MyBestSegments/Default.jsp)), which is available

via several online data sources, including Standard Rate and Data Service ([www.srds.com/frontMatter/ips/lifestyle/](http://www.srds.com/frontMatter/ips/lifestyle/)) and SimplyMap ([www.geographicresearch.com/simplymap/](http://www.geographicresearch.com/simplymap/)). This service breaks down the households in an area into lifestyle categories, to assist business owners and marketers in determining what the residents of an area like to do and in what they are interested. For instance, if the PRIZM database shows that an unusual number of local residents are gardening enthusiasts, someone wishing to open a hardware store might plan for an expanded garden tools selection.

For more detail on the business plan itself, there are hundreds of books with information on how to write one. A popular and recommended source is *How to Write a Business Plan* (McKeever, 2011) by Mike McKeever. The *Business Plans Handbook* series from Gale Research (1995) is packed with sample business plans for every industry. Hand in hand with business planning comes the issue of taxation. While librarians are prohibited from offering tax and legal advice, they can often point a patron towards an introductory bookkeeping text, a local government website describing business tax and sales tax information, and how to incorporate one’s business as a sole proprietorship, a limited liability corporation, or other type of business. Popular publishers in this area include Nolo Press ([www.nolo.com](http://www.nolo.com)), which also provides a great deal of free information via its website.

There are other sources that entrepreneurs in different industries will need to consult when writing a business plan. Consider Suzy and her bar and grill. It will be important for her to familiarize herself with local food service and liquor laws: are employees required to take a food safety class; are restaurants licensed by the local health authorities; where is a liquor license acquired and how much does the license cost? Answers to these questions are available in local municipal and state codes and/or city, county, and state government websites, which vary greatly from location to location. For example, if Suzy were planning to open her bar and grill in San Francisco, a reference librarian could refer her to the San Francisco Municipal Code ([www6.sfgov.org/index.aspx?page=4](http://www6.sfgov.org/index.aspx?page=4)) and the California Code ([www.leginfo.ca.gov/calaw.html](http://www.leginfo.ca.gov/calaw.html)), as well as the California Office of Administrative Law ([www.oal.ca.gov/](http://www.oal.ca.gov/)) to familiarize her with the local city/county and state laws. Librarians should keep in mind that it is illegal for them to interpret the law, but they can help patrons find areas of the law that pertain to the patron’s interest and allow the patron to educate themselves. Another source that could be helpful for a budding entrepreneur is the local business association, which varies by locality.

Using San Francisco as an example, the Golden Gate Restaurant Association ([www.ggra.org](http://www.ggra.org)) provides information on classes, local laws, and other pertinent information that a new bar owner would need to know. Addressing these concerns in her business plan will allow Suzy to think ahead and avoid surprises down the road, while proving to lenders and investors that she is serious and thoughtful about her business.

There are now many businesses that operate outside the brick-and-mortar world, and these also need reference support. Suppose a new California patron, Eric, wants to start selling his homemade crafts on the internet, via Etsy, eBay, or his own website. He may not need to line up investors, but writing a business plan is still an important exercise. It is the rare seller of homemade crafts who can make a full-time living at it, and it is important to do an analysis ahead of time to maximize efficiency. In the course of writing a business plan, Eric would learn that even his very small business must have a seller's permit in accordance with state regulations ([www.boe.ca.gov/info/reg.htm](http://www.boe.ca.gov/info/reg.htm)). Eric might also benefit from resources on basic bookkeeping practices. Nolo Press has a brief introduction to bookkeeping on its website ([www.nolo.com/legal-encyclopedia/bookkeeping-accounting-basics-29653.html](http://www.nolo.com/legal-encyclopedia/bookkeeping-accounting-basics-29653.html)), and there are books such as *Alpha Teach Yourself Bookkeeping in 24 Hours* (Costa, 2008) which are available at many libraries. Depending on his level of understanding, Eric may prefer an introductory accounting text such as *Financial Accounting* (Weygandt et al., 2011).

It is also important to gauge the patron's experience in the industry, since the business plan will need information about potential suppliers, and the patron should be familiar with industry terminology that can help in searching for information. She will be expected to state in the business plan how much industry experience each of the principals in the business has. For

information such as this, patrons can be referred to special categories in one of the SBA's Women's Business Centers ([www.sba.gov/content/womens-business-centers](http://www.sba.gov/content/womens-business-centers)) or to Veterans Business Development Officers ([www.sba.gov/about-offices-content/1/2985](http://www.sba.gov/about-offices-content/1/2985)) or the Minority Business Development Agency ([www.mbda.gov/](http://www.mbda.gov/)) for more assistance.

The federal and local governments of the US want their small business owners to succeed, and many diverse resources at both levels meant to help in all stages of business planning are available. A reference librarian with basic knowledge of key government information and private sources, like those enumerated above, can provide valuable guidance to soon-to-be business owners in whatever business they plan to operate.

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