



Action Initiative Business Plan Template

Cluster Work Group:	<i>Over the hump/ sustaining startups</i>
Prepared by:	<i>Andrew Fry, Jacob McMahon, Robert Shields, Ellen Miller-Wolfe, Etc.</i>
Date:	<i>03/11/05</i>

Title or Name of the Initiative: <i>Develop a name for the effort that communicates action and positive outcomes. This initiative will be known as:</i>
Manifesting Sustainable Businesses

Initiative Champion/Implementation Team Members: <i>Name and contact information for each person working on this initiative.</i>	
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Description & Motivation: <i>What is the nature of the cluster challenge the initiative will address?</i>
<p>Summary: The three areas with which to support new business were identified as financing, mentoring and networking. It was also suggested that this initiative cannot rely on references to support but must be an outreach program. This is possible due to the registration for business licenses that can help identify companies that will be visited by outreach personnel and the timing for that visit. The success can be measured by the declining percentage of failures over time. Immediate results must be anecdotal by nature but can provide encouragement and easily referenced stories.</p> <p>How do great ideas become sustainable businesses? Technology company support with managing money, distribution, human resource management and business partnerships.</p> <p>Creating support systems to aid small companies from inception until they reach stability. The main focus of the program is financial assistance (through the state, VC, and other financial institutions) and mentoring (navigating tax law, corporate law, marketing, distribution, HR issues). Additionally this program would assist entrepreneurs who are starting a business get off on the right foot by providing a central location for information, mentoring, and pro bono assistance from professionals. Ideally an office would be staffed who would oversee administration of these programs to determine the missing support that could mitigate this problem. It was suggested that increases collaboration, networking and improved firm-to-firm communication would/could help in this area.</p> <p>According to the U.S. Small Business Administration, more than 50% of small businesses fail in the first year and 95% fail within the first five years. In his book Small Business Management, Michael Ames lists the following reasons for small business failure:</p> <p>1:Lack of experience, 2:Insufficient capital (money), 3:Poor location, 4:Poor inventory management,</p>

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5:Over-investment in fixed assets, 6:Poor credit arrangements, 7:Personal use of business funds, 8:Unexpected growth

Gustav Berle adds two more reasons in The Do It Yourself Business Book:

9:Competition, 10:Low sales

According to Dun & Bradstreet statistics ("Small Business: Preventing Failure - Promoting Success," Lewis A Paul, Jr., the Wichita State University, Small Business Development Center.) 88.7% of all business failures are due to management mistakes. The following list summarize the 12 leading management mistakes that lead to business failures.

1) Going into business for the wrong reasons, 2) Advice from family an friends, 3) Being in the wrong place that the wrong time, 4) Entrepreneur gets worn-out and/or underestimated the time requirements, 5) Family pressure on time and money commitments, 6) Pride, 7) Lack of market awareness, 8) The entrepreneur falls in love with the product/business, 9) Lack of financial responsibility and awareness, 10) Lack of a clear focus, 11) Too much money, 12) Optimistic/Realistic/Pessimistic

We should begin by examining a representative sample of Puget Sound startup businesses that lasted and those that did not to determine which if any of these or other causes led to success or failure. Such a study will give us definitive data on what helps or hinders new business survival locally.

We can then develop intervention programs to reduce the fatality rate.

To accomplish the intervention, the principles could be contacted (mail/phone/visit) and invited to attend training or sent material when they first get a local business license.

Leveraging established organizations who are ready to support new businesses.

Objective: *What is the objective of the initiative? How will it impact economic or cluster development in the region? Describe how it relates to the Prosperity Partnership's goal of job creation?*

Lessening the failure rate of new businesses will created more jobs and a healthier business ecosystem. Statistics show the mortality rate of companies in our area to be higher than average, this initiative will decrease that mortality rate.

Accurately determine the causes of new business failure and success in the local area then design and test intervention programs to reduce new business failures.

Obstacles and Impediments Likely to Affect Implementation: *What do you expect to be the most significant obstacles to implementation? How can/will they be overcome? What resources will be required (e.g., political support, lobbying efforts)*

Funding of the office to facilitate plan.

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Lack of will and/or resources to do the research to accurately identify local reasons for failure.
Inability to create effective intervention programs
Inability to reach or convince new businesses to adopt the intervention program.
Competition from more established companies.

Funding: *What is the estimated cost of this initiative, in phases beginning with design, the “ramping up” phase, and then for ongoing annual costs? Note alternative sources of funding for each phase.*

\$350k a year to fund an office once its up and running.
Tapping into existing state funding

Outcome/Results: *How will know that we have achieved our objective? How will we evaluate whether or not we have been successful?*

Success can be measured via the mortality rate and also through tracking the companies that are being supported. We should see a decrease in failure rate among businesses that receive the intervention. If we are successful, the tax revenue generated by the surviving businesses will more than offset the cost of the program.

Establish what type of capital best suits an emerging company. Whether technical, operational or capital assistance is most needed.

Action Steps: *Describe the initiative in specific steps: Tasks (What, Who, When).*

We are looking for early wins and low hanging fruit, there are bills going forth in both houses re small business incubators. On the Eastside, there has been developed the Bellevue Entrepreneur Center. In addition there is the Northwest Entrepreneur Network, co-located with BEC at BCC. These two nonprofits mentor entrepreneurs and could be of better service given more funding. Similarly, UW Bothell is beginning to consider the idea of housing a technology incubator although this is in its very early stages.

Outline the full scope of the initiative

Break scope into phases and define a timeline for each phase

Create political will and/or financial support

Implement phases

Establish a focal web location with links and support

Put an awareness program into action so that awareness of resources exists

Timeline: Provide a rough schedule of activity for each step above and the lead person for each task. (Example: Establish implementation team/Jones, Hold first planning meeting/Johnson, Prepare concept/funding proposal/Smith, dates).

<i>Step</i>	<i>Key Person</i>	<i>Timeline</i>
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Other action steps/implementation timing issues:

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