



## *Business Growth & Development*

A PROGRAM OF THE DUMAS ECONOMIC DEVELOPMENT CORPORATION

## Program Description

The Dumas Business Growth & Development Program (BG&D) is a program within the Dumas Economic Development Corporation. The program is designed to provide necessary information, training, guidance and assistance to existing local businesses, expanding local businesses, local start-up businesses and small businesses looking to relocate to the community. This program recognizes the importance of successful business operations in the community that contribute to the well-being of our local economy. As old businesses close, we require new businesses to fill the void left behind. Unfortunately, the U.S. economy sees nearly 50% of all start-up businesses fail within the first year of operation. 25% of those are believed to have been preventable with proper training and planning. Locally, many businesses start because of a perceived need or a perceived desire for a specified business to be located in the community. These perceptions, although often times true, fail to acknowledge the road blocks that must be addressed prior to starting a new business. Those road blocks may include a clearly defined market analysis that demonstrates the perceptions made by the owner(s), a well written business plan that incrementally explains the steps required for the business to grow and succeed, a well prepared budget of the total costs for starting a new business, identification of the laws and regulations associated with the business, or an honest assessment of the owner(s) abilities, shortcomings and financial needs.

The BG&D Program is designed to help the prospective new business take the time to learn each aspect necessary to own and operate a business, clearly define and understand what it will take to start and operate, and help identify a path to success. Through partnerships between various business organizations and awareness of available training opportunities, the BG&D Program offers scholarships to training events, pays fees associated with providing one-to-one mentors, and assists the business in locating information and tools needed by the business to start their operations. This program is not designed to simply provide start-up or expansion dollars for businesses. Its sole purpose is to help provide the tools necessary to be a successful business in Dumas. We field numerous requests by people asking for grant assistance to start a new business. Because our funds are obtained through a sales tax obtained within Dumas, we are subject to requirements that require us to be good stewards of those dollars. Any investment we make for a new business is subject to criteria that is identifiable (good paying jobs, large capital investment), proven (previous experience, clean back ground & credit history), and guaranteed (ability to repay funds in the event the business fails to achieve the required jobs, salaries, sales and investment).

The BG&D Committee will make a recommendation to the Dumas EDC to consider financial assistance to those businesses that successfully complete training programs, mentoring services, business and marketing plans and that meet specific guidelines of the EDC. The EDC will consider Grants and Incentives only for those businesses classified as primary employers- those businesses that are proven to sell a majority of their products and services outside of the county thereby creating new dollars into the local economy and that provide jobs with salaries equal to or greater than the average salary of Dumas. The Dumas EDC will not take the place of local lending institutions. Loan assistance may only be considered once all local financial institutions have been exhausted and the business is able to provide unencumbered property as collateral, or real property that is without liens or collateralized through another loan, which the Dumas EDC can hold title to. The loan program is designed to act as a secondary program to help fill any gaps not addressed through primary financing or initial investments. In addition, the Dumas EDC will consider location and leasing assistance. We are fortunate to have available small offices and warehouse space that we can provide reduced leasing packages designed to accommodate the budgetary limitations of new businesses.

This program is an incremental approach to help insure business success. It is time consuming and requires a devotion to learning and an ability to hear other points of views regarding your business plan, approach and vision. If you believe you are able to absorb constructive criticism, training and advice from people with a successful business background, and are willing to put forth the time and effort into your dream, then we welcome your application for consideration. It is our belief that people willing to work hard and train hard for a dream are the people with the best rate of success. We are willing to invest in those people, are you one of them?

## Enrollment Procedures

Dumas Business Growth & Development (BG&D) is a program funded by the Dumas Economic Development Corporation. The program is designed to assist entrepreneurs in expanding an existing small business or launching a new one within the city of Dumas or immediate area. Everyone who is accepted into the program will receive training related to owning a business, become eligible for one on one mentoring services, become eligible to receive scholarships for business seminars and training programs, and become eligible for other assistance that will help establish or expand the business in Dumas. A progress review will be conducted, and upon completion of the program, qualifying participants may be considered for additional financial assistance and incentives through the Dumas Economic Development Corporation. Applicants are encouraged to inquire with the Dumas EDC to determine if the business qualifies for incentives beyond the training and mentoring services provided by this program.



For those wishing to be considered for enrollment, an application should be submitted with a detailed summary of the project or business. A completed business plan will expedite the enrollment process. Assistance in writing a business plan may be received through the Small Business Development Center (SBDC). Upon receipt of the application and business summary or plan, the Business Growth & Development Committee (BG&D) will evaluate the application and either request additional information or invite the applicant for an oral presentation at an upcoming meeting.

Applicants will be asked to initially make a presentation of their plan or vision summary at an upcoming BG&D Meeting. During this presentation, candidates may indicate their need for help in writing a business plan, marketing plan, financial plan, or they may request help in performing studies, market research or any other assistance that will help better prepare them for the successful creation or expansion of a business in Dumas. Candidates may request specific training programs offered through WTAMU Enterprise Center, Amarillo College or other acceptable institutions, or they may request enrollment assistance into small business and entrepreneur programs offered through one of several small business organizations. Additionally, funding for mentoring assistance may be considered for those enrolled in the program. Upon acceptance into the program, the Committee may agree to the specific programs requested or they may recommend other programs as appropriate. No financial incentives, grants or loans will be considered until participants have completed the program to the BG&D Committee's satisfaction.

Once the Committee accepts the applicant and recommends the type of training and services needed, the decision will be presented to the Dumas EDC Board of Directors for final approval. Those businesses chosen will then be monitored for participation and progress. Those that have received training and mentoring will then be asked to submit a final version of their business plan, marketing plan, financial plan and a short narrative of the steps required to establish or expand the business in Dumas. The Committee will then review progress and determine eligibility for continued assistance. Continued assistance may involve additional training, research or planning or a recommendation may be given to the Executive Director of the Dumas EDC for consideration of incentives, grants or loans.

Businesses that participate in the BG&D program are not guaranteed any financial assistance. The Dumas EDC is permitted by statute to provide funds to those businesses that can demonstrate a majority of their revenue received to be from outside of the community and demonstrate job creation and capital investment. A brief description of the incentive and financial programs can be found on the following pages. Any new or existing business may apply for training scholarships and mentoring assistance. All candidates are strongly encouraged to work with the SBDC in preparing a business plan prior to applying into the program. Although not immediately required for enrollment into the BG&D Program, applicants will be required to prepare a business plan prior to receiving scholarships, mentoring services or other incentives. In the event a participant does not have a completed business plan, or the business

plan is incomplete, they may be directed to the SBDC for assistance in completing a suitable plan prior to receiving assistance. An example of a business plan template is found on the following pages.

## Scoring Criteria

The scholarships, mentoring services and entrepreneur events provided to participants have fees established that will be paid by the BG&D program on your behalf. As such, it is important to insure that all participants are serious about their venture and have a strong commitment to succeed. One way for the Committee to gauge the commitment of participants is through the efforts made in developing a clear business plan. Business plans will be scored by the Committee and the points for each section are listed on the attached template. The other aspect required by the Committee before investing funds is through an interview process. Through an oral presentation, candidates will be asked to describe the business, share their knowledge of the industry, explain the market, and describe the methods used for identifying the needs for the business. Applicants will be asked a series of questions specific to the business and will be graded on the presentation made. A summary of the oral presentation topics can be found after the business plan template of this guide.

Several criteria are employed to determine the level of involvement the BG&D Program will have in creating or expanding your business. All of these will be important before we can commit funds on your behalf. It is our belief that the commitment you demonstrate to the program requirements are a direct reflection of the commitment you will have to the success of your business. With a national new business failure rate of 95%, it is in our best interest to provide the tools necessary for our local businesses to succeed. Therefore, the BG&D Program is willing to invest in those people that clearly demonstrate a willingness to work toward success.

## Examples of BG&D Training & Assistance Offered

- One on One Business Mentoring
- Industry Specific Mentoring
- Entrepreneurial Alliance Business Boot Camp
- WTAMU Enterprise Center Business Training
- Amarillo College Entrepreneurship Institute
- Online Business Support Training (as approved)
- University Curriculum (as approved)
- Local Small Business Training Programs (as scheduled by the BG&D Committee)
- Fred Pryor Seminars
- Other recognized programs as approved

## Continued Assistance for Graduating BG&D Businesses

Upon acceptance into the BG&D Program, an Individual Development Plan will be created that best fits the needs of the individual business. These steps will be monitored, and upon completion or graduation, the BG&D Committee will review any plans created by the business owner. Based upon the qualifications of the business type, the BG&D Committee may make recommendations to the Executive Director of the Dumas Economic Development Corporation to consider further assistance. Examples of the assistance to be considered and the guidelines used to make that determination are as follows:

### Small Business Loans:

The DEDC Small Business Loan Program will not take the place of traditional lending institutions. It is designed to help cover the gap traditional financing is unable to meet. To be eligible for loan assistance, businesses must have demonstrated that they have exhausted their loan capacity through other local financial institutions and still have unmet needs. The loans will be secured loans that utilize real unencumbered property as collateral. What makes this program unique is that applicants will be reviewed on the merits of the business, the rates will be negotiated to better match with the applicant's ability to repay, the terms are more flexible to allow time for profits to grow and the collateral used can be the item the loan is funding. Although a credit background will be conducted for eligibility, this program may consider exceptions on a case by case basis. Loan amounts will vary, but the program will not consider loan amounts in excess of \$10,000. To be eligible, applicants will have first been referred to the Dumas Economic Development Corporation (DEDC) by the BG&D Committee. The Executive Director of DEDC will then discuss the needs that the applicant has and determine eligibility. If the assistance meets the criteria and the applicant understands the rules, an economic impact analysis will be conducted, a background search will be conducted, a credit check will be performed and references will be interviewed. The loan amount will be determined and a draft agreement will be created demonstrating that the DEDC will hold first lien on the property collateralized and a true resale valuation will be conducted on the property. The application will then be submitted to the Board of Directors of the DEDC for consideration and approval.



### Small Business Grants:

Upon receiving a referral from the BG&D Committee, the Executive Director of the DEDC will perform an economic impact study of the applicant's business. Those businesses that will provide new jobs to the community with an average salary equal to or greater than the average community salary, can demonstrate first year taxable business assets in excess of \$50,000 which will be located in Dumas and can demonstrate that the revenue for the business will come from the sale of goods or services sold outside of Moore County. Preference will be given to those businesses that can also demonstrate substantial purchases related to their business from other businesses located in Dumas.

### Incentives:

The laws related to economic development activities for the state of Texas permit us to use funding to assist with new and expanding primary employers. Service and retail incentives are not permitted unless the service or retail shows significant benefits to the economy through higher wages or significant job creation. Additionally, new service and retail businesses that demonstrate a viable need, recognized by the community, or is considered a primary employer. Primary employers are those companies whose product or service is ultimately proven to be shipped outside of the region. Simply selling products or services to the local community utilizes dollars within the local economy and does not significantly contribute to the economic growth of Dumas. Examples of incentives that will be

considered include land, construction financing, tax breaks, tax abatements, reduced lease rates, temporary rental assistance, cash assistance and low interest loan programs. The DEDC will perform an economic impact study on the business to determine the appropriate value of the incentives. A thorough background check, reference check and credit history report will be performed prior to consideration. Once complete, a Performance Agreement will be established that indicates the economic contributions the business will guarantee over the next 3-5 years. If approved, the incentive will be calculated based upon the guarantees provided by the applicant. Failure to follow the agreement will result in repayment of the assistance with respect to the unmet contributions. For example, a business promises 10 new jobs at a specified salary range in three years, but they only provide 5 jobs, they will be required to repay the value of the 5 jobs that were not provided. Incentives can take on many forms and are designed on a case by case basis.

# Business Plan Outline

## Table of Contents

- I. Executive Summary
- II. The Business
- III. Products and/or Services
- IV. Marketing
- V. Management
- VI. Appendix

## Executive Summary or Overview

This section should be written last and should be no more than two pages in length. It should summarize the key highlights of each of the following detailed sections in a manner that provides the reader of the plan with a general or conceptual understanding of the business.

- Name of company and legal structure
- Name of principal owner(s) and ownership percentage(s)
- Grant amount requested and use of funds
- Brief description of product/service
- Market to be served
- Time in business (if existing) and location
- Number of current and future employees
- Historical sales and profit (if existing)
- Projected sales and profit

Begin writing this section by assuming that the reader will have no knowledge of your proposed venture. This overview should provide a quick, general understanding of the business potential and generate interest in learning more.

## The Business (25 points)

- Describe the legal structure and ownership.
- Explain what business you are in – i.e., the industry, the “niche” or area of specialization, the type of business, etc. Include a “mission” and/or “vision” statement.
- State the key goals or objectives of the business, both long- and short-term.
- Describe the “image” that will be projected to the customer.
- Why does/should the business exist?
- Describe past entrepreneurial successes, demonstrated management experience, successful small business ownership, demonstrated experience in the field and educational/professional certifications.

## **The Products and/or Services (20 points)**

- Accurately describe each type of product and/or service the business will provide and explain how it will be used.
- State how the products/services will benefit the customer.
- What problem does it solve and what need is satisfied?
- Describe future direction – i.e., “next generation” and/or planned changes.

## **IV. Marketing (30 points)**

### **A. Target Market(s)**

Describe the market(s) to be served:

- Demographic – who are they?
- Geographic – where are they?
- Psychographic – why do they do the things that they do?
- Explain what trends, patterns, lifestyles and other factors affect demand for your products or services (both positive and negative).

### **B. Competitive Environment**

- Identify your direct and indirect competition, who will be competing for the same dollars?
- Compare the strengths and weaknesses of your business to your competitors by performing a SWOT analysis (strengths, weaknesses, opportunities and threats).

### **C. Pricing Strategy**

- Describe how you intend to price your products/services and why.
- Explain how you will establish prices in relation to cost – i.e., what gross profit margins you expect to achieve.
- How does your business make money?

### **D. Positioning Strategy**

- What needs, wants or feelings are you trying to meet?
- What unique benefits and advantages will you offer that others can't or don't?
- What will “differentiate” your business and/or products or services?

### **E. Promotion Strategy**

- Your promotion must get the “right message” to the “right people” at the “right time”.
- Describe the message you are trying to convey to your customers.
- Describe how you intend to “communicate” your message to potential customers. Will you use personal selling, advertising, publicity, telemarketing, direct mail, brochures or a combination of several?
- Explain when and how your promotion plans will reach your target market.
- How much, and on what, will you spend to promote your product or service?
- How much business do you expect to receive as a result of each promotional activity?

### **F. Distribution Strategy (Place)**

- Describe how your products/services will be delivered to the end user. Will they channel via a retail outlet, jobbers, wholesalers, brokers, mail order, door-to-door, party plan, etc.?
- Explain the rationale for your distribution strategy.

## Management (25 points)

### A. Operating Systems and Processes

- Describe the process of producing the finished goods or providing the service.
- Include such things as the location of the business, equipment used, technology, and the systems that facilitate the process.
- If the grant request is for equipment, explain how the new equipment will increase production and/or reduce production costs.

### B. Current Employees

- Describe how many employees are presently on the payroll – both full-time and part-time.
- Does the business utilize contract labor? Describe.
- Describe the roles and responsibilities of each employee, both the management team and labor.
- Describe the skills, experience and qualifications of the management team that are relevant to this business.

### C. Job Creation

Describe and justify the number, quality, and timing of jobs that will be created in years one through three. You should list at least include the following information:

- Number of jobs created in years one through three (list full-time and part-time)
- Wage level – amount of salaries, benefits, etc. paid in each job
- Skill level for all positions, including any special educational requirements

### D. The Financial Plan

#### 1. Sources and Uses of Funds Statement

- Quantify total amount of money needed to start or expand the business. Include one-time start-up costs plus necessary cash for operating funds (or working capital).
- Describe in detail what the requested Growth & Development Funds will be used for and how the grant will accelerate the growth of your business.
- Explain how much money will be provided by the owner(s) of the business (equity investment). Are these funds already available and/or committed or must new investors be located? If the latter, what percent of ownership will be given for equity injection?
- Describe what loans (if any) and terms will be needed and what the funds will be used for (i.e., buildings, land, equipment, inventory, etc.) Explain how the loans will be repaid and what collateral and security will be provided to the lender.

#### 2. Historical Analysis and Financial Assumptions

- What is going on in the business that is affecting the financial condition of the business: why are labor costs rising, what caused sales to increase, why are COGS fluctuating from period to period, etc.?
- Explain in detail the basis of your projected income/expenses and use of cash: why do you expect sales to increase/decrease, what level of sales are required to break even, etc.?
- Describe your sales forecast and the rationale behind it.
- How much money do you have invested in the business?
- Describe to the judges what picture is being painted by the financial statements and projections.

#### 3. Financial Statements and Projections

##### **Existing Businesses**

Required\* (If not complete, plans will be disqualified):

- Historical income statements, common sized (Up to 3 years)
- Historical balance sheets, common sized (Up to 3 years)
- Projected income statements, common sized (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)
- Projected cash flow statements (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)

Recommended:

- Projected balance sheets, common sized (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)

**New or Start-up Businesses**

Required\* (If not complete, plans will be disqualified):

- Projected income statements, common sized (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)
  - Projected cash flow statements (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)
- Recommended:
- Projected balance sheets, common sized (Year 1 monthly, Annualized for Yrs. 1, 2 & 3)

## Appendix

This section should include any relevant information not provided above. Some possibilities are:

- Resumes of key personnel.
- Research information or studies.
- Letters of reference or intent.
- Pictures of products or prototypes.
- Patents, logos, trademarks or blueprints.

## Format Requirements...

You have complete freedom with the exception of the following:

- Page size: 8.5 by 11 inches.
- Maximum business plan length is 20 pages for narrative and financials. This does not include the cover sheet, table of contents and appendix.
- Maximum appendix length is 10 pages.
- Minimum of 10 pt font size.
- You must submit one signed copy of the application, and seven copies of your complete business plan to the Dumas Economic Development Corporation located at 1015 N. Maddox, Dumas, TX 79029. (Note: Some choose to provide 5 identical, "Master Copies" for the judges and 2 "Cheap and Dirty" copies for the Dumas Economic Development Corporation. That is quite acceptable.)

The cover page should contain the following information so that we may be able to have your contact information:

|   |
|---|
| <p style="text-align: center;"><b>Your Company Name</b><br/>Street Address<br/>City, State Zip</p> <p style="text-align: center;">Contact Person<br/>Phone Number<br/>Email Address</p> |
|---|

## Oral Presentation Judging Criteria

**The oral presentation will be judged based on the following criteria for a total of 100 points.**

- How effectively the presenters communicate the written plan to the judges, validate their request of assistance and support job creation through the oral presentation (20 points)
- How thoroughly the judges written and oral comments/questions are addressed (20 points)
- Knowledge, expertise and ability of the entrepreneur to implement the proposed business plan (20 points)
- Commercial viability of the venture (20 points)
- Overall effectiveness and quality of presentation (20 points)

**Your oral presentation should include the following basic information:**

1. The business problem the company is solving
2. The business solution for that problem
3. The market opportunity and the company's strategy to take advantage of that opportunity
4. The product or service the company is providing
5. Competitive summary-competitors and their solutions for the business problem, now and anticipated in the future
6. Answers to any questions posed by the judges after their review of your business plan
7. Who the company's customers are
8. The company's business model. How will it make money?
9. The management team
10. Financials
11. Why to invest

## Notice

The Dumas Economic Development Corporation, Business Growth & Development Program is a competitive program established to assist start-up and expanding businesses that perform their operations within the City of Dumas. Considerations will be given to those businesses that operate outside of the city limits in the event certain economic benefits for the city of Dumas exist.

By entering this program, you understand that there are no guarantees of funding assistance. Funding considerations can only be given to those applicants that successfully meet each of the program requirements. In general, this program is looking to assist those businesses that meet the following criteria:

- The business is filling a need not currently being met in the city of Dumas.
- The business anticipates a substantial percentage of its sales and income to be obtained from outside the local economy.
- The business is replacing a business need within the community.
- The business is expanding services that meet the aforementioned criteria.

All interested persons must submit a program application prior to acceptance in order to be considered for enrollment. For additional questions regarding the Dumas Business Growth & Development Program, contact the Dumas Economic Development Corporation at 806-934-3332 or check out our website at [www.dumasedc.org](http://www.dumasedc.org).