## Business

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## Solid business plan key to success

## Underestimating startup costs is No. 1 mistake

By Pete Bach

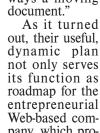
Post-Crescent staff writer

Todd Kempinger of Oshkosh admits not following the business plan to the letter for their startup firm.

But, then, it's got to be fluid enough to suit changing business circumstances, he said.

"We followed it pretty closely," said Kempinger, who with principal partner Gene Langenecker founded The Luggage

Club in late 2005. "It's always a moving



"Getting people that extra money up front is really the key to getting people established."

KENT NELSON, president and founder of Quickstart

out, their useful, dynamic plan not only serves its function as roadmap for the entrepreneurial Web-based company, which provides for the door-to-door delivery of baggage under a partnership with FedEx.

The plan also caught the eye of people who are expert at spotting the best of the best plans. The pair took first place last week in the second annual

Northeast Wisconsin Business though, new owners need to calculated assumptions. Plan Competition, earning Kempinger and his partner a \$10,000 cash award.

Business plans are nothing new to Kent Nelson.

They're his business.

"The plan serves as your management tool, your road map for success," said Nelson, president and founder of OuickStart, who said a business plan is the only way to stay in business.

Perhaps the most important question is how much money you'll need to start a business and keep it running until you make a profit, said Nelson.

"The No. 1 mistake is they underestimate what their startup costs are therefore they're undercapitalized.

"Once they're in business,



ensure they maintain a steady cash flow. Keeping on top of billings or accounts receivable is essential."

Underestimating how long it takes for customers to pay them, for example, can be fatal.

"They're going to run out of cash in a hurry. And obviously once you run out of cash you're out of business," he said. "Getting people that extra money up front is really the key to getting people established."

Writing a business plan can be very time consuming, he said.

Among the musts: a financial projection (three years, first year month by month); a need to put solid numbers on startup costs and draw up an income statement; balance sheet; determination of cash flow; break-even analysis and

Kempinger said The Luggage Club incorporated in September 2005 and spent the first six months fully immersed in putting a robust Web site together.

"Our site is our business," he said. "Without it, we'd be dead in the water," he said.

They're business plan paved the way.

"It structures what you intend to do for your business," he said.

"Think of it as a flow chart and you put it together, literally the building blocks of how you're going to build your business. You now have a guideline to direct you through the path you should go."

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## **At a glance**

Key questions to consider when starting a new business:

- What type of entity should I form and what are the benefits?
- How much will I need and where will it come from?
- Should I lease or buy my equipment?

Source: Kent Nelson, president of QuickStart, Appleton