



Strategic Planning for Small Businesses in Rural Kansas

Presented by: KU Small Business Development Center

*Advising. Consulting. Training.
Growing Entrepreneurs*

OUR TEAM



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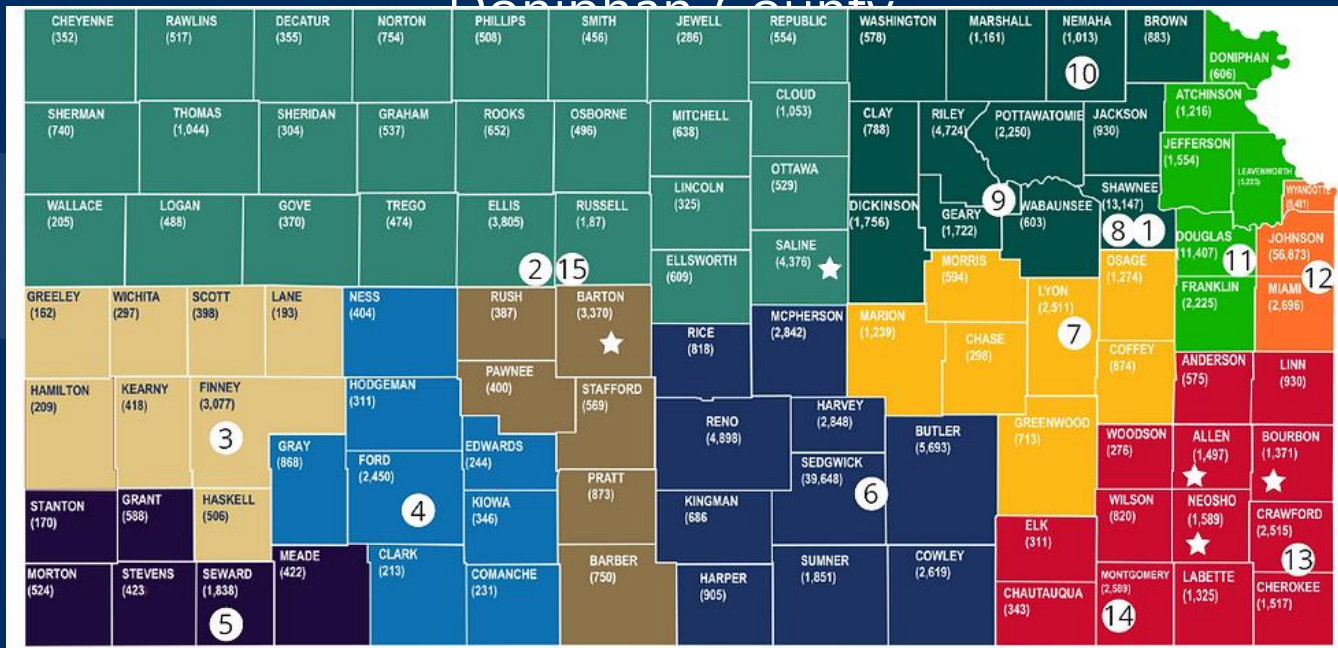
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NATIONWIDE NETWORK OF SMALL BUSINESS DEVELOPMENT CENTERS PROVIDING FREE CONSULTING TO BUSINESSES ALL TYPES

Part of a network of 11 SBDC's in Kansas and 1,100 across the country

Serving Douglas, Franklin, Leavenworth, Jefferson, Atchison, and



What We Do

- Individual, one-to-one FREE and confidential advising for start-up AND existing businesses
- Focused trainings + content providers
- Connection to appropriate resources
- Community Partnerships

Advising Services

- Business Planning
- Cash Flow Management
- Financial Analysis
- Sales and Business Development
- Hiring and HR
- Market and Consumer Research
- Marketing and Social Media
- Business Valuation

Agenda

- **Management**
- **Market**
- **Money**
- **Understanding Your Business and Environment**
- **Setting Goals and Objectives**
- **Developing Strategies and Tactics**
- **Implementation and Monitoring**
- **Specific Considerations for Rural Kansas Businesses**
- **Conclusion**
- **Q&A**

Management

*Can you manage the business
or assemble a team that can?*

Telling Your Story

An elevator pitch is important for a small business because it quickly explains what the business does, what makes it unique, and why it matters—all in a short amount of time. This is useful when talking to potential customers, investors, or partners, helping to grab their attention and spark interest. A good elevator pitch includes a clear description of the business, what problem it solves or value it provides, and a unique feature that sets it apart from competitors. The goal is to leave a lasting impression and encourage the listener to want to learn more.

Telling Your Story

1. **Gather Input:** Involve key stakeholders like employees, customers, or partners to get feedback on the current mission and what the business stands for today.
1. **Review Current Mission:** Reflect on how well the current mission aligns with the business's current goals, values, and services. Identify areas that need updating.
1. **Define Core Purpose:** Clarify the business's current purpose—what it does, who it serves, and why it exists. Focus on the impact the business wants to have.
1. **Craft the New Statement:** Write a concise, clear statement that reflects the business's updated purpose, values, and direction. Keep it simple and meaningful.
1. **Share and Implement:** Communicate the updated mission to employees, customers, and partners, and ensure it guides business decisions, branding, and operations moving forward.

Telling Your Story

"We're a small coffee shop that sells coffee, pastries, and sandwiches. We focus on quality, and we want to be a place where people like to hang out."

"At Bean Haven, we're more than just a coffee shop – we're a community hub where every cup of our ethically sourced, single-origin coffee supports local farmers and sustainable practices. Whether you're grabbing a quick espresso or enjoying one of our fresh-baked pastries in a cozy space, we create a warm, inviting atmosphere where you can relax, connect, and feel good about your choice."

Revisiting Your Business Plan

It's important for a small business to update their business plan because things change over time, both inside and outside the business. Updating the plan helps the business stay on track with its goals, adjust to new opportunities, and respond to challenges like changes in the market, customer needs, or competition. It also allows the business to revisit financial projections and make sure resources are being used wisely. A fresh business plan keeps everyone focused, helps guide decision-making, and can be useful if the business needs to apply for loans.

Revisiting Your Business Plan

1. **Review Your Current Business Plan:** Look at your existing plan to see what needs updating or changing.
2. **Update Your Business Goals:** Set new, clear goals based on your current business needs and progress.
3. **Analyze the Market:** Research your industry, competitors, and customers to identify new trends or challenges.
4. **Adjust Your Marketing Strategy:** Revise your marketing plan to focus on what's working and improve areas that aren't.
5. **Update Financial Projections:** Review and adjust your financials, including income, expenses, and cash flow.
6. **Check Your Operations:** Evaluate your business operations and make improvements where needed for better efficiency.
7. **Get Feedback:** Seek input from your team, advisors, or mentors to strengthen your plan.
8. **Put It All Together:** Write the updated plan clearly, ensuring it aligns with your goals and is easy to follow.
9. **Review Regularly:** Plan to review and update your business plan regularly to stay on track.

Revisiting Your Business Plan

Example: A home improvement store updates its business model after noticing a trend in DIY projects during the pandemic.

- **Solution for Implementation:** The store begins hosting DIY workshops and promotes them on social media. Success looks like a 25% increase in sales of DIY supplies, with increased community engagement and positive feedback.

Conducting A SWOT Analysis

A SWOT analysis helps small businesses understand their strengths, weaknesses, opportunities, and threats. By looking at what they do well (strengths) and where they can improve (weaknesses), business owners can make better decisions. It also helps them spot opportunities they might not have noticed, like new customer trends or market gaps. At the same time, they can prepare for threats, such as new competitors or changes in the economy. Doing a SWOT analysis regularly helps a small business stay flexible, make the most of its advantages, and address challenges before they become problems.

Conducting A SWOT Analysis

Strengths

- **Identify Strengths:** List the things your business does well, such as unique products, skilled staff, or loyal customers.

Weaknesses

- **Identify Weaknesses:** Think about areas where your business could improve, like limited resources, gaps in skills, or negative customer feedback.

Opportunities

- **Spot Opportunities:** Look for external factors that could benefit your business, such as emerging markets, new technologies, or changes in customer preferences.

Threats

- **Recognize Threats:** Identify external challenges your business might face, like increased competition, economic downturns, or regulatory changes.

Improving Operations

To review their operations, a small business should start by examining their daily processes and workflows. This includes looking at how tasks are completed, what tools and resources are used, and how employees interact with each other and with customers. The business can gather feedback from team members to understand what works well and what doesn't. Analyzing performance data, like sales numbers and customer feedback, can also reveal areas for improvement. Once the business identifies any inefficiencies or bottlenecks, they can make changes to streamline operations, improve productivity, and enhance customer satisfaction. Regularly reviewing operations helps the business stay competitive and adapt to changing needs.

Improving Operations

1. **Map Out Processes:** Create a clear visual of how tasks are done, from start to finish. This could be a flowchart or a list of steps for each key operations
2. **Gather Feedback:** Talk to employees about their experiences with the current processes. Ask them what works well and what could be improved.
3. **Analyze Performance Data:** Look at important numbers, such as sales figures, customer satisfaction scores, and employee productivity rates, to see where improvements are needed.
4. **Identify Bottlenecks:** Find areas where work slows down or gets stuck, such as long wait times or repetitive tasks that take too much time.
5. **Brainstorm Solutions:** Work with your team to come up with ideas for improving processes. This could involve new tools, better training, or changing workflows.
6. **Implement Changes:** Put the best solutions into action and communicate these changes clearly to everyone involved.
7. **Monitor Results:** After making changes, keep track of how they affect performance and employee satisfaction to see if they are working.
8. **Review Regularly:** Schedule regular check-ins to review operations and make adjustments as needed, ensuring the business continues to run smoothly.

Improving Operations: Extra Tips

SEASONALITY

- **Helpful Tip:** Analyze your business's busy and slow seasons, then adjust inventory and staffing accordingly.
 - **Steps to Implement:**
 - Review sales data from previous years to identify trends.
 - Create a seasonal calendar to outline peak times.
 - Develop a staffing plan that accommodates peak and off-peak periods.
 - **Importance:** Properly managing seasonality helps ensure you can meet customer demand while avoiding excess inventory costs during slower periods.

Workforce Development:

Hiring and Recruitment

- Craft clear and detailed job descriptions outlining responsibilities and qualifications.
- Develop effective recruitment strategies using job boards, social media, and networking events.
- Familiarize yourself with legal obligations, including employment laws and regulations, to ensure compliance.
- Implement a structured interview process to evaluate candidates fairly and effectively.

Workforce Development: Employee Retention

1. **Create a Positive Work Environment:** Foster a friendly and supportive atmosphere where employees feel valued and respected.
1. **Offer Competitive Compensation:** Ensure that salaries and benefits are fair and competitive with similar businesses in your area.
1. **Provide Opportunities for Growth:** Encourage employees to learn and develop new skills through training, workshops, or courses.
1. **Recognize and Reward Achievements:** Celebrate employee accomplishments, big and small, with praise, bonuses, or other incentives to show appreciation.
1. **Encourage Open Communication:** Create channels for employees to share their ideas and concerns, and make sure they feel heard.
1. **Promote Work-Life Balance:** Offer flexible work hours or remote work options to help employees balance their personal and professional lives.
1. **Conduct Regular Check-Ins:** Schedule one-on-one meetings to discuss employee satisfaction, career goals, and any challenges they might be facing.
1. **Build a Strong Team Culture:** Organize team-building activities and social events to strengthen relationships among employees and foster a sense of belonging.
1. **Solicit Feedback and Act on It:** Regularly ask employees for their input on workplace policies and practices, and make changes based on their feedback.
1. **Be Supportive During Changes:** When changes occur, such as new policies or shifts in management, communicate clearly and provide support to help employees adjust.

You're Not Alone: Support for Small Businesses

- **Resources Available:** Numerous resources are available to support small businesses, including access to business advising from experts, workshops and training to build essential skills, access to online resources and tools for business management, financial resources for loans and grants, market research tools to understand your industry and target audience, and so much more.
- **Networking Opportunities:** Join local events and workshops to connect with other entrepreneurs and share experiences, ideas, and resources.
- **Community Support:** Leverage your local community for encouragement, collaboration, and partnerships that can help you thrive.
- **Remember:** Reaching out for help is a sign of strength. There are many resources ready to assist you on your business journey!

Succession Planning

Helpful Tip: Identify potential leaders within your team and start mentoring them for future roles.

- **Steps to Implement:**
 - Evaluate team members based on their skills and interests.
 - Create a mentorship program pairing them with senior staff.
 - Regularly review progress and adjust mentorship activities.
- **Importance:** Effective succession planning ensures business continuity and prepares the next generation of leaders to take over when needed.

Market

Is there a Market for your product or service AND are people will to pay the price to keep you in business?

MARKET RESEARCH & ANALYSIS

UNDERSTAND LOCAL MARKET

Helpful Tip: Use surveys and community feedback to gauge customer needs and preferences.

■ **Steps to Implement:**

- Create simple surveys (online or paper) to distribute to customers.
- Analyze the data to identify trends in customer preferences.
- Adjust your offerings based on survey results.

Understanding your market helps you tailor your products and services to better meet customer demands, increasing satisfaction and loyalty.

COMPETITOR ANALYSIS

Regularly assess competitors to find opportunities for differentiation.

Steps to Implement:

- Identify your main competitors and their offerings.
- Analyze their strengths and weaknesses through customer feedback and online reviews.
- Develop unique selling propositions (USPs) that set you apart.

Knowing what competitors are doing allows you to find your niche and communicate why customers should choose you over them.

ECONOMIC CONDITIONS

Stay informed on local economic trends and adapt your business strategy accordingly.

- **Steps to Implement:**
 - Subscribe to local business newsletters or economic reports.
 - Attend community meetings or events discussing local economic conditions.
 - Adjust pricing or marketing strategies based on economic trends.

Understanding the economic landscape helps you anticipate changes that may affect your business, allowing you to remain proactive instead of reactive.

ECONOMIC CONDITIONS

- **Example:** A local hardware store adapts pricing strategies based on a rise in local construction projects.
 - **Solution for Implementation:** The store promotes DIY kits that cater to increased homeowner renovation interest. Success looks like a 40% increase in kit sales.

Marketing Plan Development

- Create a marketing plan that includes online marketing, social media, and traditional advertising methods.
- Identify who your target audience is and set clear goals for what you want to achieve.
- Experiment with different marketing tactics, like email campaigns and community events, to find what works best for your business.
- Regularly check how your marketing is performing and make changes as needed to improve your results and meet your goals.

Market Research and Analysis:

Target Market Identification

- Research your audience to understand their needs, preferences, and behaviors.
- Look at key factors like age, gender, income, and location to better understand your ideal customers, and break them into groups to create more focused marketing strategies.
- Continuously gather feedback and data to stay up-to-date as trends and customer preferences change.

Market Research and Analysis: Target Market Identification

Example: A local fitness studio segments its marketing for both casual gym-goers and serious athletes.

- **Solution for Implementation:** The studio creates separate social media campaigns for each group, resulting in a 35% increase in sign-ups.

COMMUNITY ENGAGEMENT

PARTNERSHIPS

Helpful Tip: Forge partnerships with local businesses to enhance community presence.

- **Steps to Implement:**
 - Identify potential partners that share similar customer bases.
 - Propose joint promotions or events that benefit both parties.
 - Evaluate partnership outcomes and adjust strategies for future collaborations.
- **Importance:** Partnerships can expand your reach and strengthen your community ties, enhancing your business reputation.

COMMUNITY ENGAGEMENT PARTNERSHIPS

Example: A local restaurant partners with a nearby farm for a farm-to-table event.

- **Solution for Implementation:** This collaboration leads to increased visibility and a 20% increase in attendance at the event, fostering community engagement.

Business Networking Opportunities

- Attend local events and workshops to connect with fellow entrepreneurs and business owners.
- Participate in industry-specific conferences to engage with professionals in your field.
- Build relationships with potential partners, customers, and industry experts for collaboration and support.
- Share insights and experiences with peers to learn from each other's successes and challenges.
- Leverage networking to discover new opportunities and resources that can benefit your business.

Money

*Do you have the capital to start
and grow your business?*

Financial Management: Financial Projections

- Create financial forecasts by looking at past data and market trends to estimate future revenue.
- Perform break-even analysis to find out how much you need to sell to cover your costs and make a profit.
- Manage cash flow to ensure you have enough money for daily operations and unexpected expenses.
- Regularly update your financial projections to reflect changes in your business and the market.

Financial Management: Bookkeeping and Accounting

- Set up a simple accounting system to keep track of your income and expenses. Consider easy to use software for efficiency
- Maintain clear and accurate financial records to understand how your business is doing financially.
- Make sure to follow tax rules by organizing your records and filing taxes on time.

Financial Analysis - Profitcents

INDUSTRY DATA COMMON SIZE

What Is Common Size?

Average by Year (Number of Financial Statements)

Income Statement	Last 12 Months (1,152)	2021 (1,248)	2020 (5,160)	Last 5 Years (36,743)	All Years (119,048)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	36.84%	37.06%	37.18%	37.85%	39.58%
Gross Profit	63.16%	62.94%	62.82%	62.15%	60.42%
Depreciation	0.91%	0.91%	1.68%	1.87%	2.01%
Overhead or S,G,& A Expenses	39.89%	39.68%	46.59%	43.60%	42.95%
Other Operating Income	0.00%	0.00%	0.01%	0.02%	0.02%
Other Operating Expenses	8.23%	8.28%	12.37%	12.91%	12.16%
Operating Profit	14.11%	14.05%	2.16%	3.75%	3.29%
Interest Expense	0.42%	0.43%	0.72%	0.74%	0.79%
Other Income	0.06%	0.06%	0.06%	0.04%	0.04%
Other Expenses	0.03%	0.03%	0.09%	0.14%	0.12%
Net Profit Before Taxes	13.72%	13.65%	1.41%	2.92%	2.41%
Adjusted Owner's Compensation	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Net Profit Before Taxes	13.72%	13.65%	1.41%	2.92%	2.41%
EBITDA	15.05%	14.99%	3.81%	5.53%	5.21%
Taxes Paid	2.00%	1.76%	2.00%	1.75%	1.98%
Net Income	11.72%	11.89%	-0.59%	1.17%	0.44%

INDUSTRY DATA COMMON SIZE SUB ACCOUNTS

What Is Common Size?

Average by Year (Number of Financial Statements)

Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
Payroll	28.63% (642)	28.73% (705)	29.51% (3413)	27.18% (24962)	26.21% (74743)
Rent	6.95% (687)	6.89% (757)	7.37% (3571)	7.07% (26594)	7.15% (78914)
Advertising	1.82% (642)	1.96% (696)	1.77% (3199)	1.77% (23357)	1.88% (72628)

INDUSTRY FINANCIAL DATA AND RATIOS

View Formula Key

Average by Year (Number of Financial Statements)

Financial Metric	Last 12 Months (1,152)	2021 (1,248)	2020 (5,160)	Last 5 Years (36,743)	All Years (119,048)
Current Ratio	4.38	4.40	3.73	2.97	2.58
Quick Ratio	3.77	3.76	2.87	2.11	1.76
Gross Profit Margin	63.16%	62.94%	62.82%	62.15%	60.42%
Net Profit Margin	13.72%	13.65%	1.41%	2.92%	2.41%
Inventory Days	14.13	13.79	15.00	13.73	13.84
Accounts Receivable Days	0.69	0.71	0.53	0.47	0.48
Accounts Payable Days	14.92	15.00	16.32	15.30	17.04
Interest Coverage Ratio	18.29	17.97	7.80	10.27	9.78
Debt-to-Equity Ratio	2.62	2.69	3.70	3.22	3.20
Debt Service Coverage Ratio	11.67	11.66	5.03	6.30	6.12
Return on Equity	85.61%	82.11%	52.03%	54.12%	48.49%
Return on Assets	42.88%	42.45%	15.71%	22.40%	18.73%
Gross Fixed Asset Turnover	4.11	4.13	3.55	3.93	3.87
Sales per Employee	\$71,886	\$71,886	\$43,135	\$63,135	\$54,530
Profit per Employee	\$11,170	\$11,170	\$315	\$4,475	\$2,332
Growth Metric	Last 12 Months (265)	2021 (274)	2020 (2,877)	Last 5 Years (20,510)	All Years (62,196)
Sales Growth	32.62%	32.55%	-8.83%	4.24%	5.52%
Profit Growth	57.94%	63.34%	29.59%	15.41%	16.02%

*This benchmark has been set according to where a healthy business within the industry would perform.

Financial Analysis - Profitcents

Industry: 238220 - Plumbing, Heating, and Air-Conditioning Contractors

Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
Payroll	15.26% (650)	15.01% (788)	15.86% (1554)	15.12% (8090)	15.53% (25511)
Rent	1.29% (664)	1.32% (804)	1.34% (1551)	1.33% (8205)	1.39% (24520)
Advertising	0.60% (578)	0.65% (655)	0.70% (1336)	0.71% (7165)	0.74% (22563)

Industry: 238210 - Electrical Contractors and Other Wiring Installation Contractors

Income Statement	Last 12 Months	2021	2020	Last 5 Years	All Years
	(905)	(1,116)	(1,963)	(10,190)	(33,408)
Sales (Income)	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	67.48%	68.66%	66.24%	66.31%	67.66%

Financial Management

- Regularly review your financial statements to understand how your business is doing.
- Keep an eye on key performance indicators (KPIs) to track your business's progress and find areas to improve.
- Use what you learn to make smart decisions that help your business stay stable and grow.
- Set up regular check-ins with your financial team to make sure you're on the right path and adjust your plans if needed.

Access to Capital and Funding:

Loan and Grant Applications:

- When applying for small business loans or grants, prepare a thorough and compelling application.
 - Clearly outline your business plan, financial projections, and funding needs.
 - Ensure you meet eligibility requirements and gather necessary documentation.
 - Highlight how the funds will benefit your business, and consider seeking feedback from trusted advisors to strengthen your application before submission.

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Questions???