Excel Spreadsheet – IMPORTANT
If you have not already done so, you need to access and download your Excel Spreadsheet! You can access your Excel Spreadsheet by clicking on this link:

http://www.125aDay.Com/Download.cfm?ID=%23%23%207%25%0A

Business Plan Support is Available for Your Home Health Agency Business Plan!

The first step in starting and operating a successful home health agency is developing a successful business plan.

The Business Plan Support Group (BPSG) is a dedicated support service offered by 125aday.com Publishing, Inc. The BPSG is ready to assist you as you write your business plan. The BPSG can assist you with the entire business plan or just the more complex parts of your business plan. The BPSG can develop and write your business plan for you and provide other services to design and implement your business strategy.

To view the detailed information about the Business Plan Support Group, click here or email us with any question you might have to BPSG-bdc@125aday.com.
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Introduction to Your Home Health Care Agency Business Plan

There are few very secrets and absolutely no short cuts to preparing a Business Plan for a home health care agency. Careful investigation, complete research, and a through thought process is required to complete an accurate Business Plan for a home health care agency.

This Business Plan for a home health care agency is carefully structured to take you a step at a time. In order to complete the Home Health Care Agency Business Plan accurately, you should take each step, in order, and then move on to the next step.

You do not have to complete the entire Home Health Care Agency Business Plan at once. We do suggest that you complete each step before leaving your work.

Two notes before we move on to preparing the Home Health Agency Business Plan. The first note for you to consider is that this Business Plan for a home health agency is complimented with How to Start Your Own Business!, which is available on our website, www.125aday.com, and can be immediately accessed by clicking on the following link:

http://www.125aday.com/ProductDetail.cfm?ID=1

We strongly urge you considering buying How to Start Your Own Business! to learn more about how to start your home health agency.

The second note is a comment about getting your customers and clients. If you have a great deal of experience in the field of working and operating a home health agency, you might already know how you plan to get these customers and clients for your home health agency business. If you don’t already know exactly how you will get your customers and clients, we offer a great program on our website entitled the 125aday.com New Customer Development Program. We highly suggest that you get this valuable business tool and you can view this product at the link below:

http://www.125aday.com/ProductDetail.cfm?ID=91

Let’s get started on your Home Health Care Agency Business Plan.

The Home Health Care Agency Business Plan is divided into Eleven (11) steps. These steps are:
Step One – Your Personal Evaluation
Step Two – The Business Plan Cover Sheet
Step Three – The Executive Summary
Step Four – General Company Description
Step Five – Products and Services
Step Six – Start Up Costs
Step Seven – The Marketing Plan
Step Eight – Sales Forecasts
Step Nine – The Operational Budget
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In Conclusion

Customizing the Home Health Care Agency Business Plan

You can customize the Home Health Care Agency Business Plan and how it looks when viewed on the computer and when the Business Plan is printed. Here we explain some of the basics of customizing the Excel® spreadsheet.

Excel Spreadsheet – IMPORTANT
If you have not already done so, you need to access and download your Excel Spreadsheet!
You can access your Excel Spreadsheet by clicking on this link:

http://www.125aDay.Com/Download.cfm?ID=%23%23%207%25

Changing the Page Setup

The Page Tab

Orientation

Here you can select to view and print your Home Health Care Agency Business Plan in portrait (vertical) or landscape (horizontal) format. The default setting is portrait.
Paper Size

Here you can select to and view print in letter, legal or custom paper sizes. The default setting is letter.

Print Preview

Here you can select to print the Home Health Care Agency Business Plan from the back to the front, or vice versa. The default setting is back to front.

The Margins Tab

Here you can select the margins for your Home Health Care Agency Business Plan. The default settings are the recommended settings.

The Header/Footer Tab

Changing the Header

Click on the Custom Header button and you can customize the header for your Home Health Care Agency Business Plan. Also notice that you can select a print preview from this screen that allows you to see the entire page, with headers and footers.

After changing the header, click OK to save your changes.

Changing the Footer

Click on the Custom Footer button and you can customize the header for your Home Health Care Agency Business Plan. After changing the footer, click OK to save your changes.

The Sheet Tab

Here you can adjust and set the:

- Print Area
- Print Titles
- Print Instructions for:
  - Gridlines
  - Row & Column Headings
  - Comments
Page Order

Changing the Font and Font Size

You can select the entire worksheet or specific text to assign font and font size to in the workbook and make your changes on the toolbar. You can have different size fonts on the same page. The default font is Verdana and the font size, for the most part, 12.

Changing the Color of the Text

You can select the entire worksheet or specific text to assign font and font size to in the workbook and make your changes on the toolbar. You can have many different colors on the same page. The default color is the color that is on the worksheets now.

Adding or Removing Worksheets

You can add worksheets by clicking on Insert, Worksheet. You will want to click on the tab next to the area where you want to insert the worksheet.

You can delete a worksheet by clicking on Edit, Delete Sheet. But WARNING: if you delete a sheet with formulas that extend to other worksheets, you will receive errors in the formulas. So be sure you want to delete the worksheet!

Renaming the Tabs in the Worksheets

Select the tab you want to rename. Right click on the tab and select Rename. Name the tab as you like, but there is a character limit.

Adding or Removing Rows or Columns

You can rows or columns by selecting where you want to add the row or column. Then select Insert, then row or column.

You can remove an entire row by clicking on the row number (far left) and selecting Edit, delete.

You can remove an entire column by click on the column and selecting Edit, delete.
**Inserting Pictures**

You can insert pictures from your computer into the Home Health Care Agency Business Plan by selecting the cell where you want the picture to be inserted. Then select Insert, Picture and browse to the picture you want to insert. Double click the picture and then format the cell.

**Changing the Formulas**

Changing or adding formulas is not extremely difficult in Excel®. However, it does require a working knowledge of the formulas. You can search help to learn how to perform any formula that you want to use.

**Other Functions**

There is a wide variety of things that you can do to the workbook to make it appear the way that you want it to look. There are too many for us to go into here in this document. To get assistance on any function you want to add or change, you can always select Help and get the answers you need.

**Step One of the Home Health Care Agency Business Plan**

**Your Personal Evaluation**

**Your Net Worth**

Before starting your new home health care agency, you need to have a firm grasp on your own personal financial situation. For that reason, the first step in preparing your Home Health Care Agency Business Plan will be to determine your personal financial picture.

**Instructions on How to Complete the Excel Spreadsheets**

Refer to your Excel® Spreadsheet. The first page is entitled *Step 1 - Your Net Worth*.

**Note**

You will notice that the columns are labeled with letters (A, B, C, etc) and the rows are numbered. As we go through spreadsheets, we will refer to the column letter and the row number. The column letter is across the top of the
spreadsheet. The row number is along the right hand side of the spreadsheet. Each individual block in the spreadsheet is called a cell.

Note
While we have attempted to include everything necessary in these spreadsheets, if you add rows to the spreadsheets, the totals may not add up! You will need to adjust the formulas to add up the figures if you add rows. While this is not difficult, you will need to ensure that you can adjust the totals so the figures will be correct. You can also change the text colors, fonts, and sizes of the fonts as you work.

In viewing the first page of the Excel® spreadsheet entitled Step 1 - Your Net Worth, you will find that this information is very commonplace, so a detailed discussion is unnecessary. Just fill in the blanks and get the Estimated Net Worth at the bottom of the section. The areas in the light blue color automatically fill themselves in, so do not enter any figures in these cells. Hopefully, this will be a positive number.

Your Personal Budget

Refer to your Excel® Spreadsheet, Step 1 - Your Net Worth and scroll down to the section entitled Your Personal Budget.

Again, this information is commonplace and you should know what dollar amounts to enter into the cells. For instance, in Column C, Row 5, this is monthly mortgage. If you monthly payments are $1,500.00, enter 1500 in Column D, Row 5.

You will see that this Personal Budget is for 1 month, 3 months, 6 months, and 1 year. You should also notice that as you enter your monthly mortgage payment, the spreadsheet automatically totals the rest of the row. So you only need to enter the monthly amounts to get the 3 and 6 months totals and the yearly total.

Why This Information Is Important

In starting your home health care agency, you need to have your personal financial situation firmly planted on the ground. Starting a home health care agency is difficult enough without personal financial problems getting in the way of your success.
If the Total Income Needed (Column D, Row 38) is greater than your Total Income (Column D, Row 36), you have some financial issues to fix before starting your home health care agency. We can’t tell you how to fix this problem, but we can tell you that your will be starting your home health care agency in financial trouble and that is no way to start a business!

Now, assuming that your personal financial situation is acceptable, you are ready now to begin your Home Health Care Agency Business Plan.

**Step Two of the Home Health Care Agency Business Plan**

**The Home Health Care Agency Business Plan Cover Sheet**

*Note*

*In this Home Health Care Agency Business Plan, we have provided sample pages of the from the Excel® spreadsheet so you can easily scroll down to that section in this document as we are discussing it.*

The Cover Sheet (see an example here by clicking on this link: [Cover Sheet](#)) is the first page of your Home Health Care Agency Business Plan.

**Elements of the Cover Sheet**

**First Impression!**

The cover of the document is often the "First Impression" of your home health care agency business for any interested parties or investors. The purpose of a cover is to tell the reader what the document is about. Your cover should say the words "The Business Plan for the name of your Home Health Care Agency" and should include:

1) Name and business name  
2) Company logo  
3) Address  
4) Telephone number  
5) Fax number
6) E-mail address
7) Other contact information

The cover should be attractive and professional looking. Fonts used should be easily read, and color contrasts should be pleasant to the eye.

The information is very basic.

**Complete the Cover Sheet Section in the Excel® Spreadsheet**

Go to the Excel® Spreadsheet to the tab labeled *Step 2 – Cover Sheet*. Fill in the information and save your work.

**Saving Your Home Health Care Agency Business Plan File**

As you complete the Steps in this Home Health Care Agency Business Plan, be sure to save your work often.

**When You Have Completed the Cover Sheet**

When you have completed the Cover Sheet, you are ready for the next step in the preparation of your Home Health Care Agency Business Plan. So proceed to [Step Three, the Executive Summary](#).

**Note**

You can change the Header/Footer of the Excel® documents to use in your Home Health Care Agency Business Plan.
The Business Plan For Your Home Health Agency

The Business Plan For

The Name of Your Home Health Care Agency

Owner Information

Business name:
Address: Address Line 1
Address Line 2
City, ST 22222

Telephone: 222-333-4444
Fax: 111-222-3333
Email: xyz@example.com

This Business Plan is for Informational Purposes Only.
Step Three of the Home Health Care Agency Business Plan

The Home Health Care Agency Business Plan Executive Summary

The Basics of the Executive Summary

The Executive Summary (see an example here by clicking on the following line: Executive Summary) is a narrative and should be one to two pages in length. We certainly suggest you make it two pages or less, especially if investors or bankers will be reviewing your Business Plan for your home health care agency for loan or investment purposes.

You should explain the fundamentals of your home health care agency:
1. What will your products and services will be,
2. Who will be your customers
3. Who are the owners of your home health care agency, and
4. What you think the future holds for your home health care agency and the industry.

You should make this narrative enthusiastic, professional, complete and concise without overstating the financial figures.

If You Will Be Applying For Loans or Investors

If you will be applying for a loan or looking for investors, state clearly how much you want, precisely how you are going to use it, and how the loan or investment will make your home health care agency more profitable and successful, thereby ensuring repayment.

Note
If you are going to use your Home Health Care Agency Business Plan for applying for loans and especially if you are going to be looking for investors, make sure that your Home Health Care Agency Business Plan meets any requirements as it can be construed as a Securities Offer. We suggest that you consult with your attorney before doing this.

What Information Should Be Included in the Executive Summary?
The following are commonly used sub-headings to cover the key points. Avoid general statements and be sure to clearly articulate key numbers.

- The Company
- Mission statement
- Management
- The Opportunity
- Products & Markets
- Sales and Profit Summary
- Funding Requirement
- Investment Proposal

Regardless of how you organize your Executive Summary, be sure to answer the following questions (note - due to the sensitive, confidential nature of what you might say in such a document, you might want to restrict your disclosure in certain areas and only reveal such information to others if you are assured of confidentiality). You should address these questions, and any others which you consider important, under headings such as those noted above.

**Questions to Address:**

1. What is the full, legal name (and jurisdiction of incorporation) of your home health care agency (if it exists) and a brief history (when incorporated, ownership and capital structure, track record, accomplishments to date if any, etc)? Don't forget to include a complete address and contact details (email address, telephone numbers, etc).

2. What is the "Mission" of your home health care agency (i.e. what is it setting out to achieve or accomplish)?

3. What is the market which your home health care agency is going after (who, where, size -in dollars) and what is the unique (i.e. proprietary advantage in the form of patents, trade secrets, trademarks) or new product or service which is being offered to this home health care agency market? A comment on competition is useful. Also, identify and current and potential customers. Testimonials are helpful.

4. Who are the key people behind your home health care agency (i.e. why would someone entrust them with their money?) and what are their credentials? Include all board members and key management people.

5. What does your home health care agency expect to achieve in sales and profit (before tax) (in $) in years 1, 2, 3 and beyond?
6. How much capital is needed (at various stages over the first 3 years)? And what are the uses to which these funds will be applied?
7. What has already been invested (# of years sweat equity, or seed investment amounts, i.e. #shares@$xx, and by whom)?
8. What is being offered for the investment (e.g. equity %, board seat, etc.)
9. What kind of return might an investor expect? Over what time frame? And what is the "exit strategy"?
10. What else is important to note? (that hasn't been covered elsewhere)

Executive Summary: Mistakes to Avoid

Here are several common mistakes that can make your Executive Summary less effective:

- Lacking a specific focus
- Too long and wordy, and failing to get to the point
- Trying to be all inclusive (it should be a powerful summary)
- Failing to demonstrate a special or unique opportunity
- Failing to outline the terms of the investment sought
- Failing to generate enthusiasm in the reader

Some suggestions to combat these problems:

- Limit your Executive Summary to a maximum of 3 pages (at the very most)
- If possible, attempt to present your Executive Summary on 1 or 2 pages
- Focus on the opportunity you are presenting your investor and explain why it is special
- Make certain that the opinions and claims in your Executive Summary are fully supported in the other sections of your Home Health Care Agency Business Plan
- Attempt to use only concrete facts and figures that explain your business concept, market niche and financial projections
- Don't forget to include the details of your investment (the amount you need, what you will spend it on, and the return you offer your investor)
- Keep your reader in mind - why are they reading the plan and what response/action to you hope to generate?
Mission Statement

Many companies have a brief mission statement, usually in thirty words or less, explaining their reason for being in business and their guiding principles. Some are very complex.

Examples

California Real Estate Inspection Association (CREIA) has a simple Mission Statement. You can view that Mission Statement by clicking on the following link:

http://www.creia.com/mission1/

Sun Microsystems has very complex Mission Statement. You can view that Mission Statement by clicking on the following link:


Your Mission Statement for Your Home Health Care Agency

You should carefully think through your own personal Mission Statement for your home health care agency, also referred to as Mission and Vision Statements. You might write down whatever comes to mind now. The good news is that you can change, revised, and detail your Mission Statement later on, as you should with your entire Home Health Care Agency Business Plan over the years.

The Basics of the Mission Statement

The Mission and Vision Statements set the tone for not only your business plan, but also for your company. They define the path your company will follow and act as a guiding principle by which your company functions.

Your Mission and Vision Statements tell your reader what you and your business are all about - what your company stands for, what you believe in, and what you intend to achieve.

Economy of words is critical. This doesn't necessarily mean that they should be short at the expense of effectiveness, but that each word
should be powerful and meaningful. Be clear and concise and make it obvious what your company is attempting to do.

Is there a difference between a mission and vision statement? Yes, the differences are:

Your VISION defines your long-term dream. It should not be achievable. That may sound ridiculous, but the objective is for your vision to always be just slightly out of your reach. It's what you constantly strive to attain, and it becomes your reason for being.

Your MISSION is what you intend to become or accomplish. It should be challenging but achievable. A well-written mission statement demonstrates that you understand your home health care agency business, have defined your unique focus, and can articulate your objectives concisely to yourself and others.

**Mission & Vision: Mistakes to Avoid**

Here are some of the "don'ts" to avoid when writing your Mission Statement or Vision Statement:

- Don't regurgitate a description of your business.
- Don't make it boring.
- Don't make it the length of a Ph.D. thesis.
- Don't fake emotion.
- If you don't believe it, don't include it.
- Don't lie or claim to be something you aren't (i.e. intend to do exactly what you say you are going to do in your mission statement).
- Don't forget to get the input of everyone on your team.

**Products and Services for Your Home Health Care Agency**

This is a SUMMARY of the home health care products and services that you will offer in your home health care agency business. The detailed home health care products and services section is in Step 5 of this Business Plan.

Describe each of the home health care products or services you will offer in your home health care agency business. Go into as much detail as necessary for the reader to get an understanding for what the enterprise will be. Make it interesting. It is important to point out how your home health care agency is different from other home health care
agencies. Just saying "It is better" is not enough. You must tell how it is better. Every business claims to be "high quality, better service." While a business must have quality and good service, it is no real selling point, since the consumer is bombarded with that claim at every turn. One can not bore a reader into buying their proposal! One must convince them about their product or service. If it can not be done here, it won’t be done in the market place when your home health care agency starts.

**Please Note!**

**Definition of Your Home Health Care Agency Products and Services**

*Throughout this business plan, we will be referring to your home health care agency “product”. This is a general term that describes all of the retail products that you will sell. It also refers to the services that you will offer your customers.*

*Unless we are describing some action that you must take in the preparation of this business plan in relation to specific products or services, we will refer to all of the products and services that you offer in your home health care agency as “product”.*

**Complete the Executive Summary Section in the Excel® Spreadsheet**

Go to the Excel® Spreadsheet to the tab labeled *Step 3 – Executive Summary*. Fill in the information and save your work.

**When You Have Completed the Executive Summary**

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to *Step Four, General Company Description*. 
The Business Plan for the Name of Your Home Health Care Agency

Executive Summary

The Company

Mission statement

Management

The Opportunity

Products & Markets

Sales and Profit Summary

Funding Requirement

Investment Proposal
Step Four of the Home Health Care Agency Business Plan

General Company Description for the Home Health Care Agency Business Plan

The General Company Description (you can see an example here by clicking on the following link: General Company Description) is made up of the following:

- Company Goals and Objectives
- Business Philosophy
- Legal Form of Ownership

Company Description: Business Plan Basics

The company description section of your business plan should outline your company's basic background information and business concept. Explain in general terms who you are and what you do. It should also cover the history of your home health care agency, how you reached this point, and where you intend to go in the future. Consider covering the following in your company description section:

Legal Description
Include details about where and when the home health care agency was formed, where and when it was incorporated, a one line description of what home health care agency business you are in, and a brief overview of what your home health care agency offers. If the location of your home health care agency is important, explain the advantages and benefits to your reader.

History of The Company
Provide a general overview of the history of your home health care agency business. Organize details of your company into a timeline or narrative format, and include your achievements and significant milestones. Explain why you started the home health care agency, the driving force behind its inception, and how your home health care product/service mix has changed over time. Include historical data on sales, profits, individual home health care products and specific home health care services, number of employees, and other important facts to build a case for your business.
Current Status
Provide a snapshot of where your home health care agency is today. Are you in one location, what do you offer to your customers now, how many employees do you have, and how successful are you? Point out your current strengths, but also honestly and frankly address your weaknesses. Investors know all businesses have weak points, and you demonstrate business maturity by acknowledging your weaknesses and outlining steps to combat them.

Future Goals
This section gives your reader an idea of where your home health care agency is heading. What are you looking to accomplish over the next 1, 3, 5 and 10 years? Relate these goals to the investment you seek so an investor understands why you need their money and what you intend to do with it. Explain the overall approach for reaching growth and profit goals in optimistic language, but make sure it's realistic. It's easy to make rosy projections about the future of your home health care agency, but it's harder to make them believable.

Company Description: Mistakes to Avoid
The company description should clearly explain your home health care agency and the home health care products or services you offer. This section could be considered the who, what, why, where, when and how of your home health care agency, with the focus on significant highlights of your business. Here are some of the most common mistakes that we find in the company section:

- Including far too much detailed information about your business
- Providing information that an investor would consider your "personal opinion"
- Appearing as though you have no home health care agency history or business purpose
- Leaving out important business and legal particulars
- Writing the section in an unorganized or confusing manner

Company Goals and Objectives for Your Home Health Care Agency

Your goals and objectives for your home health care agency are destinations; where you want your home health care agency now and in the future. Objectives are progress markers along the way to measure goal achievement. For example, a goal might be to have a healthy,
successful company that is a leader in customer service and has a loyal customer following. Objectives might be annual sales targets and some specific measures of customer satisfaction.

This particular area of the Home Health Care Agency Business Plan may be difficult to completely fill out at this time. You might additional financial data to reasonable determine your goals and objectives. Nevertheless, you should make some notes in on the page and then proceed. As we mentioned, you can (and should) come back and revise and update your Home Health Care Agency Business Plan.

**Business Philosophy of Your Home Health Care Agency**

This is a description of what is important to you in your business as the owner and operator of a home health care agency. You will need to address, in some detail, the following:

1. To whom will you market your home health care products and services.
2. Describe who your target market is.
3. Describe your home health care agency industry with some emphasis on the following items:
   a. Is the home health care agency business in a growth industry?
   b. What changes do you foresee in your home health care agency industry, short term and long term?
   c. How will your home health care agency be poised to take advantage of the changes mentioned above?
4. Your most important company strengths and core competencies.
5. What factors will make your home health care agency succeed?
6. What do you think your major competitive strengths will be?
7. What background experience, skills, and strengths do you personally bring to this new venture?

**Legal Form of Ownership for Your Home Health Care Agency**

Describe what legal form of ownership you have decided to form for your home health care agency; Sole Proprietor, Partnership, Corporation, Limited Liability Corporation (LLC) and describe why you have selected this form.
If you haven’t determined the legal form of ownership, you certainly need to discuss with your attorney and/or accountant. We will provide you some information here about this, but in no way is this information to be assumed to be legal advice. Only your professional legal and accounting team can correctly advise you what you should do in this regard as to the legal form of ownership of your home health care agency.

For a general discussion on the legal forms of business ownership, please see Attachment One – A General Discussion.

**Complete the General Company Description Section in the Excel® Spreadsheet**

Go to the Excel® Spreadsheet to the tab labeled *Step 4 – Gen Co Description*. Fill in the information and save your work.

**When You Have Completed the Company Goals And Objectives**

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to *Step Five, Products and Services*. 
The Business Plan for the Name of Your Home Health Care Agency

General Company Description

Company Goals and Objectives

Business Philosophy

Legal Form of Ownership
Step Five of the Home Health Care Agency Business Plan

Product and Services List

To assist you in preparing your Product and Services list, here are home health care products or services to consider when deciding on what your home health care agency will provide to your customers.

Services

- Home Health Care
- Managed Care Services
- Orthopedic Services
- Skilled Nursing Care
- Speech Therapy
- Home Health Aides
- Home Infusion Therapy
- Medical/Social Services
- Respiratory Therapy
- Physical Therapy
- Medical Supplies
- Occupational Therapy
- Nutritional Counseling
- Patient Teaching
- Home Assessment
- Personal Care Aid
- Pediatric Services
- Family Support Services
- Diabetes Education
- Asthma Education
- Women's Health
- Disease Management Programs
  - Asthma
  - Congestive Heart Failure
  - Wound-Ostomy Care
  - Stroke

Payment Methods

- Medicare
- Medicaid
Private Insurance Plans
Veterans Administration
Personal Pay
Health Maintenance Organization (HMO)
Managed Care Organization (MCO)
Preferred Provider Organization (PPO)

**Products and Services of Your Home Health Care Agency**

The Product and Services section (you can see an example here by clicking on the following link: [Product and Services]) of your Home Health Care Agency Business Plan will describe in detail the home health care services you will provide in the course of your operating your home health care agency and the products that you will sell in the process.

**How to Describe In Depth Your Product and Services**

Here, you will describe in depth your home health care agency products and services. You will need to breakdown your charges. Once again, as in the future, you will be able to revise this section the more you learn as you go along in the preparation of the Business Plan for your home health care agency.

**Competitive Advantages or Disadvantages**

You will need to list what factors will give you competitive advantages or disadvantages. For example, the level of quality or unique or proprietary features you will offer in your home health care agency.

**Pricing, Fee or Leasing Structures**

You will need to list what are the pricing, fee or leasing structures of your home health care agency products and services.

If you have any drawings, photos, sales brochures, etc, these can be shown in your first Appendix, [Appendix One]. The Appendix’s will be at the back of your Home Health Care Agency Business Plan, so keep this in mind when saving your files.

**Product & Service Description: Business Plan Basics**
The home health care product/service section is one of the most important parts of your business plan. It's your chance to clearly explain your home health care products/services, identify their features and benefits, and discuss what needs or problems they address in the market.

**Product Overview**
In explaining each of the home health care products you will offer, your reader will want to know what it is, what it does, and its features and benefits. Consider including pictures if they would help your reader get a better understanding of your home health care product.

**Service Overview**
In explaining each of the home health care services you will offer, your reader will want to know what it is, what it does, and its features and benefits. Consider including pictures if they would help your reader get a better understanding of your home health care service. Write this section with enough information to satisfy an outsider's need to understand your service without boring them with trivial details.

**Product & Service Description: Mistakes to Avoid**
The following are some of the most common mistakes we find in the product and service description section:

- Failing to identify the benefits of the home health care product or service (focusing instead on the features)
- Describing the product/service in language that is too technical, with too many industry specific words or phrases
- Omitting the specific problem the home health care product/service addresses and how that problem is solved
- Assuming an improved product/service will "sell itself"
- Describing the product/service in terms that are too broad
- Failing to include a third-party evaluation or analysis of your home health care product
- Underestimating the importance of legally protecting your home health care product/service

**Complete the Products and Services Section in the Excel® Spreadsheet**
Go to the Excel® Spreadsheet to the tab labeled *Step 5 – Prod and Servs*. Fill in the information and save your work.
When You Have Completed the Products and Services

Note
If you use Appendix’s, be sure to number them in the actual order that you use them.

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to Step Six, Start Up Costs and Capitalization.
The Business Plan for Your Home Health Agency

The Business Plan for **the Name of Your Home Health Care Agency**

Products and Services
Appendix One

Products and Services Attachments
Step Six of the Home Health Care Agency Business Plan

Start Up Costs and Capitalization for your Home Health Care Agency

You will have many expenses before you even begin operating your home health care agency. It is important to estimate these expenses accurately, and then to plan where you will get sufficient capital. This is a research project, and the more thorough your research, the less chance you will leave out important expenses or underestimate them.

Qualified and Non-Qualified Start-Up Costs

Qualified Start-Up Costs

Start-up costs include costs for the following:

- Surveys of potential home health care agency markets.
- Analyses of available facilities, labor, supplies, etc.
- Advertisements for the opening.
- Salaries and wages for employees who are being trained, and their instructors.
- Travel and other necessary costs for securing prospective distributors, suppliers, or customers.
- Salaries and fees for executives and consultants, or for similar professional services.

Non-Qualified Start-Up Costs

Start-up costs do not include the following.

- Deductible interest.
- Taxes.
- Research and experimental costs.

Budget Allowances

Even with the best of research, however, opening a new home health care agency has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little “padding” to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully
thought out plan. The second approach is to add a separate line item, which we call contingencies, to account for the unforeseeable. This is the approach we recommend, and you will see a “Contingencies” line in our spreadsheet.

You should talk to others individuals who have started similar home health care agency businesses to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20% of the total of all other startup expenses.

### Evaluating Start-Up Costs

When starting a new business, moving to a new location, opening a new branch or expanding your business, there will be start-up or one-time expenses. Know what these expenses will be by printing out this page, print the following page and fill in the amounts of dollars required for each of the items listed below.

<table>
<thead>
<tr>
<th>Item</th>
<th>Dollar Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate, furniture, fixtures, machinery, equipment:</td>
<td></td>
</tr>
<tr>
<td>a) Purchase price - if paid in full with cash</td>
<td>$</td>
</tr>
<tr>
<td>b) Cash down payment - if purchased on contract</td>
<td>$</td>
</tr>
<tr>
<td>c) Transportation &amp; installation costs</td>
<td>$</td>
</tr>
<tr>
<td>Starting Inventory</td>
<td>$</td>
</tr>
<tr>
<td>Decorating, refurbishment, &amp; remodeling costs</td>
<td>$</td>
</tr>
<tr>
<td>Deposits Required:</td>
<td></td>
</tr>
<tr>
<td>a) Utilities</td>
<td>$</td>
</tr>
<tr>
<td>b) Rent</td>
<td>$</td>
</tr>
<tr>
<td>c) Other (identify)</td>
<td>$</td>
</tr>
<tr>
<td>Fees Required:</td>
<td></td>
</tr>
</tbody>
</table>
### a) Legal, accounting, others

\[ \$ \] ______________

### b) Licenses, permits, etc.

\[ \$ \] ______________

### c) Other (identify)

\[ \$ \] ______________

### Initial Advertising & Marketing Costs (i.e., flyers, sales letters and calls, signs, brochures, etc.)

\[ \$ \] ______________

### Accounts Receivable (____ days of sales)

\[ \$ \] ______________

### Salaries and owners draw until business enterprise opens or until cash flow is positive

\[ \$ \] ______________

### Other miscellaneous expenses:

- Merchant Association fees,
- equipment rental, office supplies, cleaning service,
- other supplies, signs, etc.

\[ \$ \] ______________

### Payments on other fixed obligations

\[ \$ \] ______________

### Total Start-Up Costs

\[ \$ \] ______________

### Start-Up To Do List

This is a **general** checklist for any new start up business venture.

1. Know what type of business you would like to start and learn all you can about it.
2. Appraise your business strengths and weaknesses. Be strict and objective.
3. Conduct thorough research of potential customers, your trade or industry, your competition, your licensing and tax requirements, location, and name.
4. Determine type of business organization (i.e. Proprietorship, Partnership, or Corporation)
5. Evaluate possible site locations. Check physical condition, suitability, traffic flow, parking, utility requirements, and cost.
6. Prepare a comprehensive business plan - include your action timetable.

7. Decide on your business hours.

8. Secure necessary capital. (Bank loan, budget to save, borrow on insurance, etc.)

9. Obtain needed facilities, equipment, furnishings, signage, supplies, stock.

10. Recruit personnel. Establish job descriptions and training program.

11. Print business cards, stationery, invoice or statement forms.

12. Register name of business (your assumed name) and/or file articles of incorporation with the Secretary of State. Publish notice in newspaper.

13. Secure any necessary permits, licenses, or zoning variations. Check with both local and state licensing agencies.

14. Register your business with the state and obtain a Sales & Use Tax Permit (if applicable).

15. Register for Federal tax number (Form SS-4) and obtain employee tax and withholding information from the IRS.

16. Establish bank account (separate from personal account). Shop for the bank and services that best suit your needs.

17. If you intend to hire employees in your business, phone your Department of Economic Security or Workforce Commission.

18. Phone the IRS for a free "Small Business Tax Kit" at 1-800-829-3676. For information about free Tax Education Workshops, call 1-800-829-1040 or check out the IRS website for this information.


The Excel Spreadsheet

For this section, please refer to the Excel® spreadsheet entitled Step 6 - Startup Costs.
Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have. To do this, you will have a page entitled Step 6 - Startup Costs Narrative.

**Instructions on How to Complete this Section in the Excel® Spreadsheet**

In the Excel® spreadsheet, you will either enter the dollar amount that you know will reflect the projected cost of the item to the left, or use the best estimate approach we told you about earlier.

In Column C, these dollar amounts will reflect the actual start up costs while the dollar amounts in Column G will reflect a gross amount spent over a 3 month period. This is considered your Start Up Period.

The total amounts of Column C and Column G represent the total Start Up Cost.

**Complete the Start Up Costs Section in the Excel® Spreadsheet**

Go to the Excel® Spreadsheet to the tab labeled Step 6 – Start Up Costs. Fill in the information and save your work.

**When You Have Completed the Start Up Costs and Capitalization**

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to Step Seven, The Marketing Plan.
The Business Plan for the Name of Your Home Health Care Agency

Start Up Costs
Step Seven of the Home Health Care Agency Business Plan

The Marketing Plan for Your Home Health Care Agency

Marketing & Sales: Business Plan Basics

Every good marketing plan should include two major parts - a definition of your target market and a specific outline to market, promote and sell your product or service.

Target Market
It’s critical to clearly define your home health care agency target market in your Home Health Care Agency Business Plan - investors expect it. Tell your business plan reader about your customers and describe their defining characteristics in detail. Include information such as age, gender, geographic location, income bracket, buying similarities, and more.

The goal of this section is to build a demographic profile of your typical home health care agency customer. The more clearly you pinpoint the defining traits of your customer, the easier it is to construct a marketing program to reach them effectively.

The information and research included in your target market section should originate from primary and secondary sources. Primary sources includes information that you discover or conclude from personal observation and research, such as personal studies, results of questionnaires, site visits, and conversations with experts in your home health care agency industry. Secondary sources include such sources as journals, books, published reports, government statistics, or internet findings.

Marketing Program
After you define your target market, you need to determine specifically how you will reach them. Outline the details and steps necessary to reach potential customers and convert them from prospects to paying customers. It is important to demonstrate to investors that you have identified specific marketing avenues and procedures to effectively sell your home health care products or services. Answer questions such as the following in your marketing program section:

- What specific marketing mediums will you use to reach your customer?
• How often will each be used? What will they cost? Why did you choose these marketing avenues over others?
• What marketing materials will you need? (brochures, website, etc)
• Who will design your marketing materials? What will they cost?
• What is the cost of marketing materials per prospect or client? (You may choose to include marketing pieces in the appendix of your business plan)
• Will your company be able to attract PR? Why will they run your story? What's the "angle"? Which publications and mediums will you target?

Marketing & Sales: Mistakes to Avoid

Here are some of the most common mistakes found in the marketing and sales section:

• Defining your target market too widely and assuming success will result from simply capturing a "small portion" of this enormous market.
• Unclear definition of your home health care agency target market.
• Attempting to attack an entire market instead of a narrow niche.
• Making assumptions about your target market without research or concrete support.
• Not specifically identifying the mediums you will use to advertise and promote your home health care products and services.
• Omitting details such as when, where, why and how you will reach your target customer - along with costs.
• Making the assumption that offering a lower price will lead to increased sales.
• Underestimating the importance of packaging, brand name, and reputation.
• Attempting to immediately fill several lucrative but unrelated markets.
• Lacking clarity about how future changes might affect your market.

The Marketing Plan (an example is at the following link: Marketing Plan) consists of six (6) primary sections and five (5) sub-sections under Marketing Strategy. Those sections are:

Economics
You will gather the information necessary for these sections to fit your exact demographical area. This is not something that can be a “One Size Fits All” scheme. Someone starting a home health care agency in Chicago will have different statistics than someone starting a home health care agency in a small town in Arkansas. The only way to gather this information is by conducting market research for your specific demographical area.

**Target Market: Business Plan Basics**

The target market section of your Home Health Care Agency Business Plan must clearly identify the current and prospective buyers of your home health care agency products and/or services. Your goal in preparing the target market section is to demonstrate to readers that you clearly understand who your customers are and how your home health care products/services directly meet the needs of the marketplace. Properly identifying your potential customer base also helps to drive overall marketing and sales strategies that you will include within other sections of your Home Health Care Agency Business Plan.

Although your home health care product or service may meet the needs of a large constituency of potential customers, the goal is to define your customer base as specifically as possible, both quantitatively and qualitatively. Consider the follow types of characteristics for inclusion in the target market section of your Home Health Care Agency Business Plan:

**Size**

How large is your target market? Are there 1,000 business buyers? 10 million potential consumers ready to purchase your product? Or a small handful of very large target customers?
Demographics
The demographic traits of your customers often vary based on whether you are focused on serving the consumer or business markets:

- Consumer - Income, Occupation, Gender, Single/Married, Ethnic Group, Education
- Business - Industry, Product/Service, Years in Business, Revenue, Employee Size, Private/Public

Geographic
Where are your home health care agency customers located? While technology has made location less of an issue for many companies, it doesn’t mean you should overlook the importance of defining the geographic location of your home health care agency customers. Clarifying these issues also helps to ensure that your marketing and sales strategies/budgets properly match your goals to capture market share.

Other Characteristics
What are some of the more subjective traits that define your customers? This might include things such as current buying motivations, perceived shortcomings of other solutions in the market, and trends/purchasing shifts likely to occur within your target market.

Naturally, the more you understand your customers, the better your chances of success. Many times the best approach to answer the target market question: Who is our customer? Is to invest time and resources in primary market research. Conduct simple surveys or focus groups. And if feasible, work with a reputable market research firm to guide you through the process.

At the very least, use the Internet and industry groups to locate market research studies and statistics for your Home Health Care Agency Business Plan. These resources can range from free information available on websites to expensive professional market research studies prepared by experts in the field.

Performing primary research enables you to gather and document the quantitative and qualitative information needed to prepare a solid target market section for your Home Health Care Agency Business Plan.

Target Market: Mistakes to Avoid
Here are some of the "don'ts" to avoid when writing the Target Market section of your Home Health Care Agency Business Plan:

- Don't assume that everyone is a buyer of your home health care agency product/service.
- Don't be unclear about the characteristics that define who your target customers are.
- Don't assume you must have a "huge" target market - a well-defined target market that your home health care agency can serve is far better.
- Don't jump to conclusions about why your target market needs you - instead explain how you meet their needs.
- Don't underestimate the value of focus - sell a specific home health care agency product/service to a specific group.
- Don't try to attack too many markets at once - particularly if you are a startup or early-stage home health care agency.

**Market Research Basics**

**Market Research - Why?**

No matter how good your product and your service, your home health care agency cannot succeed without effective marketing. This begins with careful and systematic research. It is very dangerous to simply assume that you already know about your intended market. You need to do market research to make sure that you are on correct track. Use the business planning process as your opportunity to uncover data and question your marketing efforts. Your time will be well spent.

**Market Research - How?**

There are 2 kinds of market research: primary and secondary.

**Primary market research** means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books out that show small business owners how to do effective research by themselves.
In your marketing plan, be as specific as possible; give statistics & numbers and sources. The Marketing Plan will be the basis, later on, of the all-important sales projection.

**Secondary research** means using published information such as home health care agency industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, home health care agency industry associations, Chambers of Commerce, vendors who sell to the home health care agency industry, government agencies (Commerce Dept. and state and local development agencies), and the SBA Business Information Centers.

Start with your local library. Most librarians are pleased to guide you through their business data collection. A good way to start is at the SBA site, [http://www.sba.gov/](http://www.sba.gov/); click the Outside Resources button for a great collection of resource links. Your Chamber of Commerce has good information on the local area. Trade associations and home health care agency trade publications often have excellent industry specific data.

**The Economics of the Home Health Care Agency Industry**

You will need to gather information from your market research that will be able to address these questions and provide facts about your home health care agency industry:

- What is the total size of your home health care agency market?
- What percent share of the market will you have? (This is important only if you think you will be a major factor in the market.)
- Current demand in your target market.
- Growth potential and opportunity for a business of your size.
- What barriers to entry do you face in entering this market with your new home health care agency? Some *general* typical barriers are: High capital costs, High production costs
High marketing costs
Consumer acceptance/brand recognition
Training/skills
Unique technology/patents
Unions
Shipping costs
Tariff barriers/quotas

And of course, how will you overcome the barriers?

You will also need to address how could the following affect your home health care agency?

Change in technology.
Government regulations.
Changing economy.
Change in your home health care agency industry.

Product

In the Step Five, Products and Services section, you described your products and services as YOU see them. Now describe them from your CUSTOMER'S point of view.

Features and Benefits

List all your major products or services.

For each product/service that you provide in your home health care agency:

Describe the most important features. That is, what will the product do for the customer? What is special about it?
Now, for each produce/service, describe its benefits. That is, what will the product do for the customer?

Note the difference between features and benefits, and think about them. For a general example, a house gives shelter and lasts a long time, is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, inclusion in a neighborhood. You build features into your home health care agency product so you can sell the benefits.
Customers

Identify your targeted customers, their characteristics, and their geographic locations; i.e., demographics.

You may well have more than one customer group. Identify the most important groups. Then, for each consumer group, construct what is called a demographic profile:

Age
Gender
Location
Income level
Social class/occupation
Education

For business customers, the demographic factors might be:
Industry (or portion of an industry)
Location
Size of firm
Quality/technology/price preferences

Competition

What products and companies will compete with you and your home health care agency?

List your major competitors:

Names & addresses

Will they compete with you in across the board, or just for certain products, certain customers, or in certain locations?

Will you have important indirect competitors?

How will your home health care agency products/services compare with the competition?
Niche Market

Now that you have systematically analyzed your industry, your home health care agency product, your customers and the competition, you should have a clear picture or where your home health care agency fits into the marketplace.

In one short paragraph, define your niche market, your unique corner of the market.

Marketing Strategy

Now you can outline a marketing strategy for your home health care agency that is consistent with your niche.

Promotion

How will you get the word out to customers?

Advertising: what media, why, and how often? Why this mix and not some other?

Have you identified low cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as trade shows, catalogs, incentives, word of mouth (how will you stimulate it?), network of friends or professionals?

What image do you want to project? How do you want customers to see you?

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design.

Should you have a system to identify repeat customers, and then systematically contact them?

Promotional Budget

How much will you spend on the items listed above? Before startup? (These numbers will go into your Startup budget.)
Ongoing? (These numbers will go into your Operating Plan budget which we will discuss later.)

**Pricing**

Explain your method(s) of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service in your home health care agency.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended customers really make their decisions mostly on price?

What will be your customer service and credit policies?

**Proposed Location**

Probably you do not have a precise location picked out yet or you may be planning to operate your home health care agency from your home. This is the time to think about what you want and need in a location. Many startups run successfully from home for a while.

You will describe your physical needs later, in the Operational Plan section of your Home Health Care Agency Business Plan. Here in the marketing section, analyze your location criteria as they will affect your customers.

Is your location important to your customers? If yes, how so?

If customers come to your place of business:
Is it convenient? Parking? Interior spaces? Not out of the way?
Is it consistent with your image?
Is it what customers want and expect?
Where is the competition located? Is it better for you to be near them or distant?
Distribution Channels

From a general position, this means how do you sell your products/services?

Retail
Direct (mail order, web, and Internet online website)
Wholesale
Your own sales force
Agents
Independent reps
Bid on contracts

For you and your home health care agency, it might simply be how to get the word out about your business.

Complete the Marketing Plan Section in the Excel® Spreadsheet

Go to the Excel® Spreadsheet to the tab labeled Step 7 – Marketing Plan. Fill in the information and save your work.

When You Have Completed the Marketing Plan

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to Step Eight, Sales Forecasts.
The Business Plan for the Name of Your Home Health Care Agency

The Marketing Plan

Economics

Product

Customers

Competition

Niche

Marketing Strategy

Promotion

Promotional Budget

Pricing

Proposed Location
Distribution Channels
Step Eight of the Home Health Care Agency Business Plan

Sales Forecast

Too many would be entrepreneurs want success so bad, they refuse to listen or consider the possibility of failure. Somehow, they confuse caution and reasonable doubt with negative thinking. They are blinded by fantasy and unrealistic dreams that they believe real.

If you have ample historical sales data, reasonable forecasts are easy; even calculating the figures with intuition and knowledge of the home health care agency market can result in a creditable projection. The problem is new products or companies with no sales history are difficult to predict. As accurate as the numbers may appear, it is still a guess. In addition, guesses are based on judgment-good and bad.

A sales forecast is just that, a forecast, an educated guess with a possibility of error. Every business, every new product or project has a break-even point; a minimum sales volume necessary to generate enough income to cover your expense. If the forecast is above your break-even, then you have a margin of safety. If not, you may be headed for trouble with no room for error. Be sure to compare the sales forecast to that all-important break-even sales or income level. It will give you a yardstick of risk.

You may be comfortable with statistics or any of the number of methods for sales forecasting, but be uncomfortable with sales guesses that are too optimistic. If you want to avoid heartache and money worries, always question sales projections and never assume they are accurate.

Financial Projections: Business Plan Basics

Your home health care agency financial plan will be highly scrutinized by your business plan reader. All the ideas, concepts and strategies discussed throughout your entire business plan form the basis for, and should flow into, your financial statements and projections in some manner. When it gets down to it, your reader wants to know if and when your home health care agency will make money and become profitable.
Financial statements and projections should follow Generally Accepted Accounting Standards and must (at a minimum) include properly prepared balance sheets, income statements and cash flow statements. Bankers and investors are familiar with the correct content, organization and presentation of financial statements, and expect to see them in your business plan. Don't cut corners or attempt to devise your own method of financial and pro forma statement presentation.

**Sales Forecast for Your Home Health Care Agency**

Now that you have described your products or services, customers, markets, and marketing plans in detail, it is time to attach some numbers to your plan. Use the Sales Forecast spreadsheet to prepare a month-by-month projection for your home health care agency. The forecast should be based upon your historical sales (if any), the marketing strategies that you have just described, upon your market research, and home health care agency industry data, if available.

You may wish to do two forecasts: 1) a "best guess", which is what you really expect, and 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

**The Excel Spreadsheet**

For this section, please refer to the Page 8 of the Excel® spreadsheet entitled "Sales Forecast". This is the Twelve-Month Sales Forecast Spreadsheet.

**Instructions on How to Complete the Excel Spreadsheets**

Remember to keep notes on your research and your assumptions as you build this sales forecast, and all subsequent spreadsheets in the plan. This is critical if you are going to present it to funding sources.

In Column A, you will list the products and services that you will offer in your home health care agency. Here you will enter each and every product that you identified in Step 5, Products and Services.

Input your dollar figures for each home health care agency product or service into the correct columns. As you will note, Row 3 will total the revenue (sales) from all of the products and services.

**Complete the Sales Forecast Section in the Excel® Spreadsheet**
Go to the Excel® Spreadsheet to the tab labeled *Step 8 – Sales Forecast*. Fill in the information and save your work.

When you are finished, you have completed an annual sales forecast.

**When You Have Completed the Sales Forecast**

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to [Step Nine – The Operational Plan](#).
Step Nine of the Home Health Care Agency Business Plan

The Operational Plan for Your Home Health Care Agency

Operational Plan: Business Plan Basics

The operational plan deals specifically with the internal operations and equipment necessary to produce your products or services. The following are selected areas that need to be addressed in this section.

Location
Where will your home health care agency be located? What square footage is needed, in how many locations? What type of space is it? Office space, storage, sales area, retail space for the home health care products? What is the advantage, if any, of your location? At what point will the goals of the home health care agency exceed the above mentioned facilities? Provide a layout of your facility in the appendices of your business plan.

Equipment
Outline and describe the significant equipment needed in the course of operating your home health care agency, including cost. What does the equipment do and how do the pieces function together? Will you purchase or lease your equipment? Why and from whom? Be sure to include manufacturing equipment, vehicles, computers, and office equipment.

Please Note!

Further Explanation of Equipment

In the course of operating your home health care agency, you may decide to produce a product that requires production. An example of a production product need is anything you might manufacture to promote your business such as ball caps, tee shirts and other novelty items. Throughout the remainder of this business plan explanation, we will be referring to the production or manufacturing aspects of the business plan. If you do not intend to offer products that require production, you will, of course, ignore this specific information. But since someone starting a home health care agency in another part of the country may decide to produce these types of products requiring production, we are obligated to include the
production and manufacturing process information in this business plan explanation.

Labor
How many employees will you need? Full-time? Part-time? Break them out by function, number of hours worked, and hourly pay. Describe the skill sets needed. What are the salaries of those in management, production, distribution, sales and administration? What are your hours of operation? What criteria are used to locate and hire quality employees?

Manufacturing & Service Process
Walk the reader through your manufacturing and service process from raw material through finished product. Where will you obtain and store raw materials? Outline your key suppliers, the purchasing process, and unique purchasing requirements. Where will finished goods be stored, and what is the associated space and cost? How will finished goods (or services) be distributed? What is the lead time for the entire process? How will quality be measured, controlled, and improved? Explain the technology requirements for your manufacturing process.

Other Issues to Consider:

- How will you keep track of inventory? Provide specific procedures and equipment used.
- How will you maintain quality control? What are the procedures to ensure that you are providing the top quality home health care agency product or service?
- What type of insurance does your business need? Discuss the legal liability issues of your home health care agency business.

Operational Plan: Mistakes to Avoid

Here are some of the most common mistakes found in the operational section of business plans:

- Failing to clearly outline the process by which you manufacture, distribute and sell your home health care agency product or service.
- Failing to account for all production costs (direct and indirect).
- Failing to assess the manufacturing process in terms of manufacturing costs, taxes, shipping, installation, maintenance, serviceability, etc.
• Failing to develop adequate inventory control and quality assurance guidelines.
• Failing to identify all machinery and equipment needed.
• Failing to properly plan the layout of the plant, the workflow process, and the material handling procedures.
• Failing to properly outline personnel management, scheduling, and hiring practices.
• Failing to properly plan for contingencies to meet production and staffing challenges.
• Failing to plan for long term facility and equipment changes.

The Operational Plan

The Operational Plan (an example can be found at the following link: Operational Plan) explains the daily operation of your home health care agency; its location, equipment, people, processes, and surrounding environment.

In this step, you will fill out the Excel® spreadsheet with the answers to questions posed in the following section. Attach supporting documentation as an Appendix (once again, be sure to keep a chronological order to your Appendixes)

The nine (9) sections in the Operational Plan include:

Production
Location
Legal Environment
Personnel
Inventory
Suppliers
Credit Policies
Managing your Accounts Receivable
Managing your Accounts Payable

Production

Product Production
How and where are your home health care agency products/services produced?

Explain your methods of:
- Production techniques & costs
- Quality control
- Customer service
- Inventory control
- Product development

**Location**

What qualities do you need in a location? Describe the type of location you will have for your home health care agency.

**Physical requirements:**
- Space; how much?
- Type of building
- Zoning
- Power and other utilities

**Access:**
Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking, and proximity to freeway, airports, railroads, shipping centers?

You might include a drawing or layout of your proposed facility.

**Construction?** Most new companies should not sink capital into construction, but if you are planning to build, then costs and specifications will be a big part of your plan.

**Cost:** Estimate your occupation expenses, including rent, but also including: maintenance, utilities, insurance, and initial remodeling costs to make it suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

**Legal Environment**
Describe the following
Licensing and bonding requirements required for your home health care agency
Permits
Health, workplace or environmental regulations
Special regulations covering your industry or profession
Zoning or building code requirements
Insurance coverage
Produced product trademarks, copyrights, or patents (pending, existing, or purchased)

**Personnel**
Number of employees
Type of labor (skilled, unskilled, professional)
Where and how will you find the right employees?
Quality of existing staff
Pay structure
Training methods and requirements

Who does which tasks?
Do you have schedules and written procedures prepared?
Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.

For certain functions, will you use contract workers in addition to employees?

**Inventory**
What kind of inventory will be kept: raw materials for production, supplies, finished goods?
Average value in stock (i.e., what is your inventory investment)?
Rate of turnover and how this compares to industry averages?
Seasonal buildups for production?
Lead-time for ordering?
Suppliers

Identify key suppliers.
- Names & addresses
- Type & amount of inventory furnished
- Credit & delivery policies
- History & reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

Do you plan to sell or offer your home health care agency products and services on credit?

Do you really need to sell on credit? Is it customary in your home health care agency industry and expected by your clientele?

If yes, what policies will you have about who gets credit and how much?

How will you check the creditworthiness of new applicants?

What terms will you offer your customers; i.e., how much credit and when is payment due?

Will you offer prompt payment discounts (hint: do this only if it is usual and customary in your industry).

Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing your Accounts Receivable

If you do extend credit, you should do an aging at least monthly, to track how much of your money is tied up in credit given to customers,
and to alert you to slow payment problems. A receivables aging looks like this:

<table>
<thead>
<tr>
<th>Accounts Receivable Aging</th>
<th>Total</th>
<th>Current</th>
<th>30 Days</th>
<th>60 Days</th>
<th>90 Days</th>
<th>Over 90 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client One</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Two</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Three</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Four</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

You will need a policy for dealing with slow paying customers.

When do you make a phone call?

When send a letter?

When do you get your attorney to threaten?

**Managing your Accounts Payable**

You should also age your Accounts Payable, what you owe to your suppliers. This helps you plan who to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and damage your credit.

Are prompt payment discounts offered by your proposed vendors?

A payables aging looks like this:

<table>
<thead>
<tr>
<th>Accounts Payable Aging</th>
<th>Total</th>
<th>Current (discounts?)</th>
<th>30 Days</th>
<th>60 Days</th>
<th>90 Days</th>
<th>Over 90 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor One</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor Two</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Complete the Operational Plan Section in the Excel® Spreadsheet**
Go to the Excel® Spreadsheet to the tab labeled *Step 9 - Operational Plan*. Fill in the information and save your work.

**When You Have Completed the Operational Plan**

Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to *Step Ten, Management and Organization*. 
The Business Plan for the Name of Your Home Health Care Agency

The Operational Plan

Production

Location

Legal Environment

Personnel

Inventory

Suppliers

Credit Policies

Managing your Accounts Receivable

Managing your Accounts Payable
Step Ten of the Home Health Care Agency Business Plan

Management and Organization of Your Home Health Care Agency

In the Excel® spreadsheet on the tab labeled Step 10 – Mgt and Organization (see the example here Management and Organization) you will describe the management and organization plan you have in mind now for your home health care agency.

Who will manage the home health care agency business on a day to day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person lost or incapacitated?

If you will have more than about ten employees, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Management Team: Business Plan Basics

Many investors base their entire investment decision on the management team behind a venture. Investors expect a well-rounded team of professionals with experience in every function critical to the home health care agency business. Your management section should clearly demonstrate who each person is, why he or she is on your team, and what each person will do.

Try and limit your management team to 3 to 5 people - and to those individuals involved in the day to day home health care agency operations that have the greatest impact on the future success of your business. Everyone else is considered either an employee, or if not involved in day to day operations should be included as a member of the Board of Advisors, Board of Directors or consultants. A discussion of your employees should be included in the operations section.

The basic components of the management section include:

Specific Team Members
Construct a narrative description for each team member, clarifying his or her background and intended contribution. This should include:

- Title of this position
• Duties and responsibilities of this position - what will they be doing, which functions will they be overseeing, who do they supervise, who do they report to, etc.
• Previous home health care agency industry and related home health care agency experience - should be those that relate directly to this new position. Who have they worked for, what were they doing, for how long did they do it, etc.
• Previous Successes - what did they accomplish, did they help grow a home health care agency business, or were they responsible for a turnaround or some new breakthrough idea.
• Education; keep educational descriptions brief

Board of Directors
Briefly describe who is on your Board and what role they play within your home health care agency. Briefly list the names, backgrounds, and contributions that will be made by each board member.

Board of Advisors
Your board of advisors should consist of individuals with valuable home health care agency industry expertise and insight, and they help and consult with you on your business. A solid and experienced board of advisors goes a long way towards building credibility in the eyes of investors. Briefly list the names, backgrounds, and contributions that will be made by each of your board members.

Consultants
The last part of your management section should include a brief mention of the outside consultants you will work with as your home health care agency grows. A typical list of consultants would include accountants, attorneys, bankers, insurance agents, and experts such as technology advisors, web developers, and payroll specialists, for example.

Explain the background of the founder(s) of the home health care agency at some length. However, limit this background information to under a page. Stick to the facts on all your management team bios, making it evident why each person is experienced, why they hold their position and the benefits they provide your home health care agency.

One last note: Always keep in mind that given the choice between an excellent business concept with second-rate managers and a mediocre business concept with top-notch managers, investors prefer the latter.
Management Team: Mistakes to Avoid

The following are several common mistakes that decrease the effectiveness of the management team section of your business plan:

- Depending on unqualified friends or family in key management positions.
- Assuming that previous success in other industries applies to your home health care agency.
- Presenting a "one-man-team" management philosophy. Investors know it's difficult to wear every hat and successfully run and grow a company.
- Attempting to attract top managers without sharing ownership.
- Lacking non-compete agreements for critical management staff.
- Failing to attract and assemble a knowledgeable board of advisors.

Professional and Advisory Support for Your Home Health Care Agency

Here, you will list the following information about the individuals that will be involved in your home health care agency. Be thorough and attach resumes or information from websites or brochures about these individuals, if available. This adds to the creditability of your home health care agency organization.

List board of directors and management advisory board.
Attorney
Accountant
Insurance agent
Banker
Consultant(s)
Mentors and key advisors in addition to the above

Complete the Management and Organization Section in the Excel® Spreadsheet

Go to the Excel® Spreadsheet to the tab labeled Step 10 – Mgt and Organization. Fill in the information and save your work.

When You Have Completed the Management and Organization
Now you are ready to proceed to the next step in the preparation of your Home Health Care Agency Business Plan, so proceed to Step Eleven, The Financial Plan.
The Business Plan for your Home Health Agency

The Business Plan for **the Name of Your Home Health Care Agency**

Management and Organization
Step Eleven of the Home Health Care Agency Business Plan

The Financial Plan

Financial Projections: Business Plan Basics

Your financial plan will be highly scrutinized by your Home Health Care Agency Business Plan reader. All the ideas, concepts and strategies discussed throughout your entire business plan form the basis for, and should flow into, your financial statements and projections in some manner. When it gets down to it, your reader wants to know if and when your home health care agency will make money and become profitable.

Financial statements and projections should follow Generally Accepted Accounting Standards and must (at a minimum) include properly prepared balance sheets, income statements and cash flow statements. Bankers and investors are familiar with the correct content, organization and presentation of financial statements, and expect to see them in your business plan. Don't cut corners or attempt to devise your own method of financial and pro forma statement presentation.

In most cases, capital sources expect financial projections for a three to five year period, and historical statements for the past three years (or since inception if operating period is less than three years).

Consider organizing your financial statements as follows:

Income Statements

- Year 1 - Monthly Projections
- Years 2 thru 5 - Quarterly or Yearly Projections
- Existing businesses should provide income statements for the last 3 years if available.

Balance Sheets

- Year 1 - Quarterly Projections
- Years 2 thru 5 - Yearly Projections
- Existing businesses should provide current balance sheet and balance sheets from the prior 2 years if available.
Cash Flows

- Year 1 - Monthly Projections
- Years 2 thru 5 - Quarterly or Yearly Projections

Other information that you may consider including:

Financial Assumptions
These financial assumptions are critical to properly convey the "reasons behind the numbers" for outsiders reviewing your financial projections. Explain how you calculated the numbers you used in your financial statements. For example, we will sell X number of Y per month at $X per Y. This is projected to increase by 4% every month, etc.

Break-Even Analysis
These break-even analysis figures demonstrate the volume of sales, in units and dollars that must be generated to cover fixed and variable expenses. At the break-even point, you start becoming profitable. Normally this data is presented in a graph format with sales on the X-axis and specific products and services on the Y-axis.

Sources and Uses of Funds
This section explains to your reader which sources you expect to secure capital from, and what you specifically plan to spend it on.

Investment Structure and Objectives
This section outlines the amount of capital needed, various investment structures, and the estimated return to your investor. It is critically important to tell your investor how they will recoup their money, when they can cash out, and what they will receive as a return.

Financial Ratios
Providing standard financial ratios helps your business plan reader to analyze how well your home health care agency will perform compared to other companies within your industry. For existing companies, show the trends over the last 3 to 5 years to outline any improvements in your performance.

Financial Projections: Mistakes to Avoid

Here are some of the most common mistakes found in the financial projection sections of business plans:
The Business Plan For Your Home Health Agency

- Failing to include the "Big 3" statements and projections (income statement, balance sheet, cash flow).
- Presenting sales and profit projections that are unrealistic and unfounded.
- Omitting financial assumptions to explain where the "numbers" originated.
- Presenting "creative" rather than "accepted" financial statements.
- Underestimating expenses and not budgeting for unexpected costs.
- Lack of financial investment on the part of the founders.
- Including excessive salaries and office expenses at start-up.
- Offering a lower percentage of ownership than the investment requirement demands.
- Offering a return on investment that is out of line for your industry.
- Absence of contingencies and projections for worst case scenarios.
- Financial statements that are not prepared or reviewed by a reputable accountant.

The Financial Plan for Your Home Health Care Agency

The Financial Plan consists of a 12-month Profit and Loss Statement, a Projected Cash Flow, a Balance Sheet, and a Breakeven Calculation. Together they constitute a reasonable estimate of your home health care agency financial future. More importantly, however, the process of thinking through the Financial Plan will improve your insight into the inner financial workings of your home health care agency.

Twelve Month Profit and Loss Projection

Many business owners think of this as the centerpiece of their business plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful in your home health care agency.

This twelve month forecast will provide you information related to forecast sales, cost of goods sold, expenses, and profit month by month for one year. Your sales projections will come from the Sales Forecast you did in Step Eight.

Instructions on How to Complete the Excel Spreadsheets
Now, you need to refer to the Excel® spreadsheet entitled *Step 11 - Profit-Loss Statement*.  

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate company income & expenses. You will provide this narrative in the Excel® document entitled *Step 11 - Narrative* and shown in this document by clicking here: [Profit and Loss Statement](#).

**Note**

Research Notes: In addition, keep careful notes on your research and assumptions, so you can explain them later if necessary, and also so you can go back to your sources when it is time to revise your plan later on.

You will see that Row 4, Gross Sales is already filled in from the Sales Forecasts section of the Excel® spreadsheet.

Fill in the dollar figures based on your estimates.

When you have finished this page in the Excel® spreadsheet, you will have your twelve month Profit and Loss Statement.

**Projected Cash Flow**

**Instructions on How to Complete the Excel Spreadsheets**

Now refer to the Excel® spreadsheet entitled *Step 11 - Projected Cash Flow*.

If the profit projection is the heart of your home health care agency plan, then cash flow is the blood. Businesses fail because at some point they cannot pay their bills. Every part of your Home Health Care Agency Business Plan is important, but none of it means a thing if you run out of cash.

The point of this step is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterwards as well. It will enable you to foresee shortages in time to do something about them; perhaps to cut expenses, or perhaps to negotiate a loan.
There is no great trick to preparing it: the cash flow projection is just a forward look at your business checking account.

Use the Profit and Loss Statement for a starting point. For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

Your Cash Flow Projection will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more startup capital. This plan will also predict just when and how much you will need to borrow. New loans go on Row 42.

In the Excel® spreadsheet under the tab Step 11 – Narrative and an example is shown by clicking here, The Financial Plan, you will need to explain your major assumptions; especially, those which make the cash flow differ from the Profit and Loss Statement. For a general example: If you make a sale in month one, when do you actually collect the cash? When you buy inventory or materials do you pay in advance, upon delivery, or much later?

How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup which should be budgeted?

Loan payments, equipment purchases, and owner's draws usually do not show on profit and loss statements, but definitely do take cash out. Be sure to include them.

And of course, depreciation does not appear in the cash flow at all because you never write a check for it.

Opening Day Balance Sheet

A balance sheet is one of the fundamental financial reports which any business needs for reporting and financial management. A balance sheet shows what items of value are held by the company (Assets), and what its debts are (Liabilities). When liabilities are subtracted from assets, the remainder is Owners’ Equity.
Instructions on How to Complete the Excel Spreadsheets

Use the Excel® spreadsheet tab, *Step 6 - Start Up Costs*, as a guide to preparing a balance sheet as of the opening day of your home health care agency.

You need to refer to the Excel® spreadsheet *Step 11 - Balance Sheet*.

In this step of your Home Health Care Agency Business Plan, explain how you calculated the account balances on your Opening Day Balance Sheet and you will do this in the Excel® spreadsheet under the tab *Step 11 – Narrative* and an example is shown here by clicking this link: The Financial Plan.

When you have completed this spreadsheet, you will have your Opening Day Balance Sheet.

Breakeven Analysis

A Breakeven Analysis predicts the sales volume, at a given price, required to recover total costs. In other words, it’s the sales level that is the dividing line between operating at a loss and operating at a profit.

From the Excel® spreadsheet in the tab entitled Step 11 – Projected Cash Flow that you have already prepared, you will be able to determine how many months it will take before your home health care agency is operating the “black” (at a profit). This Breakeven Analysis section is a narrative of the results of the Projected Cash Flow to profitability.

Instructions on How to Complete the Excel Spreadsheets

Now refer to the Excel® spreadsheet in the tab entitled Step 11 - Breakeven Analysis. Here you will find the narrative that you will need to complete to explain when your home health care agency will become profitable. When you have finished, you will have a good idea of when you can expect to breakeven in your home health care agency.

Include all assumptions upon which your breakeven calculation is based in the Excel® spreadsheet under the tab *Step 11 – Narrative and an example is shown here at the following link*: The Financial Plan.

When You Have Completed the Financial Plan
Now, you ready to finish up your Home Health Care Agency Business Plan and you should now go to the Appendixes section.
The Business Plan for the Name of Your Home Health Care Agency

The Financial Plan

Profit and Loss Statement

Balance Sheet

Breakeven Analysis
Appendixes

The following is a list of all the spreadsheets required in this business plan in order of appearance:

<table>
<thead>
<tr>
<th>Name of spreadsheet</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Net Worth</td>
<td>1</td>
</tr>
<tr>
<td>Your Personal Budget</td>
<td>2</td>
</tr>
<tr>
<td>Startup Costs</td>
<td>3</td>
</tr>
<tr>
<td>Sales Forecast</td>
<td>4</td>
</tr>
<tr>
<td>Profit and Loss Statement</td>
<td>5</td>
</tr>
<tr>
<td>Projected Cash Flow</td>
<td>6</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>7</td>
</tr>
<tr>
<td>Breakeven Analysis</td>
<td>8</td>
</tr>
</tbody>
</table>

Include details & studies used in your Home Health Care Agency Business Plan; for example:

- Brochures & advertising materials
- Industry studies
- Blueprints & plans
- Maps & photos of location
- Magazine or other articles
- Detailed lists of equipment owned or to be purchased
- Copies of leases & contracts
- Letters of support from future customers
- Any other materials needed to support the assumptions in this plan
- Market research studies
- List of assets available as collateral for a loan

Your Home Health Care Agency Business Plan Is Now Complete and Ready for Printing

You are now ready to format and print your Home Health Care Agency Business Plan. Depending on the amount and size of text you used and imputed, the amount of additional lines in the spreadsheets and the fonts used, and the format you use for the page setups (portrait or landscape), and the paper you use (letter or legal), you will need to format the entire workbook. Sometimes, you must use page setup and set different settings for different pages.
To review how to format and customize your Home Health Care Agency Business Plan for how it will look when you view or print it, click here.

**In Conclusion**

Your Business Plan for your home health care agency is complete, or should we say as complete as it can be for now. A Business Plan is a work in progress, a never ending process to plan your home health care agency, revise the projections, adjusts the expenses, and plan for your overall success. You should revisit your Home Health Care Agency Business Plan often and, as a rule, you should revisit the Home Health Care Agency Business Plan at least once every three months or so.
Attachment One

A General Discussion of Basic Legal Forms of Ownership

This information is for individuals who are ready to start operation and want instruction on the regulations that affect most small business start ups. You might want to start by deciding if you want to operate as a proprietor, a partnership or a corporation. You will want to know what taxes might affect your business and if you are going to be employing people in your business, then there are a number of regulations that may affect you. Also included is a handy start up checklist indicating regulations that will likely affect your business.

This information discusses the basic regulations that are common to most start ups and does not encompass permits, licenses or regulations that may be specific to the industry or type of business you plan to work in.

Proprietorship, Partnership or Incorporation?

- Advantages and Disadvantages of Proprietorship
- Advantages and Disadvantages of Partnership
- Advantages and Disadvantages of Incorporating
- Registering a Proprietorship or Partnership
- Registering a Corporation
- Incorporating a Company in your State
- Aboriginals and Forms of Business

From a legal point of view, there are three common types of businesses: sole proprietorship, partnership and corporation. Each has different and important implications for liability, taxation and succession. A lawyer or accountant can advise you on which is suited to your needs, and undertake the necessary formalities.

Advantages and Disadvantages of Proprietorship

This is the simplest way to set up a business. A sole proprietor is fully responsible for all debts and obligations related to his or her business. A creditor with a claim against a sole proprietor would normally have a right against all of his or her assets, whether business or personal. This is known as unlimited liability.

In a proprietorship, one person performs all the functions required for the successful operation of the business. The proprietor secures the capital, establishes and operates the business, assumes all risks,
accepts all profits and losses, and pays all taxes. The proprietor is said to be self-employed.

**Advantages:**

- Low start-up costs
- Greatest freedom from regulation
- Owner in direct control of decision making
- Minimal working capital required
- Tax advantages to owner
- All profits to owner

**Disadvantages:**

- Unlimited liability
- Lack of continuity in business organization in absence of owner
- Difficulty in raising capital

(Return to PROPRIETORSHIP, PARTNERSHIP OR INCORPORATION?)

**Advantages and Disadvantages of Partnership**

A partnership is an agreement in which two or more persons combine their resources in a business with a view to making a profit. In order to establish the terms of the partnership and to protect partners in the event of a disagreement or dissolution of a partnership, a partnership agreement should be drawn up. Standard form partnership agreements can also be purchased for about $5.00 at stationary stores. Partners share in the profits according to the terms of the agreement.

In a General Partnership, two or more owners share the management of a business, and each is personally liable for all the debts and obligations of the business. This means that each partner is responsible for, and must assume the consequences of, the actions of the other partner(s).

A second type of partnership is a Limited Partnership which involves limited partners who combine only capital. They are not involved in managing the business and cannot be liable for more than the amount of capital they have contributed. This is known as limited liability.
A limited partnership also involves general partners, who are involved in management. They are fully liable for the debts and obligations of the business, but may be entitled to a greater share of the profits.

**Advantages:**
- Ease of formation
- Low start-up costs
- Additional sources of investment capital
- Possible tax advantages
- Limited regulation
- Broader management base

**Disadvantages:**
- Unlimited liability
- Divided authority
- Difficulty in raising additional capital
- Hard to find suitable partners
- Possible development of conflict between partners
- Partners can legally bind each other without prior approval
- Lack of continuity

(Return to PROPRIETORSHIP, PARTNERSHIP OR INCORPORATION?)

**Advantages and Disadvantages of Incorporating**

A corporation, also known as a Limited Company, is a legal entity which is separate and distinct from its members (shareholders). Each shareholder has limited liability. A creditor with a claim against the assets of the company would normally have no rights against its shareholders, although in certain circumstances shareholders may be held liable. It is recommended that legal advice be sought. This type of business can be incorporated at either the federal or provincial level. Ownership interests in a corporation are usually easily changed. Shares may be transferred without affecting the corporations’ existence or continued operation.

The following characteristics distinguish it from a partnership or proprietorship:

Limited liability - normally no member can be held personally liable for the debts, obligations or acts of the corporation beyond the amount of share capital the members has subscribed; and
Perpetual succession - because the corporation is a separate legal entity, its existence does not depend on the continued membership of any of its members.

**Advantages:**

- Limited liability
- Possible tax advantage (if you qualify for a small business tax rate)
- Specialized management
- Ownership is transferable
- Continuous existence
- Separate legal entity
- Easier to raise capital

**Disadvantages:**

- Closely regulated
- Most expensive form to organize
- Charter restrictions
- Extensive record keeping necessary
- Double taxation of dividends
- Shareholders may be held legally responsible in certain circumstances
- Personal guarantees undermine limited liability advantage

(Return to PROPRIETORSHIP, PARTNERSHIP OR INCORPORATION?)

**Registering a Proprietorship or Partnership**

Proprietorships and Partnerships are regulated by the government. See your State Government Website.

(Return to PROPRIETORSHIP, PARTNERSHIP OR INCORPORATION?)

**Registering a Corporation**

You have the option to incorporate at a state level or at a federal level. If a company intends to carry on its activities solely in one state, state incorporation may be preferable. If the company wishes to expand its activities outside of its state jurisdiction at a later date, it must obtain an extra-state license from every other state in which it wishes to open an office or obtain a presence.
Under Federal Law, any individual or corporation may receive a certificate of incorporation for any legal purpose with the exception of operating such institutions as banks, insurance companies, and trust and loan companies. In several states, a federally incorporated company will still have to obtain extra state registration to operate.

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Incorporating a Company in your State

Incorporating can be a very involved process and it is recommended that you seek the advice and services of a lawyer and/or an accountant. For information on incorporating in your state, go your state’s Website located in Government Websites.

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For more information on this subject, be sure to check out our website at http://www.125aday.com for FREE REPORTS that will give you more to consider in your decision making process!
Attachment Two

Information Resources

We have provided these Information Resources to assist you in contacting any of the listed agencies or information sources for assistance in starting your new business.

The list includes:

U.S. Small Business Administration (SBA)
Service Corps of Retired Executives (SCORE)
Small Business Development Centers (SBDCs)
Small Business Institutes (SBIs)
SBA Business Development Programs
Other U.S. Government Resources
Federal Publications
Consumer Information Center (CIC)
U.S. Department of Agriculture (USDA)
U.S. Department of Commerce (DOC)
U.S. Department of Health and Human Services (HHS)
U.S. Department of Labor (DOL)
U.S. Department of Treasury
Internal Revenue Service (IRS)
U.S. Environmental Protection Agency (EPA)
U.S. Food and Drug Administration (FDA)
For More Information
Books, Magazine and Newspaper Articles

U.S. Small Business Administration (SBA)

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products.
This information is listed in "The Small Business Directory". For a free copy, contact your nearest SBA office.

SBA has offices throughout the country. Consult the U.S. Government section in your telephone directory for the office nearest you. SBA offers a number of programs and services, including training and educational programs, counseling services, financial programs and contract assistance.

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- Service Corps of Retired Executives (SCORE), a national organization sponsored by SBA of over 13,000 volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people.

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- Small Business Development Centers (SBDCs), sponsored by the SBA in partnership with state and local governments, the educational community and the private sector. They provide assistance, counseling and training to prospective and existing business people.

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- Small Business Institutes (SBIs), organized through SBA on more than 500 college campuses nationwide. The institutes provide counseling by students and faculty to small business clients.

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For more information about SBA Business Development Programs and services call the SBA Small Business Answer Desk at 1-800-8-ASK-SBA (827-5722).

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Other U.S. Government Resources
Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in 24 major cities and are listed in the Yellow Pages under the "bookstore" heading. You can request a "Subject
Bibliography" by writing to Government Printing Office, Superintendent of Documents, Washington, DC 20402-9328.

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Federal Publications
Many federal agencies offer publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses.

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- Consumer Information Center (CIC), P.O. Box 100 Pueblo, CO 81002
  The CIC offers a consumer information catalog of federal publications.

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- Consumer Product Safety Commission (CPSC)
  Publications Request
  Washington, DC 20207
  The CPSC offers guidelines for product safety requirements.

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- U.S. Department of Agriculture (USDA)
  12th Street and Independence Avenue, SW
  Washington, DC 20250
  The USDA offers publications on selling to the USDA.
  Publications and programs on entrepreneurship are also available through county extension offices nationwide.

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- U.S. Department of Commerce (DOC)
  Office of Business Liaison
  14th Street and Constitution Avenue, NW
  Room 5898C
  Washington, DC 20230
  DOC’s Business Assistance Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different programs and services in the DOC and other federal agencies.
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- U.S. Department of Health and Human Services (HHS)
  Public Health Service
  Alcohol, Drug Abuse and Mental Health Administration
  5600 Fishers Lane
  Rockville, MD 20857
  Drug Free Workplace Helpline: 1-800-843-4971. Provides
  information on Employee Assistance Programs.
  National Institute for Drug Abuse Hotline:
  1-800-662-4357. Provides information on preventing substance
  abuse in the workplace.
  The National Clearinghouse for Alcohol and Drug Information:
  1-800-729-6686 toll-free. Provides pamphlets and resource
  materials on substance abuse.

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- U.S. Department of Labor (DOL)
  Employment Standards Administration
  200 Constitution Avenue, NW
  Washington, DC 20210
  The DOL offers publications on compliance with labor laws.

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- U.S. Department of Treasury
  Internal Revenue Service (IRS)
  P.O. Box 25866
  Richmond, VA 23260
  1-800-424-3676
  The IRS offers information on tax requirements for small businesses.

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- U.S. Environmental Protection Agency (EPA)
  Small Business Ombudsman
  401 M Street, SW (A-149C)
  Washington, DC 20460
  1-800-368-5888 except DC and VA
  703-557-1938 in DC and VA
  The EPA offers more than 100 publications designed to help small
  businesses understand how they can comply with EPA regulations.
For More Information
A librarian can help you locate the specific information you need in reference books. Most libraries have a variety of directories, indexes and encyclopedias that cover many business topics. They also have other resources, such as

- Trade association information
  Ask the librarian to show you a directory of trade associations.

  Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.

- Books
  Many guidebooks, textbooks and manuals on small business are published annually. To find the names of books not in your local library check "Books In Print", a directory of books currently available from publishers.

  - Magazine and newspaper articles
    Business and professional magazines provide information that is more current than that found in books and textbooks. There are a number of indexes to help you find specific articles in periodicals.

In addition to books and magazines, many libraries offer free workshops, lend skill-building tapes and have catalogues and brochures describing continuing education opportunities.
For more information on this subject, be sure to check out our website at [http://www.125aday.com](http://www.125aday.com) for FREE REPORTS that will give you more to consider in your decision making process!

**Government and State Websites**


Individual state websites


Alaska - [http://www.state.ak.us/](http://www.state.ak.us/)


California – [http://www.ca.gov/state/portal/myca_homepage.jsp](http://www.ca.gov/state/portal/myca_homepage.jsp)

Colorado - [http://www.colorado.gov/](http://www.colorado.gov/)


Georgia – [http://www.georgia.gov/00/home/0,2125,4802,00.html](http://www.georgia.gov/00/home/0,2125,4802,00.html)


Indiana - [http://www.state.in.us/](http://www.state.in.us/)

Iowa - [http://www.state.ia.us/](http://www.state.ia.us/)

Kansas - [http://www.accesskansas.org/](http://www.accesskansas.org/)

Kentucky - [www.ky.gov](http://www.ky.gov)
Louisiana – [http://www.state.la.us/](http://www.state.la.us/)

Maine – [http://www.state.me.us/](http://www.state.me.us/)


Minnesota – [http://www.governor.state.mn.us/](http://www.governor.state.mn.us/)


Missouri – [http://www.state.mo.us/](http://www.state.mo.us/)

Montana – [http://www.state.mt.us/](http://www.state.mt.us/)

Nebraska – [http://www.westnebr.net/govnmnt.html](http://www.westnebr.net/govnmnt.html)


New Hampshire – [http://www.state.nh.us/](http://www.state.nh.us/)

New Jersey – [http://www.state.nj.us/](http://www.state.nj.us/)

New Mexico – [http://www.state.nm.us/](http://www.state.nm.us/)

New York – [http://www.state.ny.us/](http://www.state.ny.us/)


Ohio – [http://www.state.oh.us/](http://www.state.oh.us/)


Rhode Island – [http://www.state.ri.us/](http://www.state.ri.us/)


South Dakota – [http://www.state.sd.us/](http://www.state.sd.us/)
Tennessee - http://www.state.tn.us/
Texas - http://www.state.tx.us/
Vermont – http://vermont.gov/
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