

YourNeighbor Business Plan

Business Plan  
for  
YourNeighbor  
Local Business Consulting Firm

# YourNeighbor Business Plan

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## YourNeighbor Business Plan

### Executive Summary

According to U.S. Small Business Administration (SBA) “the 28 million small businesses in America account for 54% of all US sales”. Clearly America has a large interest in the small business market. Small businesses have also “provided 55% of all jobs and 66% of all net new jobs since the 1970's.” Yet everyday you seem to hear about another small business firm closing and being replaced by different big corporations. Local businesses are very limited in their competitive nature, it can be very hard to fight against a business that has millions of dollars backing it with professionals spread all over the country on call ready to fight against any small business that gets in their way. This is where YourNeighbor: Local Business Consulting Firm can step into the market to assist the local business fight against the growing corporations.

### Moving the scale

YourNeighbor hopes to bring economy of scale to the local business market through connections of other local companies and professional consultants that local businesses have yet to be connected. Large corporations use economy of scale to cut cost that local businesses are unable to due such as: retaining a law firm, large corporate accountant firms, saving through connections with different sections of the business and many other advantages that come from large bank accounts and corporate connections. YourNeighbor will create a local scale of economy that can assist local businesses to compete against these corporate accounts.

### The Stand and Public Education

YourNeighbor will also help to educate the public in order to effect buying habits to sway the public into buying local goods and services rather than going to large corporations. One of the ways that YourNeighbor will help their customers and the local movement is through a survey stand. This survey stand will have many different advertising spots for customers to pay for. The stand will be taken to all public events, and be attended by a technician trained in advanced survey techniques. The public will be encourage to give feed back to the technician about the different companies that payed for advertising spots. The public will be reimbursed for their participation by receiving “Gift Cash” for the businesses they answered questions for, encouraging to visit the business again whether their previous experience was positive or negative. The “Gift Cash” will be traceable through serial numbers allowing YourNeighbor to analyze the effectiveness of the program for each individual customer. The stand will also have documentation to educate the public on the struggle between local businesses and large corporations. For instance: The number of small businesses in the United States has increased 49% since 1982 and since 1990, as big business eliminated 4 million jobs, small businesses added 8 million new jobs.

There will also be a section of the stand that is dedicated to start up businesses. These spaces will help to educate the public about new start ups and help start ups meet there potential and test the waters

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before entering the market.

## Connecting the Community

The Survey Stand is only one of the services offered by YourNeighbor, another is an advanced connection with professional on call consultants of every variety. With YourNeighbor's current location in a college community, there is no lack of professionals. When a customer is in need of anything, whether it is a simple staffing issue, need of professional business advise or even unexpected need of professional consultants from accountants to engineers; YourNeighbor will have anything a business could possibly need.

## Community Growth

As a local business consulting firm the best thing YourNeighbor can do is help to stimulate more business growth and more businesses. By seeking out and connecting with individuals or firms attempting to start a new business, YourNeighbor can get in on the ground floor and build the company to incorporate it into The Neighborhood. By getting into starter companies YourNeighbor will buy a small percentage of the business, in order to help the start up, show support of small business growth, and be able to collect on the work YourNeighbor accomplishes in growing the local business.

## Communicating the In's and Out's

With the base of YourNeighbor being centered on connecting individuals and businesses communication will take one of the biggest focuses of work. This doesn't stop at connecting our customer's issues with the best consultants but it continues through the entire project. The consultants and business owners will be required and requested respectfully, to complete surveys throughout the process of their employment. By surveying throughout the work it will help them to reflect and allow for a record of the progress and procedure for future jobs. There will also be exit interviews at the end of each job in order to achieve the best result for our customers.

YourNeighbor will also help companies resolve issues internally. With advanced mediation techniques YourNeighbor can help resolve any issue that may arise internally with staff whether it is at the bottom or among partners. By allowing a neutral party that only has the businesses interests at heart step in many major complications can be avoided and business held together.

## The Opportunity

The best way to illustrate the need for YourNeighbor to enter the market is by simply looking at why local businesses fail. Below are two lists from different news agencies on why small businesses fail and after is how YourNeighbor can help address every problem. For detailed descriptions on the two lists refer to the Appendix p.20 or visit the web addresses.

### CNBC 11 all too common reasons small business fail

<http://www.cnbc.com/2014/07/30/11-all-too-common-reasons-small-businesses-fail.html>

1. Empty Pockets
2. Overconfidence
3. Poor pricing strategy
4. Dueling Partners
5. Burnout
6. A Stale Marketing Message
7. Failure to Join the Digital Revolution
8. Cybertheft
9. Underestimating the competition
10. Over-reliance on one Customer
11. Disgruntled Employees

### Top Ten Reasons Small Businesses Fail

[http://boss.blogs.nytimes.com/2011/01/05/top-10-reasons-small-businesses-fail/?\\_r=0](http://boss.blogs.nytimes.com/2011/01/05/top-10-reasons-small-businesses-fail/?_r=0)

1. The math doesn't work
2. Owners who cannot get out of their own way
3. Out of control growth
4. Poor Accounting
5. Lack of a cash cushion
6. Operational mediocrity
7. Operational inefficiencies
8. Dysfunctional management
9. The lack of a succession plan
10. A declining market

### Empty Pockets

Now although YourNeighbor will be investing in local businesses that does not mean it will be bailing failing businesses, but it will do everything it can to help businesses find funding and support through the local community.

### Overconfidence

This is something that YourNeighbor can always help with. Through market surveys, an understanding of the local market for each specific business and an outside view of the business, YourNeighbor can guide businesses on how to address the market and stop from getting too cocky.

### Poor Pricing Strategy

By analyzing all of our customer's businesses YourNeighbor is able to locate specific issues and pricing strategies. With access to advanced and modern business analysts that can perform more in-depth analysis-es.

### Dueling Partners

As a communication firm YourNeighbor can easily step into strained partnerships and work towards the best end game for the business. With technical mediation strategies all duels can be ended with both parties in agreement and happy.

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### Burnout

Many local businesses are owned and worked by a small staff. With the impressive consultants that are employed by YourNeighbor there are many that are qualified to substitute for the owners or high management to allow them to take a breather from the business ever once in a while. This allows the businesses to have knowledgeable employees on call rather than sitting on staff.

### A Stale Marketing Message

Not only can YourNeighbor easily locate failing marketing messages but it can also connect local business with student run marketing teams that are being trained in the newest techniques for connecting with customers from all over the world.

### Failure to Join the Digital Revolution

The fact that YourNeighbor is connected to a Technological school the amount of consultants that are digitally trained is endless. From computer technicians to web designers and everything in between.

### Cybertheft

Again, with connections to a technological school this is easily addressable. YourNeighbor is currently in communication with an individual looking to start a computer repair business and this individual is also studying to work against Cybertheives and all of their tricks.

### Underestimating the competition

Through market analysis YourNeighbor can give informed advice on competitors. This also includes strategies on how to compete and possibly evolve in ways that the competition cannot.

### Over-reliance on one Customer

This is one issue that can be very relevant in the community of Houghton. Many old businesses have been relying on the same customer base for years. With the connections and market research that YourNeighbor offers, this problem can be easily avoided.

### Disgruntled Employees

In order to deal with disgruntled employees YourNeighbor can easily step in as a mediator. This will not only allow discussions to go more smoothly but it will allow the business owner and management to be free of the problem and focus on the business at hand.

### The math doesn't work

With YourNeighbor's advanced market analysis techniques and knowledge of the current market through surveys it will be able to advise businesses on whether they should continue or not.

### Owners who cannot get out of their own way

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This can come from inexperienced business owners that are unwilling to listen to advise. YourNeighbor will always be there to help the local community but it can not force the customers to call, through continuous check ins YourNeighbor will do its best to keep owners on track.

### Out of control growth

This is a very sad reason for a business to fail but with different business analysts on call YourNeighbor can help a business maintain a grasp on the current situation.

### Poor Accounting

Many local business can't afford to go through a reputable accounting firm, however with the Neighborhood initiative local business including accounting firms will work together to provide affordable service for all.

### Lack of a cash cushion

By connecting worthy local businesses with willing investors and assisting with small investments YourNeighbor will do all it can to provide for businesses in need.

### Operational mediocrity

By bring in outside consultants through YourNeighbor, businesses can be shown new strategies in order to shake up the way they run the business in order to save money and keep things running smoothly

### Operational inefficiencies

During the initial business introduction YourNeighbor will look through all of the operations in order to provide businesses with the most efficient operational strategies.

### Dysfunctional management

By allowing an outside consulting agency to come in and evaluate the management staff it allows the owners to see things that may have been missed because they are blinded by the history they have with individuals.

### The lack of a succession plan

Whether the issue arises in the middle or YourNeighbor was incorporated originally to help set up a succession plan originally, there will always be mediation for dealing with any extra issues that may arise.

### A declining market

By continuously interviewing the local population and customer base for each one of our clients YourNeighbor will be able to keep an eye out for gaps in the market to assist businesses transition or seize a piece they previously did not see.

YourNeighbor Business Plan

The Company and Its Services and Strategies

The Stand

The Neighborhood

Mediation

Consultants

Analysis



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The Management Team

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Marketing Plan

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Operating Plan

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Financial Plan

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### Appendix

#### Perspective Client List:

ADVANCE TEC BODY REPAIR 206 E. SHARON AVENUE Houghton, MI 49931 906.482.4222	Houghton, MI 49931 906-487-1710 aspiruskeweenaw.org  Auto Value 700 Sharon Avenue Houghton, MI 49931 906-482-3180	Bliss - Danielle 509 Shelden Avenue Houghton, MI 49931 906-237-3032	906-482-3438 www.hockeyguys.com
ALLAN'S REALTY 506 Shelden Ave Houghton, MI 49931 906.482.3232 www.allansrealty.com	Auto-Pro Glass & Tire 1212 W. Memorial Dr. Houghton, MI 49931 906.482.4323 www.autoproglass.com	BLUE KEY NATIONAL HONOR FRATERNITY MTU, 1400 TOWNSEND AVE Houghton, MI 49931	CENTURY 21 NORTH COUNTRY AGENCY 1100 CENTURY WAY - SUITE C Houghton, MI 49931 906.482.0001 www.century21northcountry.com
AMERICAN EXPRESS FINANCIAL 608 SHELDEN AVENUE Houghton, MI 49931 906.482.1778	B & B BAR 409 MEMORIAL ROAD Houghton, MI 49931 906.482.0400	BOOK WORLD 515 Shelden Avenue Houghton, MI 49931 (906) 482-8192 www.bookworldstores.com	CHARTER COMMUNICATIONS 1603 ENTERPRISE DRIVE Houghton, MI 49931 906.482.2040 www.chartercom.com
Apothecary of Houghton 600 MacInnes Drive Houghton, MI 49931 906.483.1818	B-H-K Child Development Board 700 Park Avenue Houghton, MI 49931 906.482.3663 www.bhkresources.org	BOOKWORM 815 Shelden Avenue Houghton, MI 49931 906-482-0872	CHICKADEES 516 SHELDEN AVENUE Houghton, MI 49931 906-523-5363 www.facebook.com/chickadeeshoton
APRIA HEALTHCARE 704 WEST SHARON AVE Houghton, MI 49931 906.482.3041	Bay Insurance 501 E, Sharon Ave Houghton, MI 49931 906-482-9997 www.bay-insurance.com	BROCKWAY PHOTOGRAPHY 614 SHELDEN AVENUE Houghton, MI 49931 906.482.1900	CHILD & FAMILY SERVICE OF THE U.P. 322 SHELDEN AVENUE Houghton, MI 49931 906.482.4488
ARBOR GREEN APARTMENTS 920 DODGE STREET Houghton, MI 49931 906.482.8867	Bezotte Apartments 508 Shelden Ave Houghton, MI 49931 906-523-6389	BY NATURE 901 W SHARON AVENUE Houghton, MI 49931 906.482.8886	CHRISTIAN SCIENCE CHURCH 209 W MONTEZUMA AVENUE Houghton, MI 49931 906.482-9536
ARMANDO'S RESTAURANT 517 SHELDEN AVENUE Houghton, MI 49931 906.482.2003 www.armandosdoghouse.com	Bill Fink Communications, LLC 616 Shelden Ave, Room 201 Houghton, MI 49931 906.370.9597 www.billfinkcommunications.com	C.F. Johnson, CPA PLLC 517 Shelden Ave, Ste E Houghton, MI 49931 906-523-7100 www.cfjohnsoncpa.com	CITGO - KRIST OIL CO 824 SHELDEN AVENUE Houghton, MI 49931 906.482.2350
Aspirus Keweenaw Fast Care Inside Shopko Houghton, MI 49931 906-483-0668 aspiruskeweenaw.org	Bliss - Angela 509 Shelden Avenue Houghton, MI 49931 906-370-6007	CARLSON WAGONLIT TRAVEL 820 SHELDEN AVENUE Houghton, MI 49931 906.482.1020	Citizen's Bank 901 W. Sharon Avenue Houghton, MI 49931 906.482.8562
Aspirus Keweenaw Medical Arts 301 W. Lakeshore Drive		CENTER ICE SKATE & SPORT 401 E. Lakeshore Dr. Houghton, MI 49931	CM MORRIS

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CONTRACTING 100 E SHARON AVENUE Houghton, MI 49931 906.482.5426 cmmorrisgroup.com	CROWN CLEANERS 305 E MONTEZUMA AVENUE Houghton, MI 49931 906.482.5330	www.armandosdoghouse.com	Alayna Ellis Couch Agency 47431 Hwy M26 Suite 4 Houghton, MI 49931 906 483 4935 http://www.farmbureauinsuran ce- mi.com/pages/agent/ag4586.ht m
COLLEGE AVENUE VISION 1014 COLLEGE AVENUE Houghton, MI 49931 906.482.6800	Culvers 1001 West Sharon Avenue Houghton, MI 49931	www.downtownlounge.com	DOWNTOWNER LOUNGE 100 SHELDEN AVENUE Houghton, MI 49931 906.482.7305
COON'S AUTO REPAIR 401 SHELDEN AVENUE Houghton, MI 49931 906.482.4230	CYBERIA CAFE 524 shelden ave Houghton, MI 49931 906-482-2233 www.cyberiacafe.com	www.downwindsports.com	DOWNWIND SPORTS 310 Shelden Avenue Houghton, MI 49931 906.482.2500
Copper Country Family Dentistry 502 Shelden Ave Houghton, MI 49931 (906) 482-0808 www.coppercountrydentistry.c om	DAILY MINING GAZETTE 206 SHELDEN AVENUE Houghton, MI 49931 906.482.1500 www.mininggazette.com	DR. GARY MOBERG, DDS 502 SHELDEN AVENUE Houghton, MI 49931 906.482.0808	FIFTH & ELM COFFEE HOUSE 326 Shelden Avenue Houghton, MI 49931  FLOWERS BY SLEEMAN 1201 MEMORIAL ROAD Houghton, MI 49931 906.482.4023
copper country limo 816 w. franklin st Houghton, MI 49931 906-370-4761 coppercountrylimo.com	DARKHORSE SADDLERY 314 Shelden Ave Houghton, MI 49931 616-258-6068 www.darkhorsesaddlery.com	DR. LILLIANA KOSTINSKI, DDS 616 SHELDEN AVENUE Houghton, MI 49931 906.482.8331	FOUR SEASON TEA ROOM 606 Shelden Avenue Houghton, MI 49931 906.482.3233
COPPER COUNTRY MENTAL HEALTH 901 MEMORIAL ROAD Houghton, MI 49931 906.482.9400	DIAL HELP, INC.... 616 SHELDEN AVENUE Houghton, MI 49931 906.482.4357 or 1.800.562.7622	DR. RICK KAVORICK, DDS 502 SHELDEN AVENUE Houghton, MI 49931 906.482.2020	FRAMED BY KATHY 413 SHELDEN AVENUE Houghton, MI 49931 906.482.3550 www.houghtonmarketplace.co m/framedbykathy/
Copper Country Veterinary Clinic 904 W SHARON AVENUE Houghton, MI 49931 906.482.1771 www.ccvc.cc	DOMINO'S PIZZA 200 Pearl Street Houghton, MI 49931 906.482.0972	ECONO FOODS 1000 W SHARON AVENUE Houghton, MI 49931 906.487.9675 www.econotnc.com	Frank A. Douglass Agency, Inc. 324 Shelden Ave Houghton, MI 49931 906-482-2660 www.douglassagency.com
COPPER RANGE ABSTRACT 707 SHELDEN AVENUE Houghton, MI 49931 906.482.7903 www.copperrangetitle.com	DOUGLAS HOUSE APARTMENTS 517 SHELDEN AVENUE Houghton, MI 49931 906.482.2000	EDWARD JONES 901 W. Sharon Avenue Houghton, MI 49931 906.482.8680	Gateway Auto Sales and Car Wash 304 E MONTEZUMA AVENUE Houghton, MI 49931 906.487.5550
Country Inn & Suites 919 Razorback Drive Houghton, MI 49931 906.487.6700 www.countryinns.com/hought onmi	DOUGLAS INSURANCE AGENCY 324 SHELDEN AVENUE Houghton, MI 49931 906.482.2660	ERICKSON FREEDOM STORE 107 W MONTEZUMA AVENUE Houghton, MI 49931 906.483.3590	Gateway Laundry 304 E. Montezuma Ave. Houghton, MI 49931 906-370-3596
	DOUGLASS HOUSE SALOON 517 Shelden Avenue Houghton, MI 49931	Evangel Baptist Church 1114 College Avenue Houghton, MI 49931 906.482.6626 www.evangelbaptist.org	GAZETTE APARTMENTS 65 N. Isle Royale Houghton, MI 49931 906-231-4385
		Farm Bureau Insurance-	GITZEN COMPANY

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44 DODGE STREET Houghton, MI 49931 906.482.0040	Houghton Housing Commission 401 East Montezuma Avenue Houghton, MI 49931 906.482.0334 www.houghtonhousing.com	JOHNSON'S SHOE REPAIR 311 E LAKE AVENUE Houghton, MI 49931 906.482.3711	Houghton, MI 49931 482-5874 Keweenaw Sewing Company 506 Shelden Avenue Houghton, MI 49931 906-284-0314
Good Shepherd Lutheran Church 1100 College Avenue Houghton, MI 49931 482-5410 gschurch.students.mtu.edu	HUNAN GARDEN CHINESE 301 SHELDEN AVENUE Houghton, MI 49931 906.482.8545	Julien Properties, LLC 19825 W Sharon Ave, Ste A Houghton, MI 49931 906-523-5441 www.julienproperties.com	KEWEENAW SEWING COMPANY 710 SHELDEN AVENUE SUITE 4 Houghton, MI 49931 906-284-0314 keweenawsewing.com
GOOD TIMES MUSIC 506 Shelden Avenue Houghton, MI 49931 906-482-0245 www.goodtimesmusicstore.com	Huron Coin Laundry Huron Sq. Mall Houghton, MI 49931 906-370-3596	Kendricks, Bordeau, Adamini, Chilman & Greenlee, P.C. 322 Shelden Avenue, Suite 5 Houghton, MI 49931 906-482-4288 www.kendrickslaw.com	Keweenaw Title Agency 400 E. Houghton Avenue Houghton, MI 49931 906.482.9570 www.kewtitle.com
Grace United Methodist Church 201 Isle Royale St. Houghton, MI 49931 906.482.2780 www.houghtongraceumc.org	Impact Custom Graphics 706 Shelden Ave. Houghton, MI 49931 906-523-5320 www.impact906.com	KEWEENAW AUTOMOTIVE 1500 MEMORIAL DRIVE Houghton, MI 49931 906.482.7988 www.keweenawautomotive.com	Keweenaw Unitarian Universalist Fellowship 700 Park Ave (BHK Head Start Building) Houghton, MI 49931 906.370.3927 www.kuuf.net
GREAT LAKES ACCOUNTING, P.C. 208 E. Montezuma, Suite 2 Houghton, MI 49931 906-483-3367 www.greatlakescpa.com	ISLE ROYAL NAT. HIST. ASSOC 800 E. LAKESHORE DRIVE Houghton, MI 49931 906.482.7860	KEWEENAW BREWING COMPANY 408 Shelden Ave Houghton, MI 49931 906-482-5596 www.keweenawbrewing.com	KIRKISH FURNITURE 1200 W MEMORIAL DRIVE Houghton, MI 49931 906.482.0700
Gundlach Champion, Inc 600 E. Lakeshore Dr., Suite 300 Houghton, MI 49931 906.482.2480 www.gcfirst.com	J. Jukuri Spa 1100 Century Way Suite E Houghton, MI 49931 (906) 482-2200 www.jjukurispa.com	Keweenaw Family Music 506 Sheldon Ave. Houghton, MI 49931 906-487-9426 www.keweenawfamilymusic.com/	KOLEMAINEN INSURANCE 502 SHELDEN AVENUE Houghton, MI 49931 906.482.3658
HAIRSMITHS 850 SHELDEN AVENUE Houghton, MI 49931 906.482.6223	JIM'S FOOD MART 300 PEARL STREET Houghton, MI 49931 906.482.4080	KEWEENAW GEM AND GIFTS 915 Razorback Drive Houghton, MI 49931 906.482.8447 www.copperconnection.com	Krug Apartments 503 Shelden Ave Houghton, MI 49931 (906) 483-2022
HARDEE'S RESTAURANT 501 MEMORIAL DRIVE Houghton, MI 49931 906.482.9374	JOE DAAVETILA, CPA 417 Shelden Ave Houghton, MI 49931 906-482-3830	KEWEENAW PENINSULA CHAMBER OF COMMERCE 902 College Avenue Houghton, MI 49931 906.482.5240	Laiti Jewelers 120 Shelden Houghton, MI 49931 906-482-0270 www.laitijewelers.com
HOLIDAY INN EXPRESS 1110 CENTURY WAY Houghton, MI 49931 906.482.1066 www.holidayinnexpress.com/houghtonmi	JOEY'S SEAFOOD & GRILL 304 Shelden Avenue Houghton, MI 49931 906.483.0500 www.joey-s-grill.com	Keweenaw Press 310 W Douglass Ave	LANCET GLASS, LTD 407 MEMORIAL ROAD Houghton, MI 49931 906.482.7846

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LEGAL SERVICE OF NORTHERN MICHIGAN 706 W SHARON AVENUE Houghton, MI 49931 906.482.3908	www.marilynsglass.com MARKETING DEPARTMENT 600 Shelden Avenue, 3rd Floor Houghton, MI 49931 906-482-2000	Bistro/111624922209513 MTM Rental,s 905 Jasper Houghton, MI 49931 906-482-7200	Northern Michigan Land Brokers 405 Shelden Avenue Houghton, MI 49931 906-370-4898 www.joshsteinland.com
Les Petits Family Childcare 210 Hubbell St Houghton, MI 49931 906-370-5218	www.marketingdepartmentinc.com MATTILA CONTRACTING 55 HURON STREET Houghton, MI 49931 906.482.5450	MTU Preschool 2001 Woodmar Drive Houghton, MI 49931 906 487 2720 www.mtupreschool.org	Northern Michigan Land Brokers 405 Shelden Avenue Houghton, MI 49931 906-523-5575 www.joshsteinland.com
LIBRARY RESTAURANT & BREW PUB 62 Isle Royale Street Houghton, MI 49931 906-487-5882	McDONALD's RESTAURANT 1300 Memorial Drive Houghton, MI 49931 906.482.3350	MUFFLER SHOP 1221 MEMORIAL ROAD Houghton, MI 49931 906.482.3773	NV HAIR 204 e. sharon ave Houghton, MI 49931 9064836789
Life Outreach Center 222 Shelden Ave. #1 Houghton, MI 49931 4822-8681 www.houghtonpregnancy.org	McGRATH ROOFING 401 E SHARON AVENUE Houghton, MI 49931 906.482.7107	Muslim Student Association 1400 Townsend Drive Houghton, MI 49931 +1 906 370 7260 msa.students.mtu.edu/	OFFICE EXPRESS UP 315 East Lake Shore Drive Houghton, MI 49931 906.487.9752 www.officeexpressup.com
LITTLE CAESAR'S PIZZA 105 W MONTEZUMA Houghton, MI 49931 906.482.4444	Michigan Tech Employees Federal Credit Union 700 E. Sharon Ave. Houghton, MI 49931 906.482.5005 www.mtfcu.org	MY SCHOOL 709 W EDWARDS Houghton, MI 49931 906.482.7146	Office Ink 1201 W. Memorial Drive Houghton, MI 49931 9064821099 www.biggestbook.com
LITTLE PEOPLE CHILD CARE 200 AGATE STREET Houghton, MI 49931	Michigan Technological Univeristy Outdoor Adventure Programs/Rental Center 1400 Townsend Drive, 112 Memorial Union Building Houghton, MI 49931 (906)487-2290 www.oap.mtu.edu	NATIONAL PARK SERVICE 87 N RIPLEY STREET Houghton, MI 49931 *	OK AUTO 404 E MONTEZUMA AVENUE Houghton, MI 49931 906.482.3180
MAGNUSON HOTEL FRANKLIN SQUARE INN 820 SHELDEN AVENUE Houghton, MI 49931 906.487.1700 www.houghtonlodging.com	MIDWEST LOAN SERVICES, INC. 616 Shelden Avenue Houghton, MI 49931 906.487.5870 www.midwestloanservices.com	Nicholas Insurance Agency 510 Shelden Avenue Houghton, MI 49931 906-482-3434	PEPSI-COLA OF HOUGHTON 309 E SHARON AVENUE Houghton, MI 49931 906.482.0161
Maki Rentals LLC 612 Garnet Street Houghton, MI 49931 608.335.7825 www.blueskiesfarm.com	MING'S ASIAN BISTRO 901 W. Sharon Ave. Houghton, MI 49931 (906) 482-9888 https://www.facebook.com/pages/Mings-Asian-	Northern Foot Care Center 801 Memorial Rd Houghton, MI 49931 906-482-9950 www.NorthernFootCare.com	PIETILA INSURANCE AGENCY 801 SHELDEN AVENUE Houghton, MI 49931 906.482.8622
MANPOWER 322 SHELDEN AVENUE Houghton, MI 49931			PIZZA HUT 1001 MEMORIAL ROAD Houghton, MI 49931 906.482.0978
MARILYN'S STAINED GLASS 402 Sheldon Ave. Houghton, MI 49931 906.482.9139		NORTHERN LIGHT CHRISTIAN BOOK STORE 903 Razorback Drive Houghton, MI 49931 906.482.7556	PIZZAWORKS-HOUGHTON 414 Shelden Ave.



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Houghton, MI 49931 (906) 482-2100 pizzaworkshoughton.com	305 W. Lakeshore Drive Houghton, MI 49931 906.487.6166 www.RoysPasties.com	906.487.9000 Snap Fitness 850 W. Sharon Ave Houghton, MI 49931 906-483-0310 www.snapfitness.com/houghtonmi	SUB URBAN EXCHANGE 416 SHELDEN AVENUE Houghton, MI 49931 906.482.7162
Plowe Funeral Service Inc. 401 Memorial Rd. Houghton, MI 49931 1-906-482-5252 plowefuneralhome.com	RPM Secure Self Storage 510 E Sharon Ave Houghton, MI 49931 906-482-7233	Sounds & Motion Car Accessories 1208 W. Memorial Drive Houghton, MI 49931 906.482.4445 www.soundsandmotion.com	SUBWAY RESTAURANT 700 SHELDEN AVENUE Houghton, MI 49931 906.487.9524
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PORTAGE LAKE UNITED CHURCH 1400 E HOUGHTON AVENUE Houghton, MI 49931 906.482.5224 www.pluc.org	SAYEN'S AUTO SALES 400 MEMORIAL ROAD Houghton, MI 49931 906.482.2179 Sears Hometown Store 910 Evergreen Dr. Houghton, MI 49931 906-482-7631 sears.com	SS. Peter & Paul Lutheran Church 1010 Madeleine St. Houghton, MI 49931 906-482-4750 www.copperluth.org	SUNSHINE NURSERY 311 EDWARDS Houghton, MI 49931 906.482.9393 SUOMI RESTAURANT 54 HURON STREET Houghton, MI 49931 906.482.3220
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# Reasons Local Business Fail

CNBC

### 1. Empty pockets

"The No. 1 reason people fail is, they run out of money," said David Goldin, CEO and president of AmeriMerchant, a provider of merchant cash advances.

Research bears him out. The [2013 Global Entrepreneurship Monitor report](#), produced by Babson College and other universities, found that the top reasons for discontinuing a business in the U.S. were problems obtaining financing and lack of profitability—problems that plagued more than half of businesses that shut their doors. Only a few economies had more exits triggered by these problems: Japan, Korea, Greece, Portugal, Ireland and Spain.

Of course, it's not just failure to raise money that can lead a business to fizzle. Many high-revenue businesses suffer from poor cash flow. They can't make payroll or keep the lights on because there's a big gap between when they finish their projects and when they get paid—sometimes due to simple problems, like failing to invoice promptly.

It's not a rookie mistake: About 37 percent of experienced business owners sometimes fall short of the cash they need to cover business expenses, according to an [annual report by the Corporation for Enterprise Development](#), a nonprofit based in Washington, D.C., that is focused on helping low- and moderate-income households grow and hold on to their assets. The businesses surveyed had revenues from \$49,000 to more than \$1 million annually.

### 2. Overconfidence

Sometimes the critics of a new business concept are right: Founders are wasting their time on an idea that's a dud or is ill-timed—and haven't done enough testing or market research to find that out. "If you're not keeping up with the trends, there's a good chance customers won't purchase your services," AmeriMerchant's David Goldin said.

Ask Jordan Malik. The entrepreneur from Levittown, New York, co-founded LookTrade in 1999, a tech start-up that helped companies run their own online auctions. It imploded in 2001, during the dot-com bust. "The reality is, everyone was doing the eBay thing," he said, looking back with 20-20 hindsight.

Malik learned from his mistake. He left the start-up world behind and eventually got a job at a major advertising agency, selling products on eBay and Amazon on the side. In 2009, after losing his job, he dove back into entrepreneurship and started what became a group of five small businesses to help e-commerce merchants improve sales and profits, offering systems he developed to do so. The sites include FindSpotter.com, which tells merchants what to sell on Amazon and where to find it. Today they collectively generate more than \$500,000 a year in revenue for the solo entrepreneur.

"I advise entrepreneurs not to be bullheaded about an idea when everyone is saying the idea doesn't work," said Malik, now 43.

### 3. A poor pricing strategy

What consumers tell market researchers they are willing to spend doesn't always sync up with reality. Until you test your pricing in the marketplace, it's hard to tell if potential customers will actually pay what you plan to charge.

One reason entrepreneur Jordan Malik believes LookTrade failed was that there were cheaper solutions for setting up an online auction than what it offered. "If people wanted a customized solution, there were options that cost about \$19.95 a month; our solution was in the thousands," Malik said. While he and his partner debated whether to revamp the business model, the start-up petered out. "We were so determined, we burned through our cash," he said.

Another common hazard is failing to price a company's offerings in a way that allows a profit. With many services becoming commoditized in a more global, digital marketplace, it can be tough to raise prices, but doing so can be essential to staying profitable and surviving. In an [April survey of small-business owners](#) by PNC Bank, 74 percent of respondents predicted consumer prices would rise in the next six months—and 37 percent of small businesses said they planned to increase their own prices, too. The average projected hike was 1 percent to 2 percent.

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### 4. Dueling partners

There's nothing wrong with spirited debate among founders—some level of it is healthy for governance—but when there's constant conflict or one partner checks out emotionally, it can destroy the team's morale.

"A lack of collaboration and communication by and among the co-founders looks like parents fighting in anticipation of a divorce," Jones Day attorney Andrew Sherman said.

Most start-up teams fail to plan for the possibility that a partner may want to leave at some point, which can lead to conflict and hurt the business in the future. More than 60 percent of [owners lack an exit plan](#), according to research by Securian Financial Services.

To keep the business stable, create a written shareholder agreement. "Usually that requires a lawyer charging you good sums of money," said Shane Leonard, CEO of Stockflare, a London-based start-up that offers investing ideas and is rolling out in the U.S. next week

Leonard's two co-founders at the business, launched in 2013, decided to leave day-to-day operations after finding life at the start-up was not for them. They didn't have a written shareholder agreement, but Leonard remains on good terms with both, and they still hold equity as he continues on with new partners. However, he realizes in retrospect what could have gone wrong.

"My partners' leaving went smoothly because they are seasoned professionals, friends and fully behind the business as investors, even if they aren't partners anymore," he said. "However, if they weren't, it would have been a real mess and killed the business."

### 5. Burnout

Most businesses feed off the owner's energy and excitement—and there's plenty of it to go around right now. A recent survey by Manta, the online social network for small businesses, found that [83 percent of owners were optimistic](#) about the second half of the year.

When that eagerness to succeed is missing—which can happen for many reasons—the business can quickly die on the vine.

"The owner may not be hands-on anymore and has been replaced by someone who may not be as good as that person is," AmeriMerchant's David Goldin said. "It could be the owners are getting tired as they get older, losing their drive, are sick of the business or have been there too long. Priorities change. It could be a family event, such as the birth of a child."

### 6. A stale marketing message

Big companies know that it's vital to refresh their brand. Even car-rental giant Avis, which stuck with its classic "We try harder" tagline for 50 years, updated it in 2012 with a new one—"It's your space"—which touts the comfortable interiors of its cars.

Small companies that lack the marketing budgets of corporate giants often neglect this side of the business—to their peril. The National Small Business Association's [year-end report for 2013](#) found that only 46 percent of respondents planned to try new advertising and marketing strategies in 2014.

If you haven't given any thought to your branding recently or are using the same piece of direct mail you used four years ago, that's a warning sign you could soon be running the business that time forgot.

### 7. Failure to join the digital revolution

Americans may spend much of their lives staring at the screens of their laptops, tablets and smartphones, but many businesses still aren't making the most of opportunities to reach customers online.

The [2013 Small Business Technology Survey](#) by the NSBA, conducted last August, found that while 82 percent of businesses have a website, a whopping 72 percent of firms did not sell their products or services online. That represented only a slight increase over 2010, when 74 percent said they weren't selling online. And few small firms are making the most of opportunities to dive into the mobile market—a good opportunity to reach younger consumers. Only 18 percent have a mobile website, the survey found.

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### 8. Cybertheft

It's not just big companies like Target that criminals target in data breaches. Many small firms get victimized—and it can be deadly to them, research shows. Sam Graves, R.-Mo., chairman of the House Subcommittee on Small Business, [said in a 2013 speech](#) that 60 percent of small businesses fail after a cyberattack.

The NSBA's 2013 technology survey found that while 94 percent of small-business owners report being very or somewhat concerned about cybersecurity, nearly half have been victimized by a cyberattack. Often, this results in time wasted, service interruptions and thousands of dollars lost. For those whose bank accounts got hacked, the average loss was \$6,927.50.

Despite the risks, many do-it-yourselfers have not turned to professional help. Among the business leaders surveyed by NSBA, 40 percent said they handle tech support themselves, while only 32 percent assign a staffer to tackle this. Just 24 percent rely on an outside service provider.

### 9. Underestimating the competition

Even if you're a David in a world of Goliaths, it doesn't mean the Goliaths are the only threat to your existence. Entrepreneurs need to be just as wary of new disruptors in their industry. Unfortunately, business owners often underestimate the new kid on the block. One reason is that they are blinded by what AmeriMerchant's David Goldin calls the "owner syndrome"—they think their product or service is the best.

Sometimes it may not be a competitor's superior product that puts you out of business. They may beat you on a factor like convenience or TLC.

Consider this: [66 percent of consumers in 1 of 10 industries](#) Accenture studied last year switched to a new company because of the service. Even worse, 82 percent felt their provider could have done something to prevent them from switching. If you're not sure how happy your customers are, consider using a tool like SurveyMonkey to take their pulse—before they defect.

### 10. Overreliance on one customer

It can be exciting to win a big account, but owners who devote all of their time and attention to one or two clients put themselves in a very vulnerable position. If that business dries up, the loss of income they suffer is as catastrophic as a job loss is to an employee. And failing to replace the lost customers quickly can lead the businesses to close—even in the case of larger companies.

In its 2014 survey of its members, the Turnaround Management Society, an association of turnaround professionals in Alhambra, California, found that [12.2 percent of corporate businesses failed](#) because they did not have enough new customers.

### 11. Disgruntled employees

If the people who serve your customers aren't psyched about coming to work, it's probably going to show in their performance and hurt your overall profitability. Employees who aren't happy about their situation at work aren't likely to put in extra effort or stay up late working on a new innovation to help your company, which are "the things small and growing companies rely on," Jones Day attorney Andrew Sherman said.

Gallup found in 2013 research that 70 percent of American [workers are either not engaged at work, or are actively disengaged](#) to the point of trying to subvert the work of colleagues.

The good news for entrepreneurs: Small companies do better than big companies at keeping workers enthused. Forty-two percent of employees at small firms are happy, compared to just 27 percent to 30 percent of those at bigger companies.

What can you do to avoid disengagement? Often, a "cultural disconnect"—where leaders' words don't sync with the realities of the line worker—causes the problem, so make sure it's not afflicting your business, Sherman said. "It's when the CEO stands up and says, 'This year we're cutting costs' but doesn't explain how oh, by the way, he just leased a new Mercedes-Benz 500 and made some improvements to his office."

## YourNeighbor Business Plan

### Top 10 Reasons Small Businesses Fail

By JAY GOLTZ JANUARY 5, 2011 2:05 PM January 5, 2011 2:05 pm 48 Comments

Thinking Entrepreneur

One of the least understood aspects of entrepreneurship is why small businesses fail, and there's a simple reason for the confusion: Most of the evidence comes from the entrepreneurs themselves.

I have had a close-up view of numerous business failures — including a few start-ups of my own. And from my observation, the reasons for failure cited by the owners are frequently off point, which kind of makes sense when you think about it. If the owners really knew what they were doing wrong, they might have been able to fix the problem. Often, it's simply a matter of denial or of not knowing what you don't know.

In many cases, the customers — or, I should say, ex-customers — have a better understanding than the owners of what wasn't working. The usual suspects that the owners tend to blame are the bank, the government or the idiot partner. Rarely does the owner's finger point at the owner. Of course, there are cases where something out of the owner's control has gone terribly wrong, but I have found those instances to be in the minority. What follows, based on my own experiences and observations, are the top 10 reasons small businesses fail. The list is not pretty, it is not simple, and it does not contain any of those usual suspects (although they might come in at Nos. 11, 12 and 13).

- 1. The math just doesn't work.** There is not enough demand for the product or service at a price that will produce a profit for the company. This, for example, would include a start-up trying to compete against Best Buy and its economies of scale.
- 2. Owners who cannot get out of their own way.** They may be stubborn, risk averse, conflict averse — meaning they need to be liked by everyone (even employees and vendors who can't do their jobs). They may be perfectionist, greedy, self-righteous, paranoid, indignant or insecure. You get the idea. Sometimes, you can even tell these owners the problem, and they will recognize that you are right — but continue to make the same mistakes over and over.
- 3. Out-of-control growth.** This one might be the saddest of all reasons for failure — a successful business that is ruined by over-expansion. This would include moving into markets that are not as profitable, experiencing growing pains that damage the business, or borrowing too much money in an attempt to keep growth at a particular rate. Sometimes less is more.
- 4. Poor accounting.** You cannot be in control of a business if you don't know what is going on. With bad numbers, or no numbers, a company is flying blind, and it happens all of the time. Why? For one thing, it is a common — and disastrous — misconception that an outside accounting firm hired primarily to do the taxes will keep watch over the business. In reality, that is the job of the chief financial officer, one of the many hats an entrepreneur has to wear until a real one is hired.
- 5. Lack of a cash cushion.** If we have learned anything from this recession (I know it's "over" but my customers don't seem to have gotten the memo), it's that business is cyclical and that bad things can and will happen over time — the loss of an important customer or critical employee, the arrival of a new competitor, the filing of a lawsuit. These things can all stress the finances of a company. If that company is already out of cash (and borrowing potential), it may not be able to recover.
- 6. Operational mediocrity.** I have never met a business owner who described his or her operation as mediocre. But we can't all be above average. Repeat and referral business is critical for most businesses, as is some degree of marketing (depending on the business).
- 7. Operational inefficiencies.** Paying too much for rent, labor, and materials. Now more than ever, the lean companies are at an advantage. Not having the tenacity or stomach to negotiate terms that are reflective of today's economy may leave a company uncompetitive.
- 8. Dysfunctional management.** Lack of focus, vision, planning, standards and everything else that goes into good management. Throw fighting partners or unhappy relatives into the mix and you have a disaster.
- 9. The lack of a succession plan.** We're talking nepotism, power struggles, significant players being replaced by people who are in over their heads — all reasons many family businesses do not make it to the next generation.

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**10. A declining market.** Book stores, music stores, printing businesses and many others are dealing with changes in technology, consumer demand, and competition from huge companies with more buying power and advertising dollars.

In life, you may have forgiving friends and relatives, but entrepreneurship is rarely forgiving. Eventually, everything shows up in the soup. If people don't like the soup, employees stop working for you, and customers stop doing business with you. And that is why businesses fail.

Jay Goltz owns five small businesses in Chicago.



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