

# ***Profiles+™ Professional Business Profile***



***Your Most Important Asset May  
Also Be Your Greatest Asset***

# Business Profile

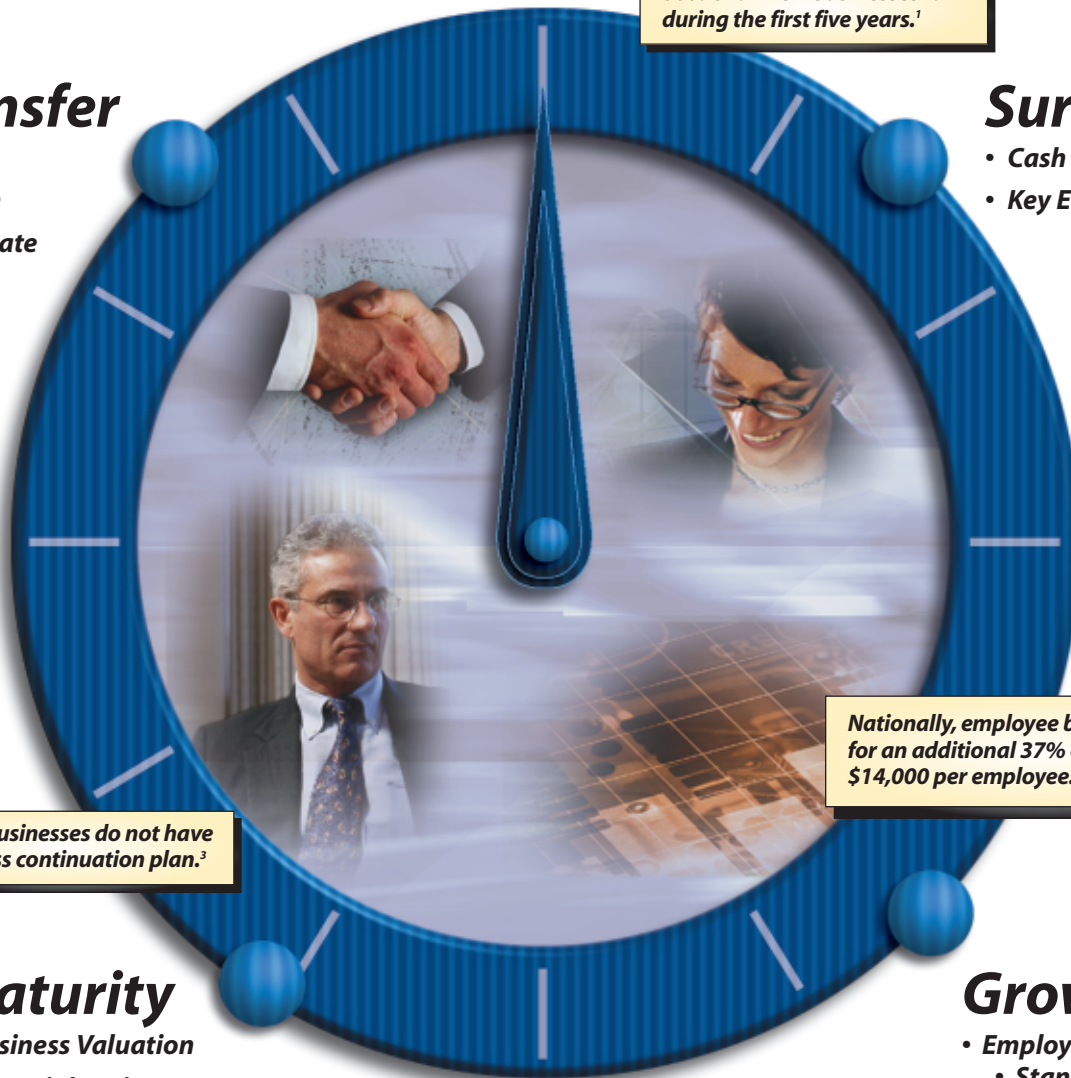
80% of all new businesses fail during the first five years.<sup>1</sup>

## Transfer

- Sell
- Retain
- Liquidate

## Survival

- Cash Flow
- Key Employee



40% of businesses do not have a business continuation plan.<sup>3</sup>

Nationally, employee benefits account for an additional 37% of payroll—over \$14,000 per employee.<sup>2</sup>

## Maturity

- Business Valuation
- Financial Ratios

## Growth

- Employee Benefits
  - Standard
  - Selective
- Maximize Revenues

**SOURCE:**

- 1: Gerber Business Development Corp.—Long Island Business News, Jan 15, 1999
- 2: U.S. Chamber of Commerce, Employee Benefits, 2000
- 3: LIMRA U.S. Marketplace, March 2001

### Business Data

The Standard Industry Classification (SIC) is a method for classifying businesses with similar products and services into numerical categories for purposes of comparison. This gives you the ability to compare your own ratios to the average ratios for the industry. The SIC list can be found on the SIC Text Page.

Business Name \_\_\_\_\_ Year Started \_\_\_\_\_ SIC Code \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone ( \_\_\_\_\_ ) \_\_\_\_\_ Fax ( \_\_\_\_\_ ) \_\_\_\_\_

E-mail \_\_\_\_\_

Form of Business     Sole Proprietorship     Partnership     Corporation     Sub S Corporation

**Employee Benefits**

Record the annual company contributions by completing the following benefit categories. An "Other" field is provided to include any other employee benefit not listed here.

The default percentage for Time Off is 13% of payroll.

Number of Employees \_\_\_\_\_

**Time Off:** (average # of days per year)

Vacation/Holidays # \_\_\_\_\_ days per year

Sick Pay # \_\_\_\_\_ days per year

**GROUP INSURANCE:** (Optionally, include the administrative costs associated with each plan.)

**ANNUAL**

**Medical:** Total company portion of group or individual medical insurance premiums. \$ \_\_\_\_\_

**Dental:** Total company portion of any dental insurance premiums. \$ \_\_\_\_\_

**Life:** Total company portion of group life insurance premiums. \$ \_\_\_\_\_

**Long-Term Disability:** Total company portion of any individual or group LTD insurance premiums. \$ \_\_\_\_\_

**Long-Term Care:** Total company portion of any individual or group Long-Term Care insurance premiums. \$ \_\_\_\_\_

*Optional group insurance plans not listed above:* \$ \_\_\_\_\_

**Other:** \_\_\_\_\_ \$ \_\_\_\_\_

**RETIREMENT PLAN:** (Optionally, include the administrative costs associated with each plan.)

**401(k):** Total amount of company's matching costs. \$ \_\_\_\_\_

**SEP IRA:** Total amount of company's contributions. \$ \_\_\_\_\_

**Profit Sharing:** Total amount of company's contributions. \$ \_\_\_\_\_

**Defined Benefits:** Total amount of company's contributions. \$ \_\_\_\_\_

**Other:** \_\_\_\_\_ \$ \_\_\_\_\_

**SELECTIVE BENEFITS:** (Optionally, include the administrative costs associated with each plan.)

**Deferred Compensation:** Total amount of company's investment and/or insurance funding. \$ \_\_\_\_\_

**Executive Bonus:** Total amount of company's insurance premiums. \$ \_\_\_\_\_

**Split Dollar:** Total amount of company's insurance premiums. \$ \_\_\_\_\_

**Other:** \_\_\_\_\_ \$ \_\_\_\_\_

**Concerns**

Rank the following concerns on a scale of 1 (very low) through 9 (very high). Avoid duplicating the same ranking in any of the five concerns. These concerns deal with feelings about the business and what the business can do for you. They approach the business as both an investment and as an income source. By entering the ranking of the five Business Concerns, Business Profiles produces a list of common business strategies in the order that best fits your desires and needs. These are needed to select the products, services and concepts that will match your investment temperament and philosophy, and meet your needs and objectives.

(1-9)

\_\_\_\_\_ **Expansion:** How concerned are you that your cash flow, credit line, and business surplus be available to meet plans for expanding your business?

\_\_\_\_\_ **Transfer:** How much are you concerned with making sure that your surplus contributes to an orderly transfer of your company at a top price at retirement, death, or at a sale?

\_\_\_\_\_ **Tax Advantage:** How concerned are you about getting all of the tax relief to which you are legally entitled and which is suitable and logical for your business?

\_\_\_\_\_ **Personal Benefits:** Some investment plans and insurance services can be provided for you by your company at an outlay, or cost less than you might pay individually. How interested are you in using business dollars to fulfill your personal needs?

\_\_\_\_\_ **Recruiting Needs:** To what extent are you concerned that your business surplus helps you recruit and retain key executives and employees?

*How did the business start?*

*With whom do you consult before making important business decisions?*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*What benefit is least understood by employees?*

*What do you enjoy most about your profession?*

\_\_\_\_\_

\_\_\_\_\_

*What benefit is considered most important to the key employees?*

*What separates your company from the competition?*

\_\_\_\_\_

\_\_\_\_\_

*What benefits could be improved?*

\_\_\_\_\_

**Valuation**

- \$ \_\_\_\_\_ **Owner's estimate of value:** "If I had a check in my hand right now, and I wanted you to hand me the keys to the door, how much would I have to write the check out for to make it worthwhile for you and fair to me?"
- ◆ \$ \_\_\_\_\_ **Average book value of business (3-5yrs):** This comes from the company's Balance Sheets (Assets-Liabilities) for the last three to five years.
- ◆ \$ \_\_\_\_\_ **Average net income from business (3-5yrs):** This comes from the company's Income Statements (Income-Expense) for the last three to five years.
- ◆ \_\_\_\_\_% **Estimated rate of return on investments:** Enter the expected total return available from an investment portfolio. How much can you expect to earn on alternative investments?
- # \_\_\_\_\_ **Number of years goodwill expected to last:** "If you were to sell your business, how long (in years) would it take the goodwill that is attached to you as the owner to reduce to zero?"
- \$ \_\_\_\_\_ **Salaries required to replace owners:** "Suppose you were to decide to step back from the business and only work in an advisory capacity, and you were to go out on the open market and hire someone to do all of the day-to-day things that you do for the firm. How much would you have to pay that person (or people if more than one owner)?"
- \_\_\_\_\_% **Estimated long-term inflation rate:** "What is your estimate of the long-term rate of inflation since 1967?" The average rate was 5.5%.
- \_\_\_\_\_% **Long-term annual growth rate for your business:** For example, it is expected that a well established, stable business could expect 8% to 10%; for an average business a return of 10% to 15% could be used; and for a new or speculative business, a return of 15% or more would not be uncommon.

**Owner/Key Employee**

Enter the following information on up to four owners/key employees

Owner/Key Employee	#1	#2	#3	#4
Last Name	_____	_____	_____	_____
First Name	_____	_____	_____	_____
Age	_____	_____	_____	_____

**Business**

Ownership	_____%	_____%	_____%	_____%
Buy/Sell-Life Insurance	_____	_____	_____	_____
Buy/Sell-Disability Insurance	_____	_____	_____	_____

**Key Employee**

Salary (annual)	\$ _____	\$ _____	\$ _____	\$ _____
Years to Protect	_____	_____	_____	_____
Sales Contribution	_____%	_____%	_____%	_____%
Profit Contribution	_____%	_____%	_____%	_____%
Replacement Cost				
Inducement Cost	\$ _____	\$ _____	\$ _____	\$ _____
Training Cost	\$ _____	\$ _____	\$ _____	\$ _____
Opportunity Cost	\$ _____	\$ _____	\$ _____	\$ _____
Key Employee Life Insurance	\$ _____	\$ _____	\$ _____	\$ _____
Business Overhead Insurance	\$ _____	\$ _____	\$ _____	\$ _____

*Do you have a recent valuation of your business?*

*What type is it?*

*How will your death or disability affect the operation of the business?*

*How is it funded?*

*Are your plans to sell, retain or liquidate your business in the event of disability, death or retirement?*

*How current is the agreement?*

*Does it include provisions for long-term disability?*

*Do you have a buy/sell agreement to transfer the company ownership?*

*Have you designated successor management?*

**Balance Sheet**

Enter the assets and liabilities for the year corresponding to the statement date. You need to record only the information under the column labeled "Current Year." Business Profiles will automatically calculate the values under the column "Projection Year," using the estimates that you enter under "Asset Increase% (+/-)" and "Liability Increase % (+/-)." Projections will be carried forward to the year you specify as "Projection Year." It is also important that you include the "Statement Date." This date will serve as the baseline against which the program will perform its projections. If you wish to override the increase rate of a particular asset or liability, simply enter the desired future dollar value in the "Projection Year" column.

Statement Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_      Asset Increase \_\_\_\_%      Liability Increase \_\_\_\_%

ASSETS	CURRENT YEAR	PROJECTION YEAR ____
<b>Current Assets</b>		
Cash	\$ _____	\$ _____
Marketable Securities	\$ _____	\$ _____
Accounts Receivable	\$ _____	\$ _____
Less: Allowance for Bad Debts	(\$ _____ )	(\$ _____ )
Notes Receivable	\$ _____	\$ _____
Inventory	\$ _____	\$ _____
Prepaid Expense	\$ _____	\$ _____
<b>Total Current Assets</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Fixed Assets</b>		
Land and Buildings	\$ _____	\$ _____
Equipment	\$ _____	\$ _____
<b>Total Fixed Assets</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Other Assets</b>		
Investments	\$ _____	\$ _____
Goodwill and Other Intangibles (patents, etc.)	\$ _____	\$ _____
<b>Total Assets</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ _____	\$ _____
Estimated Tax Liability	\$ _____	\$ _____
Accrued Expenses Payable	\$ _____	\$ _____
Deferred Income	\$ _____	\$ _____
Other	\$ _____	\$ _____
<b>Total Current Liabilities</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>Long-Term Liabilities</b>		
Mortgages Payable	\$ _____	\$ _____
Other	\$ _____	\$ _____
<b>Total Long-Term Liabilities</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>TOTAL LIABILITIES</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>EQUITY</b>	<b>\$ _____</b>	<b>\$ _____</b>

**Notes**

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**Income Statement**

Enter the income and expenses for the year corresponding to the period ending date. You need to record only the information under the column labeled "Current Year." Business Profiles will automatically calculate the values under the column "Projection Year," using the estimates that you enter under "Income Increase % (+/-)" and "Expense Increase % (+/-)." Projections will be carried forward to the year you specify as "Projection Year." It is also important that you include the "Period Ending." This date will serve as the baseline against which the program will perform its projections. If you wish to override the increase rate of a particular income or expense item, simply enter the desired future dollar value in the "Projection Year" column.

Period Ending \_\_\_\_ / \_\_\_\_ / \_\_\_\_      Income Increase \_\_\_\_%      Expense Increase \_\_\_\_%

INCOME	CURRENT YEAR	PROJECTION YEAR ____
Sales/Service Revenue(Cash)	\$ _____	\$ _____
Sales/Service Revenue(Credit)	\$ _____	\$ _____
Less: Returns/Allowance/Discounts	(\$ _____)	(\$ _____)
Investment Income	\$ _____	\$ _____
<b>TOTAL INCOME</b>	<b>\$ _____</b>	<b>\$ _____</b>

**EXPENSES**

Cost of Goods/Service Sold	\$ _____	\$ _____
◆◆ Owner's Salaries	\$ _____	\$ _____
◆ Other Salaries	\$ _____	\$ _____
Employee Benefits	\$ _____	\$ _____
Retirement Plan Contributions	\$ _____	\$ _____
◆ Payroll Taxes	\$ _____	\$ _____
Office Expenses	\$ _____	\$ _____
General Expenses	\$ _____	\$ _____
Interest	\$ _____	\$ _____
R&D Expenses	\$ _____	\$ _____
Other Expenses	\$ _____	\$ _____
Other Taxes	\$ _____	\$ _____
◆ <b>TOTAL EXPENSES</b>	<b>\$ _____</b>	<b>\$ _____</b>
Pre-Tax Income	\$ _____	\$ _____
Less: Depreciation & Amortization	(\$ _____)	(\$ _____)
◆ Taxable Income	\$ _____	\$ _____
Less: Income Tax	(\$ _____)	(\$ _____)
<b>NET INCOME</b>	<b>\$ _____</b>	<b>\$ _____</b>

**Notes**

- Buy/Sell Agreements
- Employee Benefit Booklet
- Business Financial Statements
- Income Tax Return

**Modules**

The number following each module title corresponds to the sections that need to be completed for that module. Numbers followed by this symbol (◆) indicate that you need only collect (◆) items within that section.

Business Valuation 1,3,4,5,6,10 ◆

Employee Benefits 1,2,3,10 ◆

Financial Statements & Ratios 1,3,8,9,10

Key Employee Valuation 1,3,4 ◆,5,7,9,10 ◆