

The Office for Economic Development of the City of Bonn

As the Office for Economic Development of the City of Bonn our aim is to strengthen the competitiveness of Bonn - an attractive and growing business location - and stimulate the structural change of the region. Our team is facilitator and service provider for the specific promotion of start-ups, small and medium sized enterprises and innovation.

We offer entrepreneurs an individual consultation, assistance in defining and planning the business idea as well as its evaluation. When creating their business concept, we support start-ups dealing with issues of market analysis, choosing business locations, finding the right price and we give information and advice on public funding and business loans.

To prepare for starting your business you should develop your business concept, the so called business plan. This business concept is useful for you as a planning instrument as well as to apply for public funding and business loans.

The following topics of this brochure will guide you in developing your individual business plan:

- Basic information for entrepreneurs
- Sales plan and return-on-investment plan for your business*
- Plan for the calculation of the private drawing
- Checklist for entrepreneurs.

The start-up team of the Bonn Office of Economic Development will assist you. Contact us for any further questions or information on business start-ups:

Telephone: 0228/77-4000
wirtschaftsfoerderung@bonn.de

You may also visit the website of the "Starter Center Bonn / Rhein-Sieg" for initial information and to prepare for your self employed future.

www.startercenter-bonn-rhein-sieg.de

Additional helpful advice for all questions relating to business start-ups is also available on the website of the Ministry of Economic and Technology.

<http://www.existenzgruender.de>

* The planning tools are also available as a Microsoft Excel file. Here, the file is automatically completed after entering your data. To receive the file please contact us by email:

wirtschaftsfoerderung@bonn.de

Start-up

Basics of a successful business start-up

Basic information for those who are interested in starting a business

As the City of Bonn we are very pleased about your decision to start your own business and we congratulate you for that. The Office for Economic Development of Bonn wants to support you with all the necessary resources in implementing your business idea. Our aim is that your start-up project is sustainable, and that you manage to position your products or services and compete in the markets successfully.

You should plan your business start well in order to assess your chances better and to be able to identify your business risks. If you wish to apply for public funding, the sustainability has to be checked and assessed positively. Therefore you have to develop your business plan.

The business plan, together with your CV and financial plan is the basis for a first consultation in our office.

To convince funding authorities, potential partners or agencies of your projects, you should deal with the following topics sufficiently:

- 1 Company founder**
- 2 Concept (business idea)**
- 3 Financing**
- 4 Location**
- 5 Starting time**

We have explained below how you can work out the individual elements more precisely.

1 Company founder

In order to present yourself as an entrepreneur, you should provide the following information about you:

- Your name and postal address
- Your phone number
- Your e-mail address
- Your CV (include a copy of your certificates, if available)
- Additional qualifications
- Information about your private expenditures and revenues
- Information on whether you receive public (welfare) benefits and from which office you receive them (including the last certificate)

2 Concept (business idea)

Your counterpart wants to understand your business idea. You should describe and explain it so easily, that a person, who is not an "expert" in your industry, can understand what you are planning to do. You should give an answer to the following questions:

- What products and services do you offer?
- Is there already a market for your (product/service) offer?
- Do you have any unique selling propositions, which are they?
- What is the difference between your product (service) offer and those of your competitors?
- Who are your potential customers and your target groups?
- What kind of marketing you want to pursue in order to reach your target customers?
- What are the customer benefits of your product (service) offer?
- What kind of risks may arise?
- How serious are these risks?

3 Financing

To assess the financial conditions of your project, you should prepare your revenue and expenditure estimates carefully and have them be assessed by our consultants. Funding providers such as banks (loans for start-ups), the employment agency (start-up grant) and job centres ("Einstiegsgeld", another form of a start-up grant) would like to know from you:

- What kind of investment you will have to make? (For that please make a list of all assets you need for the implementation of your project, including the start-up expenditures)
- What kind of assets can you provide as "Sacheinlage" (contribution in kind)?
- Do you need a warehouse?
- Not only traders need a warehouse. Restaurants and hotels, crafts shops and service providers also need a warehouse, even if this warehouse need not be large. Please make a plan of your warehouse and determine the cost for it?
- What revenues and expenses do you expect for your business?

In the appendix you will find a financial plan as an excel spreadsheet. This plan can give you an overview of the first three years of your company's financial performance. Please estimate your income (excluding sales tax) using the expected sales and use if possible industry indicators as benchmarks. If you're a service provider, calculate the time you will need for the projects for each month in the first year. Calculate your income to the date on which you expect payments. Then calculate your expenses from personnel costs up to the depreciation. The revenues minus the expenditures will be your preliminary earnings before taxes. This may be truncated to the business tax. In a partnership, you have an annual allowance of € 24,500.00. For the excess amount, you should expect a tax of 12% on average.

Your net income is used to fund all financial obligations to lenders (principal), for the financing of investments (if they are not covered by loans or deposits) and to fund your living expenses. Make a list of your personal living expenses. These include monthly expenses for:

- food, drink, clothing, etc.,
- private rent and utilities,
- personal insurance such as health insurance,
- long term care insurance and a pension scheme,
- other private financial obligations.

You can use our excel spreadsheet for the calculation of your financial plan. The private revenues include also grants from the "Arbeitsagentur" and "Jobcenter" for business start-ups.

Other questions that you need to clarify are:

- How do losses at the beginning of your business start influence your financial situation?
- How is your own financial capacity?
- What financial collateral (Sicherheiten) do you have?

4 Location

Where is the location of your company? Under certain circumstances, the location is crucial to the success of your company. You should make a brief location analysis to determine whether the location is correct and answer the following questions:

- Is the pursuit of your work is allowed at this location?
- Are competitors already at the location?
- How do you differentiate yourself from your competitors?

5 Starting time

When do you intend to start your business? For some types of business the timing of the business start is important, for example, that the company launch is placed the close to the Christmas shopping season. Other types of business are less seasonal. Consider for this reason also other important times e.g. the main holiday season in your planning.

If you want to deal with these issues in detail we will send you more information. If you have any questions when creating your rough concept please let us know. In this case, we would like to offer you a date for an appointment.

For further information you will find assistance by our startup advisory team:

Gertrud Hennen 0228/ 77-5149; gertrud.hennen@bonn.de

Markus Heinen 0228/ 77-2036; markus.heinen@bonn.de

Erdal Yildirim 0228/ 77-2635; erdal.yildirim@bonn.de

Attachments:

Financial Plan

Checklist for business start-ups

With the help of the following questions, you can develop your business concept and identify the remaining issues:

1 Personal qualifications / skills profile:

- What skills do I have to run a business?
- Do I have sufficient professional qualifications?
- Do I have sufficient business knowledge?
- What experience do I have in my industry?
- What are my financial obligations?
- Can I estimate the temporal burdens of my project and can I bring these charges in line with my responsibilities to my family and my other obligations?
- Will my family (my environment) support me?

2 Business concept / market opportunities:

- What services / products do I want to offer?
- Which target group / client group do I want to address?
- What do I know about my customer groups?
- How will I reach my customer groups?
- What is the need for my service / my product?
- How big is the market for my product / service?
- How will the market develop?

3 Competitors:

- Who are my competitors in the market?
- What are the prices of my competitors?
- What is my USP (Unique Selling Proposition), what sets me apart from my competitors?
- What methods of distribution / sales methods do my competitors use?

4 Choice of location:

- What are the requirements for my business location?
- Do I know the appropriate locations?
- Are there enough customers in the vicinity of my site?
- How are the public transport links?
- What are the total costs (rent and charges)?

5 Rooms / spaces:

- Do I know the market prices for office and commercial space?
- Is there any public business center with cheap rental prices?
- Are there other flexible office solutions?

6 Permits:

- Do I need special licenses or permits for my company?
- Which authorities are responsible for the permits? Who is my contact?

7 Legal forms:

- Which legal forms are possible?
- What are the advantages and disadvantages of the different legal forms?
- Which legal form is the most appropriate business form for my project?

8 Profitability forecast:

- What individual cost groups will I have, how much will I have to pay for each cost group?
- Which individual groups of income will I have, how much revenue will these be?
- How much will my revenue have to be at least to pay all the costs?
- Will my calculated prices be paid on the market?

9 Financing / public funding:

- Have I calculated my capital requirements correctly?
- Is my liquidity ensured without exception?
- How much equity do I have?
- What security do I have against lenders?
- How and by whom can I get a loan?
- Where can I get information on public funding? Which funding instruments will suit me?

10 Insurance:

- Which kind of insurance do I need for my business?
- Which private insurance do I need?
- Which changes with my social insurance will occur in future?
- What pension insurance will I need?

11 Future prospects:

- What are my medium-term and long-term goals set for my business?
- What should I do when, in order to achieve these goals?
- How do I react to market changes?

Financing and funding advice

Once you have determined the numbers of your planning carefully, you should clarify this in a consultation with the Office of Economic Development of the City of Bonn. For a financial assessment of your project this consultation is necessary. The government, the states and the EU support start-ups with low-interest loans and by specific programs.

Consulting assistance before founding

The “NRW – Beratungsprogramm Wirtschaft”

The “NRW – Beratungsprogramm Wirtschaft” subsidizes the consultancy costs for entrepreneurs. The Bonn Economic Development gets the applications for funding and checks e.g. the interest of social funding programs.

Consulting assistance after founding

“Gründercoaching Deutschland”

The “Gründercoaching Deutschland” is a public financed support program for new start-ups. We will inform you as to which promotion is the right one for your business. We will also explain the process. The coaching is led by a consultant recognized by the Bank for Recreation (KfW) which, among others, funds business start-ups.

Other grants

The „Exist“ funding

The „Exist“ fund (business start-up from science) supports knowledge-based start-ups with the „Exist“ scholarship for entrepreneurs.

“Gründungszuschuss”

The Employment Agency supports unemployed people who want to start a business with an extra 300 € grant in addition to their unemployment benefit in the first six months of the start-up.

“Einstiegsgeld”

Recipients of ALG II (social assistance), who want to start a business can receive a so-called "Einstiegsgeld" from their job center as a grant to ALG II.

“Meistergründungsprämie”

The government of North Rhine-Westphalia and the European Union support business start-ups by master craftsmen and craftswomen very successfully. The bonus will be granted until at least the end of 2014. It must be applied for this at the “Landes-Gewerbeförderungsstelle NRW (LGH)”.

Bonn Profits - The Business Centre for start-ups

You want to start a business and could not find any proper and inexpensive office rooms yet?

In the BonnProfits business centre for start-ups on the Godesberg Allee 139 the Office of Economic Development Bonn offers you cheap offices in a good location and with facilities in order to support your business start.

The business centre of Bonn is aimed primarily at young companies in the field of knowledge-intensive services, where the company was founded not more than 5 years ago. It also is available for national and international corporate settlements.

The "Bonn-Profits" business centre for start-ups covers a total area of 1,200 square meters with more than 32 offices, ranging in size from 11,3 sqm up to 36,9 sqm. Therefore you have to apply with a business plan to the Office for Economic Development in Bonn.

Disabled access on the ground floor, small kitchens for the common use, a meeting room and accompanying coaching by the advisory team of the Office of Economic Development are just a few of the free services of the comprehensive service package of BonnProfits.

The rental prices start for the first year at 7 € per sqm for start-ups. For existing companies who want to first settle in Bonn, the rent per square meter is at 11 €.

For more information:

Office of Economic Development,
Business Service Center

Tel: (02 08) 77-4000

(opening times: Monday to Thursday from 8 am until 5 pm and Friday from 8 am until 13 pm)
wirtschaftsfoerderung@bonn.de