



## **PC-103 Marketing & Administration Study Guide**

This exam is concerned with your business structure, business plan, marketing, insurance and accounting.

One of the first decisions you have to make is whether to structure your business as a sole proprietorship, a partnership or some form of corporation. A corporation (with officers and such) is the least popular structure. One very popular structure is the sole proprietorship. There are many advantages to this, such as being taxed only on personal income and the ability to stay in business as long as you wish and stop when you want. The true beauty is that you work for you! One of your responsibilities, though, is that you will need to file and pay estimated taxes on a quarterly basis. Some Personal Chef Services are set up as partnerships, which while they can lead to increased assets can also create personal issues, divide profits and make one partner liable for actions or decisions of the other. One version of a partnership is the Limited Partnership, in which one or more partners may have strictly financial involvement and not operational.

Your business plan is a living document and one you will refer to twice a year, or when you need to, to review your progress. This will help you to know when to adjust your strategy for changing events in the marketplace.

The final part to be written is the executive summary. This contains enough information for a reader to get familiarized with the subject report without having to read it. Write this as if you were to hand it to a potential investor.

Before you can cook for your first client you will need to market your services so that people know about you. One of the first components of your marketing plan should be your own image as a professional. How the public sees you and your business is what creates your image as a professional personal chef, and there are many factors to this image. Make sure that you are dressing properly and are confident of your subject. Any point of contact between you and the public helps to form your image, right down to the sign on your car and the way you answer the phone. Another point of contact is your web site. Your web site is a great silent salesman, so make sure that it is clear, describes the benefits to the client and has some great comments from satisfied customers.

Your business plan has listed your potential client base (working couples is the largest market) and your marketing plan will tell how you intend to reach that base. Your marketing plan should include inexpensive yet effective ways of getting the word out such as press releases and joining networking groups such as BNI. All of these promotional moves are crucial to your success. Some of the effective ways to promote your service include a web presence, TV or radio, networking groups and print media such as newsletters and brochures.

Record keeping is an important aspect to your business. This includes things as basic as tracking car mileage to tracking cash flow and meeting governmental reporting requirements. Your own personal checking account is not sufficient for your business finances and it would not hurt to solicit professional advice.

Do not confuse record keeping with accounting, which is the system of setting up, maintaining and auditing a firm's books, in addition to analyzing its financial status.

There are some basic terms whose definitions you should know. One is capital. In one sense reflects the business' net worth. You need a certain amount of capital to start your business (buy tools, pay for brochures) and also working capital for ongoing later expenses.

You should know the difference between accounts payable, which are liabilities such as your phone bill, etc. and accounts receivable (yesterday's client who is mailing a check.)

As a personal chef you must have liability insurance which protects you in case of property damage or bodily injury. It does not protect you against accusations of theft. While it is generally not required you can also consider bonding, the purpose of which is to pay the claim for any theft damages if you or a bonded employee is convicted.

You should know the difference between gross and net income. Gross is what you collect, before any amount is deducted. Net is what you actually put in your pocket.

Your Income Statement is also known as a P&L. This provides a moving picture of your business. It shows the monthly flow of income, expenses & profit or loss. It includes: Projected sales sold, cost of producing goods, other expenses and net profit. This Income Statement comprises half of your financial statement. The other part is the balance sheet.