

Business Plan Master

v2.5

**Copyright (c) 1992, David A. Works
All Rights Reserved**

**This is NOT free software. This is
NOT public domain software. This
is shareware: you are expected to
pay a registration fee to the
author of this program if you find
it useful. See registration
details in the REGISTER file**

**PLEASE READ
"USER'S GUIDE"**

Registration has great benefits:

- 1. User's Guide**
- 2. Latest version of Business Plan Master**
- 3. Bonus diskette**
- 4. More programs**

BUSINESS PLAN

**[My Company]
123 Main Street
Anytown, USA 10000
123-4567**

[Your Name]

[DATE]

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
THE MANAGEMENT.....	3
[MY COMPANY] HISTORY.....	7
[PRODUCT, SERVICE] DESCRIPTION.....	9
OBJECTIVES.....	11
COMPETITORS.....	12
OUR COMPETITIVE ADVANTAGES.....	13
[PRODUCT/SERVICE] PRICING.....	16
SPECIFIC MARKETS.....	17
TARGETING NEW MARKETS.....	20
LOCATION	21
MANUFACTURING PLAN.....	22
RESEARCH & DEVELOPMENT.....	23
HISTORICAL FINANCIAL DATA.....	24
PROFORMA FINANCIAL DATA.....	25
EFFECTS OF LOAN OR INVESTMENT.....	28
ATTACHMENTS.....	29

SAMPLE:

[My Company] was formed as a [proprietorship, partnership, corporation] in [Month] [Year] in [City, State] ,by [Name] in response to the following market conditions:

- [Startup ,growth] opportunities exist in [Industry] .
- The need for use of efficient distribution and financial methods in these overlooked markets.
- I have several customers who are willing to place large orders within the next three months.
- Several other prospective customers have expressed serious interest in purchasing within six months.

I previously owned a company that was active in the widget markets. Over the past few years I spent much time studying ways to improve overall performance and increase profits. This plan is a result of that study.

The basic components of this plan are:

<Product>

- Competitive pricing
- Expand the markets
- Increased advertising
- Lower our unit costs,
- Thereby achieving higher profits.

<Service>

- Sign contracts
- Increased advertising
- Increase office staff

Earnings will be retained so that I can enter more markets.

To this end, I need investment from [private individuals, companies, foundations, venture capitalists. A total of \$XXX is being raised which will be used to finance working capital, plant and equipment, real estate and my Ferrari Testarossa. The company will be incorporated and common stock issued to investors. The company will be run as a [proprietorship, partnership].

Financial Goals			
	Year 1	Year 2	Year 3
Sales (000's)	650.00	3,880	16,649
Net Income	99.03	1,120.83	16,649
EPS	\$.25	\$2.80	\$9.58

THE MANAGEMENT

SAMPLE:

Principals

President

John Q. Doe

Qualifications

Owner: John Doe Co. 1980-1987
Manufacturer of premium widgets.

Sales growth from zero to \$1,000,000 in five years.

- Led market in market share - 30%.
- Formulated advertising budgets & campaigns.
- Pioneered new distribution channels.
- Established national sales force.
- Established national repair & service centers.
- Brought new and innovative products to the market.
- Designed point-of-purchase materials.

Recent Experience: 1987 - 1991

Sales XYZ Cheap Widgets
National Sales Manager

Sales records April-May, September, October 1991

Education

University of Colorado
Boulder, Colorado
B.A. - Philosophy
Minors - German, History

Short Biographies

SAMPLE:

President

John Q. Doe, Chief Executive Officer, and Director since February 1988 and President since January 1990. Mr. Doe was the founder and Chief Executive Officer of the original operating company known as Random Excess, Inc. He has had experience in the widget field with his own firm, John Doe Co., of Oshkosh (Wisconsin), from 1980 to 1987. This firm was sold to FatCat Widgets, Inc. in 1987. Mr. Doe has held a sales position with U S West Inc. since then. Mr. Doe graduated from the University of Colorado in 1981 with a bachelor's degree in philosophy. Mr. Doe is employed by the Company on a full-time basis.

Chief Financial Officer

Richard Roe, CPA, Chief Financial Officer, Treasurer and Director. Mr. Roe joined Random Excess, Inc. in December 1988 as a corporate controller and was named Chief Financial Officer in July 1989. Mr. Roe was appointed Treasurer and a Director in July 1990. He served as corporate controller of XYZ Lumber Company from August 1981 to December 1988. Mr. Roe graduated from Metropolitan State College in Denver, Colorado in 1976 with a bachelor's degree in accounting. Since 1979 he has been licensed as a Certified Public Accountant in the State of Colorado and is a member of the American Institute of Certified Public Accountants. Mr. Roe is employed by the Company on a full-time basis.

Vice President

Joe Dokes, Secretary, Executive Vice President and Director. Mr. Dokes supervises the company's sales and implementations to its largest corporate customers, including US West, Great West Life Insurance, etc. Mr. Dokes has served as Secretary and a Director since February 1988, Vice President of Operations from February 1988 to December 1988, President of the Company from December 1988 to January 1990 and Vice President of Contract Sales since January 1990. He has been involved since 1986 with the private company originally formed as Random Excess, Inc., where his duties included managing the purchasing and sales department. From November 1984 to May 1986 he managed the sales department at Integrated Management Systems, Inc. From June 1983 to October 1984 he was a buyer for Adams County, Colorado, School District 50. Mr. Dokes attended Oklahoma State University in 1980 and 1981 and Trinidad State College in Trinidad, Colorado in 1981 and 1982. He did not receive a degree from either university. Mr. Dokes is employed by the Company on a full-time basis.

Vice President

Sally Seagh Vice President of Marketing. Ms. Seagh has been the Company's Vice President of Marketing since November 1988. From September 1986 to October 1988 she was involved in business development and marketing for United Bank of Aurora (Colorado). From February 1980 to August 1986 she was self-employed as an independent oil and gas landman. Ms. Seagh graduated from the University of Denver in 1974 with a bachelor's degree in Education. She is employed by the Company on a full-time basis.

Responsibilities

John Q. Doe, Chief Executive Officer - Responsible for entire operation. Oversees management function and all other executives. Salary - \$60,000.

Richard Roe, CPA, Chief Financial Officer - Responsible for financial operations, accounts payable, accounts receivable, interaction with auditors, investor relations. Salary - \$40,000

Joe Dokes, Executive Vice President - Responsible primarily for sales and sales support. Salary - \$35,000

Sally Seauth Vice President of Marketing. Responsible for marketing, human resources and training. Salary - \$30,000.

Total Executive Compensation

\$165,000.

This Page is for an Organization Chart, if applicable.

[MY COMPANY] HISTORY

SAMPLE:

In [Month, Year] I formed a [manufacturing, sales, service, etc.] company that manufactured start of the art complex widgetry. This company was located in [City, State]. I formed this company as a [proprietorship, partnership, corporation]. Others involved in this business were: [names].

The main goal of this company was to [explain].

Financing was arranged through [home equity loans, savings, venture capital, friends and family, etc.] [Explain terms, rates and ability to repay.]

This venture was very successful in generating and increasing sales, but was not effective in achieving profitability. The main reason for this was the amount of actual overhead experienced. This overhead was not initially anticipated by me at the beginning of that venture. Items including credit checking, warranty program management, extensive travel, maintaining warehouse stock and the management and expense of a national sales force were expenses not originally forecast or expected. With this level of overhead, it was mathematically impossible to achieve profitability

OR:

This venture was very successful in generating and increasing sales, as well as effective in achieving profitability. This was due to the following reasons:

- [Reason 1]
- [Reason 2]
- [Reason 3]

OR:

[My Company] was recently conceived and is still in the beginning stages. To this point the following has been accomplished:

- A team consisting of [list names and primary responsibility. (i.e John Doe - Marketing) has been formed.
- A prospective [customer/client] list has been drawn up.
- Strategy meetings are being held every Monday, Wednesday and Friday evenings.
- This business plan has been drawn up.

[Now link the past to the future - why a former company will lead into this one or how your present company and history will lead into any future plans. A short paragraph should suffice.]

SAMPLE:

We are now able to adequately address the markets we have targeted. We have adjusted our staff, redirected our advertising and sales force, and have added the products necessary to meet the needs and expectations of our customers.

[PRODUCT, SERVICE] DESCRIPTION

SAMPLE:

[My Company] intends to offer [product/service]. This [product/service] offers our customers the best possible solution as it:

<Product>

- Offers the lowest price on the market
- Is the most technically advanced
- Offers more useful features
- Saves them time and money
- Offers our users better value per dollar spent
- Provides an alternative way to achieve a similar task.

<Service>

- Provides a service which is not presently available in this area.
- Is strengthened by a team with combined experience of XX years.
- Saves them time and money
- Provides an alternative, cost effective way for them to realize a similar goal.

We have a [copyright, service mark, trademark, exclusive agency, marketing rights] for this [product/service]. This agency will last until XXX at which time it may be extended for XX years or terminated. This agency agreement is cancelable upon XX days written notice.

<Product>

The [product/service] has a useful life of XX years. To distribute this product so that it remains usable for our customers, we must use the following methods of storage and transportation:

- Overnight delivery
- Cold storage
- Incorporate preservatives
- Shipment within two weeks to distributors.
- Specially padded boxcars.

Even though the technology used to create this product is new, we expect that others will be able to substantially reproduce our patented results within XX years. To remain on the leading edge of this product, we will need to devote approximately XX% of revenues toward research and development. Also due to the fast changing nature of this industry, we will need to retrofit these machines within XX years at customer expense. Our manufacturing plan has considered this.

<Service>

[If general service to be offered is not obvious, such as carpet cleaning, sales rep, lawn care, consulting, etc. explain what service is. Then give a detailed description of your particular service and its uniqueness.]

Short Examples:

1. Our carpet cleaning machinery is state-of-the-art.
2. Our consulting practice will address these specialized areas: [list]
3. We will only rep these specific product lines. [list]

SAMPLE:

Even though at this time our expertise is unique in the marketplace, we expect advances to be made and competitors to arise and offer similar services. We will meet this challenge by:

- Hiring staff specialized in these new areas.
- Increase our continuing education and training expense.
- Adding complementary lines.
- Make regular investments in new equipment.

OBJECTIVES

Long Term

SAMPLE:

[My Company] believes very strongly in technical, financial, business and moral excellence. To secure a stable future for all those connected with [My Company] we have set the following long term goals:

- Present market is estimated at \$XXX. Our goal for market share is XX%.
- We want to be considered by our peers to be the market leader in sales as evidenced by:
 - Trade industry awards
 - High end of scale in financial ratios
 - Major market share
 - Technical excellence (awards, honors, etc.)
 - Community involvement (Rotary, United Way, etc.)

Short Term

SAMPLE:

- Market share goals -
 - First Year XX%
 - Second Year XX%
 - Third Year XX%
 - Fourth Year XX%
- [Decrease, Maintain] costs through acquisition of new plant and equipment.
- Increase productivity by investing in employee training and education.
 1. Budget for complete computer training for appropriate applications.
 2. [Set up, Maintain] employee benefit program for continuing college education.
 3. Budget for necessary seminars and/or continuing job-specific education.
- Maintain state-of-the-art accounting system for careful tracking.
- Monthly reports on financial status vis-a-vis the industry.
- Aggressive recruitment of the best technical staff in the industry.
- Support company involvement in various local and national charity events.

COMPETITORS

SAMPLE:

Competitor #1

Name
Address
City, State

Strengths:

- Location - next door to supplier factory, on major artery, close to terminal, etc.
- Pricing - Low cost producer, known for aggressive pricing policy.
- Delivery - ships overnight to anywhere in the world.
- Management - Everyone has an MBA from Harvard.

Weaknesses

- Service - takes more than 3 months to receive spare parts.
- Dedications - If it's sunny, they're on the golf course or ski slope.
- Machinery - Slowly approaching obsolescence unless replaced within six months.
- Overhead - Spend lavishly on corporate dining room, limousines and champagne.

OUR COMPETITIVE ADVANTAGES

SAMPLE:

<Product>

The distinctive competitive advantages which [My Company] brings to this market are:

- **Experience** in this market. I have XXX years of hands-on experience in this industry.
- **Sophistication** in finance and distribution. This results in my being the low cost supplier in these price sensitive markets.
 - The philosophy of [My Company] is to price not just according to our costs, but also according to what the market will pay.
 - Our targeted minimum gross profit margin for a category must be XX %.
 - By pricing to the market, I will achieve higher sales and therefore increase my buying power. As the amounts of my purchases increase, my per unit costs of shipping decrease and I will achieve higher discount levels from my suppliers. Through these economies of scale, many items currently on the market can be sold with lower prices, yet a higher net profit.
 - Product pricing will include a range of quantity discounts as well as an early payment discount.
 - Rather than being strictly regional, I will expand into the national market.
 - To control foreign exchange risks, I will monitor the markets and hedge accordingly. I will also use overseas bank accounts.
 - With those companies with which I have established a relationship or are known to be financially secure, I will work on a pre-pay basis. This allows me greater discounts.

- A level and policy of **Capitalization** that will allow me to fully address the respective markets with comprehensive marketing and customer service plans.
 - By keeping my overhead low, I will be able to funnel my profits back into operations thus avoiding high debt ratios or lost sales opportunities.
 - A quarterly direct mail campaign directed at both current customers and prospective new customers consisting of an informative newsletter.
 - A toll-free national 800 number will be used for customer orders and inquiries.
 - I will print complete four-color catalogs on a yearly basis. Price lists will be updated as needed. I intend to be aggressive in trade magazine advertising.
 - Consideration will also be given to attending trade shows around the country.
 - With this level of capitalization, should an unexpected downturn occur, I will be able to continue operations on a positive scale.
- **Innovation.** I have a history of innovative ideas. [List your most meaningful ideas and any new ideas you have for the future.]

<Service>

The distinctive competitive advantages which [My Company] brings to this market are:

- **Experience** in this market. [I/we] have XX years of hands-on experience in this industry.
- **Sophistication** in management and finance. We are able to run an efficient and lean structure, yet still provide quality service to our clients and customers.
 - Because of the nature of this industry, we will be able to rent office space in more moderately priced buildings.
 - As a unique service company, we will be able to keep our margins high, allowing us to provide internal financing for growth possibilities.
- A level and policy of **Capitalization** that will allow [me/us] to fully address the respective markets with comprehensive marketing and customer service plans.
 - By keeping my overhead low, [I/we] will be able to funnel my profits back into operations thus avoiding high debt ratios or lost sales opportunities.

- Our initial marketing campaign will allow us to book a sufficient amount of business so that we can implement our telephone customer service support program.
- **Innovation.** [I/we] have a history of innovative ideas. [List your most meaningful ideas and any new ideas you have for the future.]

Summary

SAMPLE:

<Product>

Through [my,our] leadership, [I,we] will be able to reduce overhead as a percentage of sales thereby increasing the amount of profit to be retained in the business. Because of our pricing policy, more people will purchase our merchandise thus increasing the size of the market and we will be increasing our market share. What [My Company] proposes to use are just good solid business sense, economies of scale, and the use of efficient financial techniques. This will allow us the following options:

- increase service
- increase advertising
- reduce prices
- increase profits
- increase selection

<Service>

Through [my,our] leadership, [I,we] will be able to reduce overhead as a percentage of sales thereby increasing the amount of profit to be retained in the business. What [My Company] proposes to use are just good solid business sense, economies of scale, and the use of efficient financial techniques. This will allow us the following options:

- increase customer service
- increase advertising expenditures
- increase profits
- increase selection of services offered

This plan will give us tremendous flexibility to use any of these options or a mix of them to effectively attack our target markets and meet our long term goals. This combination of experience, sophistication, capitalization and innovation will assist [My Company] as it strives to reach its sales, profit and return objectives.

PRODUCT/SERVICE] PRICING

SAMPLE:

<Product>

Before I set the price for my complex widgets, I determined on a unit basis what my costs were going to be. I then determined what the market price was for the normal widget. At this price it was determined that for all but the lowest sales projections, this product would turn a profit at this price. However, since our complex widgets offer additional features, we felt that we could price it approximately 50% above simple widgets.

To test this price, we called a database of 50 large users of simple widgets. We first questioned them about the desirability of our extra features and then asked them directly if this price would be acceptable if such a product were available. We found that 75% of those polled would be interested in this product. Of this 75%, we received 10 firm orders representing approximately 30% of this group.

OR:

We have determined that the market price is \$ XX per unit. This will equal a margin of XX %.

OR:

Our unit cost has been figured at \$XX. We need a margin of XX% to pay our overhead and earn a sufficient profit. Therefore, our selling price will be \$XX.

<Service>

Before [I/we] set the price for our [service], [I/we] forecast what our fixed monthly costs were going to be. [I/we] then determined what the market rate for comparable services were. At this rate it was determined that for all but the lowest billing projections, this [Service] would turn a profit at this rate.

[Optional, if applicable]

However, since our service is unique and demands a higher level of expertise, we felt that we should bill above other comparable rates.

SPECIFIC MARKETS

Market #1

General History

SAMPLE:

<Product>

The first widget was introduced into the market in 1036. Widgets remained much as the original production until well into the 20th century when computer modeling showed that there could be some enhancements made to the basic widget. The market for widgets has been generally steady with market growth closely following the typical population growth. At this time there are approximately 1,500 companies worldwide making comparable simple widgets.

<Service>

Lawn care companies have enjoyed a period of steady growth over the past twenty years. This demand is due to many factors, not the least of which is the advance of lawn care technology. In our proposed marketing area, there are 25 lawn care services.

Entry Strategy

SAMPLE:

<Product>

Our widget has been designed by the latest in computer aided design. We are able to manufacture our complex widgets on computer driven assembly lines using the latest in robotics manufacturing. This gives us a tremendous price advantage.

We intend to market our complex widget through all the normal channels available to simple widgets. These include retail, wholesale, and OEM. To penetrate this market efficiently and swiftly, we intend to initially use commission sales representatives strategically located throughout the USA. We also will start a national advertising campaign targeting the end user in various national publications and on national TV commercials.

Our sales representatives will be chosen based on their own experience in the marketplace. It is our intention to hire the best and the brightest among those currently available. Our marketing tests included many of the reps we initially would like to hire.

<Service>

Over the past few years, we have noticed an increase in demand for full lawn care services - not just grass cutting and snow removal. Our computerized office allows us to track our clients needs and schedule house calls on one hours notice.

We intend to attack this market very aggressively through the use of:

1. A pool of 10 telemarketers.
2. House-to-house visits to neighbors of present clients.
3. Advertisements in upscale magazines.
4. Radio advertisements on weekends.
5. Sales calls on real estate management companies.

As we are offering a unique service, informing the public of our capabilities is of utmost importance.

Growth Strategy

SAMPLE:

<Product>

After having successfully introduced the complex widget into the American market, our expansion will be in two separate areas: increasing sales in the USA and entering various foreign markets.

After we have reached our first year sales goals, we intend to offer our sales reps the opportunity to sell our products exclusively by joining our company. We expect that a small percentage will desire to remain independent and these will have to be replaced with our own sales force. We intend to develop further sales reps from within by hiring and training them in our own sales methods. We will increase national advertising and begin targeting smaller accounts and specialty outlets. Additionally, we will conduct in house seminars for various OEM's demonstrating how the inclusion of complex widgetry into their own products will increase the value of their products.

<Service>

After having successfully completed this entry phase into this market in the geographical are we have chosen, we will then expand our market by doing the following:

1. Expand telemarketing pool to 20.
2. Increase number of direct sales reps.
3. Expand into neighboring cities.

Market Size and Share

SAMPLE:

The American market for widgets is estimated at \$8 Billion annual sales based on data furnished by XYZ Survey. We estimate that we can achieve XX% market share within XX years.

Marketing data for other markets is in the process of collection.

Other Markets

Use the same format for additional markets.

TARGETING NEW MARKETS

SAMPLE:

To continue our growth, we will be using the following methods to expand our markets and to increase our new areas of doing business:

- Customer contact - find out their needs
- Look for complementary products
- Trade shows
- World Trade Center "Network"
- U.S. Government trade leads
- State Government trade leads
- On-line computer prospecting and qualification (DIALOG, D&B, etc.)
- Market surveys
- Research & development

LOCATION

RETAIL SAMPLE:

This business will be operated at 123 Any Street. This location is desirable because:

- **The traffic flow has been rated at high.**
- **The rent is below market**
- **The building has the necessary facilities to operate this business.**
- **The location is convenient for our customers.**

We are renting this building on a XX year lease. We will have renovations costing \$XXX based upon three estimates. The building is zoned R-3, commercial use.

OTHER SAMPLE:

This business will be operated at 123 Any Street. This location is desirable because:

- **The building is structurally compatible for our use.**
- **The rent is below market**
- **The building has the necessary facilities to operate this business.**
- **The location is convenient for our freight companies, suppliers, clients and employees.**
- **Possibility of expansion in the area.**

We are renting this building on a XX year lease. We will have renovations costing \$XXX based upon three estimates. The building is zoned R-3, commercial use.

MANUFACTURING PLAN

SAMPLE:

We will be using a conventional assembly line method of construction of our complex widgets. Our main supplier of component parts will be DEF Manufacturing of Fort Lee, NJ. In the event that they are not able to ship according to our specifications our secondary supplier will be MNO Amalgamated located in Charlotte, NC. These parts will be shipped to us by motor freight.

The actual machinery used in the production line will be manufactured by A&M Machine Tools of Arlington, Texas. They also will be doing maintenance under a service contract. This design of machine and assembly will allow us to produce 24 hours a day as the entire assembly process is fully automated with state-of-the-art robotics of American manufacture.

With robotics our labor costs and therefore our production costs will be the lowest in the industry. To maintain our advantage we have established lines of communication with all of our potential machinery suppliers. Most importantly we have an ongoing relationship with several universities and are actively participating in various studies and experiments relating to production methods.

These machines also incorporate quality checking by lasers. All products must come within XX% of specifications. Also, at regular intervals we will be using human inspection of products and machines.

We do not anticipate generating any toxic materials at this time for these products. However, we will be closely monitoring all production to determine if any hazardous materials are being generated. We have contracted with an environmental engineering company to advise us on any possible problems as well as solutions including legal disposal of all hazardous wastes.

We anticipate the following outlays for this capital equipment:

3 A&M Machines	\$XXX
Service Contract	\$XXX

RESEARCH & DEVELOPMENT

SAMPLE:

We have already spent a considerable amount of time in researching and developing our complex widgets. We have a very simple laboratory equipped with the basic research equipment we need. We have thus far been able to discover lighter materials and several cost cutting manufacturing methods. The largest achievement to date is the discovery of a water based lubricant that does not disintegrate in rainstorms. We have called this lubricant "H2Ocus-Pocus".

Presently our research is being supervised by our Technical Director, John Q. Public. He will continue in this capacity. Having been the researcher involved with all our activities to this point, he is well qualified to continue our research efforts.

Our next research project will center around using this new lubricant in our manufacturing processes and testing of a new material that has come to our attention.

To this point, our research has paid for itself as we have been keying on bringing this new product to market. However, now that we are becoming more experimental in our research efforts such a continued success ratio can not be maintained.

We have been investigating several potential government (both state and federal) funding sources. Our present program of joint research with the local university has proven very beneficial.

HISTORICAL FINANCIAL DATA

See “Attachments”

This discussion should include all facts pertaining to your financial statements.

SAMPLE:

Income Statement

Discuss both positive and negative aspects of your income statements. This is no time for trying to hide the facts.

Balance Sheet

Discuss both positive and negative aspects of your balance sheets. This is no time for trying to hide the facts.

Asset Worksheet

Discuss both positive and negative aspects of your assets. This is no time for trying to hide the facts.

Ratio Analysis

Financial ratios are included for your convenience.

Financial Standards

We have also included financial standards as compiled by Dun & Bradstreet and Robert Morris Associates.

PROFORMA FINANCIAL DATA

See “Attachments”

Proforma Cash Flow Analysis

SAMPLE:

Assumptions:

Cash Receipts:	Percentages as indicated.
Rent:	Building rental at \$12/square foot.
Utilities:	Water, gas, sewer, trash, electric
Telephone:	Local, long distance and cellular
Salaries:	Executives.
Payroll:	Hourly, non executive
Withholding:	Figured at XX %.
Inventory:	
Freight-In:	
Office Supplies:	
Postage:	
Advertising:	Trade, magazine, direct mail, etc.
Professionals:	
Commissions:	Figured at 10%.
Insurance:	
Travel & Entertainment:	
Research:	[Explanation]
Miscellaneous:	
State Taxes:	XX%
Federal Taxes:	XX%
Terms to customers:	2/10, n/30 (only to qualified accounts).
Terms from suppliers:	Suppliers offers 3% cash discount.

Sales Forecast

SAMPLE:

Sales have been forecast at the following growth rates:

	Year 2	Year 3
Product 1	XX%	XX%
Product 2:	XX%	XX%

Cash Flow Variables:

SAMPLE:

We project that we will be able to generate sufficient capital from operations to meet our initial needs after the infusion of \$200,000. However, our projections are in industries that have never been fully addressed and are based upon present real buying conditions and our own experience. Should sales not be up to projections, adjustments will be made in ordering and long term commitments decreased or postponed.

Income Statement

Assumptions:

Returns, discounts: We are offering a range of quantity discounts, plus an early payment discount to those extended credit. Average is estimated to be 5%.

Cost of goods sold:

Expenses: Totaled from Cash Flow Analysis spreadsheets.

Freight: Paid by customers.

Risks & Variables:

SAMPLE:

We have considered seasonal trends and have forecasted accordingly. I believe the forecasts are conservative.

Proforma Balance Sheet

Cost Control

SAMPLE:

Our books will initially be maintained manually. [My Company] seeks at a future point to use a computerized accounting package to monitor our financial performance. This information will be compiled at the end of each month for preparation of financial statements. Each month these statements will be reviewed against our proformas and appropriate action taken to adjust costs or our budget. If we find that we are continually over budget, our first step will be to reevaluate our markup on products and then to recheck our costs to make certain that we are obtaining the best possible prices.

Ratio Analysis

Financial ratios are included for your convenience.

Financial Standards

We have also included financial standards as compiled by Dun & Bradstreet and Robert Morris Associates.

Breakeven Point

Taken from Breakeven Worksheet.

SAMPLE:

The following chart shows our breakeven point:

Profit	Revenue	Fixed Costs	Variable Costs
\$0	\$20,000.00	\$3,900.00	\$16,100.00

It is intended that [My Company] will be profitable in the XXX Quarter, 199X.

EFFECTS OF LOAN OR INVESTMENT

SAMPLE:

The money invested in [My Company] will be used for the following purposes:

- Purchase of DEF Machine, Model # 333058 including installation - (\$150,000)
- Working capital - (\$50,000)
- Leasehold improvements - (est. \$15,000)
- Laboratory equipment - Beakers, test tubes, petrie dishes - (\$1,500)
- Start-up costs - legal fees, filing fees
- Inventory -raw materials - (\$25,000)
- Delivery trucks (GMC Model 80, \$10,995)
- Computer equipment - 15 Macintosh Quadra 950's - (\$40,425)

These outlays will enable us to operate at a level that will allow us to meet our conservative sales goals for the first year. This will also allow us to outright purchase these items rather than finance or lease them.

ATTACHMENTS