How to Start a Dental Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if
you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?
2. Do you enjoy competition?
3. Do you have will power and self-discipline?
4. Do you plan ahead?
5. Do you get things done on time?
6. Can you take advise from others?
7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?
9. Do you have the physical stamina to handle a business?
10. Do you have the emotional strength to withstand the strain?
11. Are you prepared to lower your standard of living for several months or years?
12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?
2. Do you have these skills?
3. Does your idea effectively utilize your own skills and abilities?
4. Can you find personnel that have the expertise you lack?
5. Do you know why you are considering this project?
6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?
8. Do you have the time to perform the feasibility study?
9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

__________________
__________________

2. List the products and/or services you want to sell

__________________

3. Describe who will use your products/services

__________________

4. Why would someone buy your product/service?

__________________

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

__________________

6. List your product/services suppliers.
7. List your major competitors - those who sell or provide like products/services.

8. List the labor and staff you require to provide your products/services.

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scarce skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.
1. How much income do you desire?
_______________

2. Are you prepared to earn less income in the first 1-3 years?
_______________

3. What minimum income do you require?
_______________

4. What financial investment will be required for your business?
_______________

5. How much could you earn by investing this money?
_______________

6. How much could you earn by working for someone else?
_______________

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?
_______________

8. What is the average return on investment for a business of your type? _______________

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks.
Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

______________

2. What is the average cost of goods sold percentage of sales?

______________

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

______________

4. What is the average gross profit as a percentage of sales?

______________

5. What are the average expenses as a percentage of sales?

______________

6. What is the average net profit as a percent of sales?

______________

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

______________

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

______________
E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. After answering the following questions you will be in a better position to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.
   ________________

2. What is the population of these areas?
   ________________

3. What do you know about the population growth trend in these areas? ________________

4. What is the average family size?
   ________________

5. What is the age distribution?
6. What is the per capita income?

7. What are the consumers' attitudes toward business like yours?

8. What do you know about consumer shopping and spending patterns relative to your type of business?

9. Is the price of your product/service especially important to your target market?

10. Can you appeal to the entire market?

11. If you appeal to only a market segment, is it large enough to be profitable?

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:

   Price structure?

   Product lines (quality, breadth, width)?
Location?
_____________

Promotional activities?
_____________

Sources of supply?
_____________

Image from a consumer's viewpoint?
_____________

5. Do you know of any new competitors?
_____________

6. Do you know of any competitor's plans for expansion?
_____________

7. Have any firms of your type gone out of business lately?
_____________

8. If so, why?
_____________

9. Do you know the sales and market share of each competitor?
_____________

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?
_____________

11. Do you know the profit levels of each competitor?
_____________

12. Are your competitors' profits increasing, decreasing, or stable?
_____________

13. Can you compete with your competition?
_____________
G. Sales

1. Determine the total sales volume in your market area.

_____________

2. How accurate do you think your forecast of total sales is?

_____________

3. Did you base your forecast on concrete data?

_____________

4. Is the estimated sales figure "normal" for your market area?

_____________

5. Is the sales per square foot for your competitors above the normal average?

_____________

6. Are there conditions, or trends, that could change your forecast of total sales?

_____________

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

_____________

8. How do you plan to advertise and promote your product/service/business?

_____________

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

_____________

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

_____________

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

_____________
12. Have you been optimistic or pessimistic in your forecast of sales? _______________

13. Do you need to hire an expert to refine the sales forecast? _______________

14. Are you willing to hire an expert to refine the sales forecast? _______________

H. Supply
1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses
1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous
1. Are you aware of the major risks associated with your product? Service Business?
2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a “fatal flaw” in your idea?
5. Can you obtain the additional data needed?

2. Starting Your Business Step by Step

A. Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful service business. To profit in a service based business, you need to consider the following questions: What business am I in? What services do I provide? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my firm? How will I get the work done? What management controls are needed? How can they be carried out? When should I revise my plan? And many more.

No one can answer such questions for you. As the owner-manager you have to answer them and draw up your business plan. The pages of this guide are a combination of text and workspaces so you can write in the information you gather in developing your business plan - a logical progression from a commonsense starting point to a commonsense ending point.

It takes time and energy and patience to draw up a satisfactory business plan. Use this Guide to get your ideas and the supporting facts down on paper. And, above all, make changes in your plan on these pages as that plan unfolds and you see the need for changes.

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it crops up later on. If you leave out or ignore enough items, your business is headed for disaster.
Keep in mind too, that your final goal is to put your plan into action. More will be said about this near the end of this Guide.

**What's in this for Me?**

You may be thinking: Why should I spend my time drawing up a business plan? What's in it for me? If you've never drawn up a plan, you are right in wanting to hear about the possible benefits before you do your work.

A business plan offers at least four benefits. You may find others as you make and use such a plan. The four are:

1. The first, and most important, benefit is that a plan gives you a path to follow. A plan makes the future what you want it to be. A plan with goals and action steps allows you to guide your business through turbulent economic seas and into harbors of your choice. The alternative is drifting into "any old port in a storm."

2. A plan makes it easy to let your banker in on the action. By reading, or hearing, the details of your plan he will have real insight into your situation if he is to lend you money.

3. A plan can be a communications tool when you need to orient sales personnel, suppliers, and others about your operations and goals.

4. A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities, and situations that seem to be advantageous to your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

**Why am I in Business?**

Many enterprising people are drawn into starting their own business by the possibilities of making money and being their own boss. But the long hours, hard work, and responsibilities of being the boss quickly dispel the preconceived glamour.

Profit is the reward for satisfying consumer needs. But it must be worked for. Sometimes a new business might need two years before it shows a profit. So where, then, are reasons for having your own business?

Every business owner-manager will have his or her own individual reasons for being in business. For some, satisfaction come from serving their community. They take pride in serving their neighbors and giving them quality work which they stand behind. For others, their business offers them a chance to contribute to their employees' financial security.

There are as many rewards and reasons for being in business as there are business owners. Why are you in business?

____________

____________
What business am I in?

In making your business plan, the first question to consider is: What business am I really in. At the first reading this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." But hold on. Some owner-managers go broke and others waste their saving because they are confused about the business they are in.

The changeover of barbershops from cutting hair to styling hair is one example of thinking about what business you're really in.

Consider this example, also. Joe Riley had a small radio and TV store. He thought of his business as a retail store though he also serviced and repaired anything he sold. As his suburb grew, appliance stores emerged and cut heavily into his sales. However, there was an increased call for quality repair work.

When Mr. Riley considered his situation, he decided that he was in the repair business. As a result of thinking about what business he was really in, he profitably built up his repair business and has a contract to take care of the servicing and repair business for one of the appliance stores.

Decide what business you are in and write your answer in the following spaces. To help you decide, think of the answers to questions such as: What inventory of parts and materials must you keep on hand? What services do you offer? What services do people ask for that you do not offer? What is it you are trying to do better, more of, or differently from your competitors?

How to Plan Your Marketing

When you have decided what business you're in, you have made your first marketing decision. Now you are ready for other important considerations.

Successful marketing starts with the owner-manager. You have to know your service and the needs of your customers.

The narrative and work blocks that follow are designed to help you work out a marketing plan for your firm. The blocks are divided into three sections:

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

Section One - Determining the Sales Potential
In the service business, your sales potential will depend on the area you serve. That is, how many customers in this area will need your services? Will your customers be industrial, commercial, consumer, or all of these?

When picking a site to locate your business, consider the nature of your service. If you pick up and deliver, you will want a site where the travel time will be low and you may later install a radio dispatch system. Or, if the customer must come to your place of business, the site must be conveniently located and easy to find.

You must pick the site that offers the best possibilities of being profitable. The following questions will help you think through this problem.

In selecting an area to serve, consider the following:

Population and its growth potential
Income, age, occupation of population
Number of competitive services in and around your proposed location
Local ordinances and zoning regulations
Type of trading area (commercial, industrial, residential, seasonal)

For additional help in choosing an area, you might try the local chamber of commerce and the manufacturer and distributor of any equipment and supplies you will be using.

You will want to consider the next list of questions in picking the specific site for your business:

Will the customer come to your place of business?
How much space do you need?
Will you want to expand later on?
Do you need any special features required in lighting, heating, ventilation?
Is parking available?
Is public transportation available?
Is the location conducive to drop-in customers?
Will you pick up and deliver?
Will travel time be excessive?
Will you prorate travel time to service call?
Would a location close to an expressway or main artery cut down on travel time?
If you choose a remote location, will savings in rent off-set the inconvenience?
If you choose a remote location, will you have to pay as much as you save in rent for advertising to make your service known?

If you choose a remote location, will the customer be able to readily locate your business?

Will the supply of labor be adequate and the necessary skills available?

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

Will crime insurance be needed and be available at a reasonable rate?

I plan to locate in ___________ because:

____________

____________

____________

Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

Write your opinion of the area's economic base and your reason for that opinion here.: 

____________

____________

Will you build? ________ What are the terms of the loan or mortgage?

____________

____________

Will you rent? _________ What are the terms of the lease?

____________

____________

Is the building attractive? _________ In good repair? __________

Will it need remodeling? __________ Cost of remodeling? __________

What services does the landlord provide?

____________

____________
What is the competition in the area you have picked?
The number of firms that handle my service ________
Does the area appear to be saturated? ________
How many of these firms look prosperous? ________
Do they have any apparent advantages over you? ________
How many look as though they're barely getting by? ________
How many similar services went out of business in the area last year? ________
Can you find out why they failed? ________
How many new services opened up in the last year? ________
How much do your competitors charge for your service? ________
Which firm or firms in the area will be your biggest competition? ________
List the reasons for your opinion here:

________________
________________

Section Two - Attracting Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your business? How will you pull customers away from your competition?

It is working with this aspect of marketing that many service firms find competitive advantages. The ideas which they develop are as good and often better, than those which large companies develop with hired brains. The workblocks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service, the cleanliness of the floors, the manner in which they are treated, and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt, courteous service before and after the sale will help make satisfied customers your best form of advertising.
Thus, you can control your image, Whatever image you seek to develop. It should be concrete enough to promote in your advertising. For example, "service with a smile" is an often used image.

Write out what image you want customers to have of your business.

____________________
____________________

Pricing

In setting prices for your service, there are four main elements you must consider:

(1) Materials and supplies
(2) Labor and operating expenses
(3) Planned profit
(4) Competition

Further along in this Guide you will have the opportunity to figure out the specifics of materials, supplies, labor, and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will not only be fair to the customer, but also fair to yourself. This means that not only must you cover all expenses but also allow enough margin to pay yourself a salary.

One other thing to consider. Will you offer credit? __________ Most businesses use a credit card system. These credit costs have to come from somewhere. Plan for them. If you use a credit card system, what will it cost you? __________

Can you add to your prices to absorb this cost?

Some trade association have a schedule for service charges. It would be a good idea to check with the trade association for your line of business. Their figures will make a good yardstick to make sure your prices are competitive.

And, of course, your prices must be competitive. You've already found out your competitors' prices. Keep these in mind when you are working with your accountant. If you will not be able to make an adequate return, now is the time to find out.

Customer Service Policies

Customers expect certain services or conveniences, for example, parking. These services may be free to the customer, but not to you. If you do provide parking, you either pay for your own lot or pick up your part of the cost of a lot which you share with other businesses. Since these conveniences will be an expense, plan for them.

List the services that your competitors provide to customers:
Now list the services that you will provide your customers:

**Service / Estimated Cost**

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**Planning Your Advertising Activities**

In this section on attracting customers, advertising was saved until last because you have to have something to say before advertising can be effective. When you have an image, price range, and customers services, you are ready to tell prospective customers why they should use your services.

When the money you can spend on advertising is limited it is vital that your advertising be on target. Before you can think about how much money you can afford for advertising, take time to determine what jobs you want advertising to do for your business. The work blanks that follow should be helpful to your thinking.

The strong points about my service business are:

____________________

My service business is different from my competition in the following ways:

____________________

My advertising should tell customers and prospective customers the following facts about my business and services:

____________________

When you have these facts in mind, you now need to determine who you are going to tell it to. Your advertising needs to be aimed at a target audience - those people who are most likely to use your services. In the space below, describe your customers in terms of age, sex, occupation, and whatever else is necessary depending on the nature of your business. This is your customer profile of "male and female automobile owners, 18 years old and above." Thus, for this repair business, anyone over 18 who owns a car is likely to need its service.
The customer profile for my business is

______________________

Now you are ready to think about the form your advertising should take and its cost. You are looking for the most effective means to tell your story to those most likely to use your service. Ask the local media (newspapers, radio and television, and the printers of direct mail pieces) for information about the services and the results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers. As one consultant describes this pitfall: It is amazing the way many managers consider themselves experts on advertising copy and media selection without any experience in these areas.

The following blanks should be useful in determining what advertising is needed to sell your strong points to prospective customers.

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<th>Form of Advertising</th>
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<th>Frequency of Use</th>
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When you have a figure on what your advertising for the next 12 months will cost, check it against one of the operating ratios (expenses as a percentage of sales) which trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining comes down to: How much can I afford to spend and still do the job that needs to be done?

**Section Three - Selling to Customers**

To complete your work on marketing, you need to think about what you want to happen after you get a customer. Your goal is to provide your service, satisfy customers, and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he was satisfied by his previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.
Based on this description and the dollar amount of business you indicated that you intend to do this year, fill in the following workblocks.

**Fixtures and Equipment**

No matter whether or not customers will come to your place of business, there will be certain equipment and furniture you will need in your place of business which will allow you to perform your service.

**Parts and Material**

You will probably need some kind of parts or material to provide your service.

I plan to buy parts and material from:

_______________________

Before you make any supply arrangements, examine the supplier's obsolescence policy. This can be a vital factor in service parts purchasing. You also look at the supplier's warranty policy.

Now that you have determined the parts and materials you'll need, you should think about the type of stock control system you'll use. A stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, (3) what has been used. (Some trade associations and suppliers provide systems to members and customers.)

When you have decided on a system for stock control, estimate its cost. My system for stock control will cost me __________ for the first year.

**Overhead**

List the overhead items which will be needed. Examples are: rent, utilities, office help, insurance, interest, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help you manage, their salaries should be listed as overhead.

_____________________

**Getting the Work Done**

An important step in setting up your business is to find and hire capable employees. Then you must train them to work together to get the job done. Obviously, organization is needed if your business is to produce what you expect it to produce, namely profits.

Organization is essential because you as the owner-manager cannot do all the work. As your organization grows, you have to delegate work, responsibility and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business.
As an additional aid in determining both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation such as "worker #1", Remember that a name may appear more than once.

**Activity / Name**

_____________ _______________
_____________ _______________
_____________ _______________
_____________ _______________
_____________ _______________
_____________ _______________

**How Much Money Will You Need**

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investment, the major source of money is the sale of your services. What dollar volume of business do you expect to do in the next 12 months? __________

**Expenses**

In connection with your annual dollar volume of business, you need to think about expenses. If, for example you plan to do 100,000 in business, what will it cost you to do this amount of servicing? And even more important, what will be left over as profit at the end of the year? Never lose sight of the fact that profit is your pay. Even if you pay yourself a salary for living expenses, your business must make a profit if it is to continue year after year and pay back the money you invested in it.

The following workblock is designed to help you make a quick estimate of your expenses. To use this formula, you need to get only one figure - the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.
Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this fact in mind as you work on the "Expenses" section, and on other financial aspects of your plan.

### Break Down Your Expenses

Your quick estimate of expenses provides a starting point. The next step is to break down your expenses so they can be handled over the 12 months. Use an "Expenses Worksheet" form to make up an expense budget.

### Matching Money and Expenses

A budget helps you to see the dollar amount of your expenses each month. Then from month to month the question is: Will sales bring in enough money to pay the firm's bills on time? The answer is "maybe not" or "I hope so" unless the owner-manager prepares for the "peaks and valleys" that are in many service operations.

A cash forecast is a management tool which can eliminate much of the anxiety that can plague you if your business goes through lean months. Use a worksheet, "Estimated Cash Forecast", or ask your accountant to use it to estimate the amounts of cash you expect to flow through your business during the next 12 months.
Is Additional Money needed?

Suppose at this point you have determined that your business plan needs more money than can be generated by sales. What do you do?

What you do depends on the situation. For example, the need may be for bank credit to tide your business over during the lean months. This loan can be repaid during the fat sales months when expenses are far less than sales. Adequate working capital is necessary for success and survival.

Whether an owner-manager seeks to borrow money for only a month or so or on a long-term basis, the lender needs to know whether the store's financial position is strong or weak. Your lender will ask to see a current balance sheet.

Even if you don't need to borrow, use it, to draw the "picture" of your firm's financial condition. Moreover, if you don't need to borrow money, you may want to show your plan to the bank that handles your store's checking account. It is never too early to build good relations with your banker, to show that you are a manager who knows where you want to go rather than a store owner who hopes to make a success.

Control and Feedback

To make your plan work you will need feedback. For example, the year-end profit and loss statement shows whether your business made a profit or loss for the past 12 months.

But you can't wait 12 months for the score. To keep your plan on target you need readings at frequent intervals. A profit and loss statement at the end of each month or at the end of each quarter is one type of frequent feedback. However, the income statement or profit and loss statement (P and L) may be more of a loss than a profit statement if you rely only on it. You must set up management controls which will help you to insure that the right things are being done from day to day and from week to week. In a new business, the record-keeping system should be set up before your business opens. After you're in business is too late. For one thing, you may be too busy to give a record-keeping system the proper attention.

The control system which you set up should give you information about: stock, sales, and disbursement. The simpler the system, the better. Its purpose is to give you current information. You are after facts with emphasis on trouble spots. Outside advisers, such as an accountant, can be helpful.

Stock Control

The purpose of controlling parts and materials inventory is to provide maximum service to your customers and to see that parts and materials are not lost through pilferage, shrinkage, errors, or waste. Your aim should be to achieve a high turnover on your inventory. The fewer dollars you tie up in inventory, the better.

In a business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been used.
In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. You will also have costs such as the cost of purchasing, the cost of keeping control records, and the cost of receiving and storing your inventory.

**Sales**

In a small business, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you will need answers to questions such as: How many sales were made? What was the dollar amount? What credit terms were given to customers?

**Disbursements**

Your manager controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to know what major items, such as paying bills on time to get the supplier's discount, are being handled according to your policies. Your review system will also give you the opportunity to make judgments on the use of funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax moneys such as payroll income tax deductions, are set aside and paid out at the proper time.

**Break-Even Analysis**

Break-even analysis is a management control device because the break-even point shows how much you must sell under given conditions in order to just cover your costs with No profit and No loss.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factors will do to your profits. To figure a break-even point, fixed costs, such as rent, must be separated from variable costs, such as the cost of sales and the other items listed under "controllable expenses" on the expense worksheet, of this Guide.

The formula is:

Break-even point (in sales dollars) =

\[
\frac{\text{Total fixed costs}}{\text{Total variable costs}} \times \frac{1}{\text{Corresponding sales volume}}
\]

An example of the formula is: Bill Jackson plans to open a laundry. He estimates his fixed expenses at about $9,000, the first year. He estimates his variable expenses at about $700 for every $1,000 of sales.
Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable better to learn it now than to realize 6 months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for one year. If any of your cost items are too high or too low, change them. You can write your changes in the white spaces above or below your original entries on that worksheet. When you finish making your adjustments, you will have a Revised projected statement of sales and expenses for 12 months.

With your revised figures work out a revised break-even point. Whether the new break-even point looks good or bad, take one or more precaution. Show your plan to someone who has not been involved in working out the details.

Your banker, or other advisor outside of your business may see weaknesses that failed to appear as you pored over the details of your plan. They may put a finger on strong points which your plan should emphasize.

Put Your Plan into Action

When your plan is as near on target as possible, you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a pleasant dream that evaporates over the breakfast coffee.

A successful owner-manager does not stop after he has gathered information and drawn up a plan, as you have done in working through this Guide. He begins to use his plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action.

What needs to be done will depend on your situation. For example, if your business plan calls for an increase in sales, one action to be done will be providing funds for this expansion.

Have you more money to put into this business?

Do you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms.
If you are starting a new business, one action step may be to get a loan for fixtures, employee salaries, and other expenses. Another action step will be to find and hire capable employees.

In the spaces that follow, list things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time. To put my plan into action, I must do the following:

**Action / Completion Date**

____________ ____________

____________ ____________

____________ ____________

____________ ____________

____________ ____________

____________ ____________

**Keeping Your Plan Up To Date**

Once you put your plan into action, look out for changes. They can cripple the best made business plan if the owner-manager lets them.

Stay on top of changing conditions and adjust your business plan accordingly.

Sometimes the change is made within your company. For example, several of your employees quit their jobs. Sometimes the change is with customers: for example, their desires and tastes shift. Sometimes the change is technological as when raw materials are put on the market introducing the need for new processes and procedures.

In order to adjust your plan to account for such changes, an owner-manager must:

(1) Be alert to the changes that come in your company, line of business, market, and customers.

(2) Check your plan against these changes.

(3) Determine what revisions, if any, are needed in your plan.

The method you use to keep your plan current so that your business can weather the forces of the market place is up to you. Read the trade papers and magazines for your line of business. Another suggestion concerns your time. Set some time - two hours, three hours, whatever is necessary-to review your plan periodically. Once each month, or every other month, go over your plan to see whether it needs adjusting. If revisions are needed, make them and put them into action.

3. Complete Dental Business Plan Template
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<th>Description</th>
<th>Page</th>
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</thead>
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<td>6.1.2 Weaknesses</td>
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Table: Cash Flow ...................................................................................................................... Error! Bookmark not defined.
Table: Balance Sheet ............................................................................................................... Error! Bookmark not defined.
1.0 Executive Summary

COMPANY NAME located in Somerset, New Jersey is a provider of dental services to patients of all ages. The Practice accepts patients covered by most dental insurances, including patients who are covered by Medicaid.

INSERT NAME is the sole owner of the business. COMPANY NAME competitive edge relates to INSERT NAME long-term professional experience, her philanthropic endeavors, and being the only area dentist who accepts Medicaid patients. Philanthropic endeavors aren’t just for millionaires. Philanthropy is an activity that we can all participate in to make our corner of the world a better place. As a skilled professional, INSERT NAME has unique skills she brings to the marketplace to help those less fortunate.

INSERT NAME has successfully managed the dental practice for 25 years. She received her undergraduate degree from Rutgers University and her Doctorate of Dental Science from Howard University, established in 1881, it is the fifth oldest dental school in the United States.

Some of INSERT NAME notable philanthropic accomplishments include:

- 15-year member of Organization for International Development (OID), a volunteer mission group which provides free medical and dental services to poor people in rural areas in Jamaica, Ghana, Ethiopia, India and Haiti. She has been on 12 mission trips during which she provided free dental services to the local people in need.

- Board member for Harambee Community Development Initiative - an outreach program in the city of East Orange. Note: *Harambee is a Swahili word for “Let’s work together”. It is intended to signify the uniting of a community around a common goal.*

- Active deacon in Elmwood United Presbyterian Church

COMPANY NAME is located in a 1,000 square foot professional office space in the building owned by INSERT NAME. COMPANY NAME’s patient base consists of the following:

1. Medicaid recipients
2. Managed care plans
3. Regular fee for service insurance plans

4. Cash paying patients

Somerset County is comprised of 21 individual municipalities, spanning over an area of 305 square miles. The growth and development of this area has been on the rise for centuries, and is now standing as the home of 324,186 residents and thousands of diversified businesses. Those numbers are set to increase, with a projected 2014 population expected to reach 343,600 (a 15.5 percent increase since 2000). Located in the heart of the nation’s largest metropolitan area, Somerset County contains a balance between urban and suburban neighborhoods and rural countrysides.

COMPANY NAME is seeking $100,000 in grant funding. It is anticipated that the $100,000 in grant funding will provide necessary capital to cover the costs of the following:

- Purchase new equipment
- Location expansion
- Expand business
- Purchase new vehicle

COMPANY NAME expects to maintain a healthy gross margin and net profit margin during the next two years. The net profit for 2010, 2011 and 2012 is forecast to be $102,298, $128,285, and $143,685, respectively. The sales for 2010, 2011, and 2012 are forecast to be $300,000, $350,000, and $375,000, respectively.

The company's anticipated profitability analysis demonstrates that COMPANY NAME’s Net Worth is expected to be $240,395 in 2010; $368,680 in 2011; and $512,365 in 2012, respectively.
1.1 Objectives

INSERT NAME objectives for COMPANY NAME are to:

1. provide community service

2. screen children in the Head-start Program

3. provide dental care to uninsured children

1.2 Mission

To provide dental care to all children who need it regardless of insurance coverage.

1.3 Keys to Success

COMPANY NAME’s keys to success include INSERT NAME:

- willingness to work hard

- philanthropic endeavors
2.0 Company Summary

COMPANY NAME located in Somerset, New Jersey is a provider of dental services to patients of all ages. The Practice accepts patients covered by most dental insurances, including patients who are covered by Medicaid. The Company is located in a 1,000 square foot professional office space in the building owned by INSERT NAME.

COMPANY NAME’s patient base consists of the following:

- Medicaid recipients
- Managed care plans
- Regular fee for service insurance plans
- Cash paying patients

2.1 Company Ownership

INSERT NAME is the sole owner of COMPANY NAME.

2.2 Company History

The owner, INSERT NAME, has been in practice for 25 years. The practice has experienced financial setbacks due to the impact of the local economy related to many people losing their jobs and thereby having no dental insurance.

The past performance table below shows the developments of sales, assets, liabilities, and operating expenses for the last 3 years of business. The Company's sales for 2007, 2008, and 2009 were $249,059, $266,815, and $260,562, respectively. The gross margin for this period was $213,799, $229,265, and $223,896, respectively. Earnings for this period were $61,282, $72,292, and $73,099.
<table>
<thead>
<tr>
<th>Past Performance</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$249,059</td>
<td>$266,815</td>
<td>$260,562</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$213,799</td>
<td>$229,265</td>
<td>$223,896</td>
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<tr>
<td>Gross Margin %</td>
<td>85.84%</td>
<td>85.93%</td>
<td>85.93%</td>
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<tr>
<td>Operating Expenses</td>
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<td>$152,095</td>
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<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Current Assets</td>
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<tr>
<td>Cash</td>
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<tr>
<td>Other Current Assets</td>
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</tr>
<tr>
<td>Total Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Long-term Assets</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Long-term Assets</td>
<td>$50,100</td>
<td>$24,770</td>
<td>$44,446</td>
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<tr>
<td>Accumulated Depreciation</td>
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<td>$3,538</td>
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<tr>
<td>Total Long-term Assets</td>
<td>$42,941</td>
<td>$21,232</td>
<td>$38,097</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$42,941</td>
<td>$21,232</td>
<td>$38,097</td>
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<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
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<tr>
<td>Current Borrowing</td>
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<td>$0</td>
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<tr>
<td>Other Current Liabilities (interest)</td>
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<tr>
<td></td>
<td>2007</td>
<td>2008</td>
<td>2009</td>
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<tr>
<td>---------------------------</td>
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</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Long-term Liabilities</strong></td>
<td>$0</td>
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<td>$0</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
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<tr>
<td><strong>Paid-in Capital</strong></td>
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<td>$0</td>
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<tr>
<td><strong>Retained Earnings</strong></td>
<td>($18,341)</td>
<td>($51,060)</td>
<td>($35,002)</td>
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<tr>
<td><strong>Earnings</strong></td>
<td>$61,282</td>
<td>$72,292</td>
<td>$73,099</td>
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<tr>
<td><strong>Total Capital</strong></td>
<td>$42,941</td>
<td>$21,232</td>
<td>$38,097</td>
</tr>
<tr>
<td><strong>Total Capital and Liabilities</strong></td>
<td>$42,941</td>
<td>$21,232</td>
<td>$38,097</td>
</tr>
</tbody>
</table>

**Chart: Past Performance**

Past Performance

![Chart showing past performance with sales, gross, and net figures for 2007, 2008, and 2009.]
3.0 Services

COMPANY NAME provides full-service dental care to patients of all ages. Services include complete examinations, fillings, extractions, root canals, cleanings, sealants, crowns, bridges, periodontal treatments, teeth whitening, dentures, bridges, partials, and enamel bonding. The goal for future services is to expand the patient base to include pre-school children without any dental insurance coverage and grammar school children.

4.0 Market Analysis Summary

Somerset County is comprised of 21 individual municipalities, spanning over an area of 305 square miles. The growth and development of this area has been on the rise for centuries, and is now standing as the home of 324,186 residents and thousands of diversified businesses. Those numbers are set to increase, with a projected 2014 population expected to reach 343,600 (a 15.5 percent increase since 2000). Located in the heart of the nation’s largest metropolitan area, Somerset County contains a balance between urban and suburban neighborhoods and rural countrysides.

The median household income was $76,933 and the median family income was $90,605. (These figures had risen to $94,036 and $109,488 respectively in 2007 estimates). Males had a median income of $60,602 versus $41,824 for females. The per capita income for the county was $37,970. Age distribution was 25.50% under the age of 18, 5.90% from 18 to 24, 33.80% from 25 to 44, 23.50% from 45 to 64, and 11.20% who were 65 years of age or older. The median age was 37 years.

08873 is a rural zip code in Somerset, New Jersey. The population is racially diverse and mostly married couples. The median age is 36.1. There are 19,831 men and 21,366 women. The median age for men is 35.2 while for women the median age is 37.3.

Economic factors impacting the market include a high unemployment rate and funding cut-backs from the state.

SOMERSET, NJ Demographic Information *
Estimated Current Population: 49,323
Population: 41,197
White Population: 22,175
Black Population: 11,649
Hispanic Population: 3,620
Asian Population: 4,572
Hawaiian Population: 20
Indian Population: 77
Other Population: 1,669
Male Population: 19,831  
Female Population: 21,366

**Public Schools**
Number of Schools: 8  
Number of Students: 6,213

**Private Schools**
Number of Schools: 6  
Number of Students: 1,102

### 4.1 Market Segmentation

Target market segments include:

- Preschool children
- Children in the Head-Start Program
- Patients without insurance

#### Table: Market Analysis

<table>
<thead>
<tr>
<th>Potential Customers</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-School Children</td>
<td>2%</td>
<td>50</td>
<td>51</td>
<td>52</td>
<td>53</td>
<td>54</td>
</tr>
<tr>
<td>Head Start Program Patients</td>
<td>2%</td>
<td>75</td>
<td>77</td>
<td>79</td>
<td>81</td>
<td>83</td>
</tr>
<tr>
<td>Uninsured patients</td>
<td>4%</td>
<td>150</td>
<td>156</td>
<td>162</td>
<td>168</td>
<td>175</td>
</tr>
</tbody>
</table>
4.2 Target Market Segment Strategy

COMPANY NAME’s strategy for reaching certain target market segments includes:

- Providing dental care to preschool children
- Screening children in the Head Start Program* in order to help improve the oral health of some of the nation's youngest children at a critical time in their development
- Providing screening and treatment to those without insurance

*About the National Head Start Association

The National Head Start Association is a private not-for-profit membership organization dedicated exclusively to meeting the needs of Head Start children and their families. It represents more than 1 million children, 200,000 staff and 2,600 Head Start programs in
the United States. The Association provides support for the entire Head Start community by advocating for policies that strengthen services to Head Start children and their families; by providing extensive training and professional development to Head Start staff; and by developing and disseminating research, information, and resources that enrich Head Start program delivery.

**About Head Start**

Created in 1965, Head Start is the most successful, longest-running, national school readiness program in the United States. It provides comprehensive education, health, nutrition, and parent involvement services to low-income children and their families. Nearly 25 million pre-school aged children have benefited from Head Start.

**4.3 Service Business Analysis**

Dentists specialize in a number of different tasks when it comes to dentistry. Dentists will not simply clean an individual’s teeth, but they will do what is necessary to ensure that the patient maintains a healthy smile. Complete examinations, fillings, extractions, root canals, cleanings or oral prophylaxis, sealants, crowns, bridges, Periodontal treatments, teeth whitening or bleaching, dentures, bridges, partials, mouth guards and enamel bonding are some of the most common services offered by a dentist. In addition, dentists work toward educating their patients about how to properly care for their teeth.

The career of dentistry involves far more than just learning about how to treat teeth. In fact, the career of a dentist involves learning about proper diet, the appropriate techniques for flossing and brushing, and all about various preventative techniques. In addition to learning the material, the career of a dentist may also involve learning how to properly run a business; since most dentists work on their own and establish a dental office, business courses may be needed to learn how to operate an office properly.

Dentists typically study for eight years in an appropriate secondary educational program in order to become a dentist. Additionally schooling may be required in order to take on a form of dentistry that focuses on some kind of specialty. Like many jobs, a dentist’s job is one that can get an individual started and working in terms of an entrepreneurial position – the dentist typically works for him or herself and establishes a public dentist office.
The job outlook for a dentist is quite positive: there are always openings in the field of dentistry because people need someone that is willing and capable of caring for their dental needs. When it comes to the career of the dentistry, the opportunities are indeed vast. Whether the dentist decides to go into general dentistry or some other specialty, the salary is excellent and the prospects are quite good. If a dentist is seeking a specialty, there are a number of different dentistry specialties that the dentist can study and later practice.

4.3.1 Competition and Buying Patterns

Competition and buying patterns for COMPANY NAME’s services are related to the following factors:

- Word-of-mouth advertising; satisfied patients spread the word around town to other potential patients
- Only dentist in the area that accepts Medicaid

5.0 Web Plan Summary

COMPANY NAME website will be the virtual business card and portfolio for the company, as well as its online "home." The homepage will be one more way to let patients know how this dental practice is helping to provide essential services to the community.

5.1 Website Marketing Strategy

The Company's Website address will be included on a variety of printed marketing materials, including business cards and informational brochures. The Website will feature testimonials of how the Company exceeded the expectations of clients by providing excellent care and premier services.

Customer Testimonials - Posting customer testimonials regarding positive services will be an excellent marketing tool. These testimonials can be placed on the Website where they can be viewed by potential patients.

Create a Solid "About" Page - Typically, one of the top 10 most popular pages of any Web site is the "About" page. It provides a personalized glimpse of the company and its owners. It is a very effective tool because people are simply curious. They want to know who is behind a company. More often than not, a potential client will select a company with a "real" person behind it, rather than a faceless company that does not
provide even a little bit of personal information.

**Statistics, Tracking, and Analytics** - Google is a great resource for providing this type of information, since it is a primary search engine. In this day and age, this type of information is absolutely essential to any business no matter how large or small. By implementing this marketing strategy, **COMPANY NAME** can ascertain the following information:
- How many hits does the site receive?
- How many of these are from unique visitors?
- How are people finding the Web site?
- What search terms are they finding the company under?
- What Web sites link to the company?
- What are the most popular pages on the company's site?
- Who is the average visitor?

**5.2 Development Requirements**

The Website will be relatively simple in layout. Ongoing costs will include:

- Web site name registration - charge per year
- Site Hosting - charge per month
- Search Engine Registration - charge per year
- Site Design Changes - photography costs are considered to be part of Marketing and Advertising

**6.0 Strategy and Implementation Summary**

With 25 years of experience running a successful dental practice, **INSERT NAME** possesses the necessary skills to successfully grow the business over the coming years.

**6.1 SWOT Analysis**

**COMPANY NAME** has many key strengths that will be integral to its future success and should help it to overcome any weaknesses or competitive threats.

**6.1.1 Strengths**

**COMPANY NAME** key strengths are related to:

- **OWNER'S NAME** 25 years of taking care of the underserved in the local community
• Large Medicaid patient base

• **OWNER’S NAME** charitable philosophy

6.1.2 **Weaknesses**

**COMPANY NAME** weaknesses include:

• Limited resources

• Need to update dental equipment

• Technically challenged, i.e., not using digital x-rays, out-of-date computer system

6.1.3 **Opportunities**

**COMPANY NAME** future market opportunities include expanding the patient base to include pre-school children without any dental insurance coverage and grammar school children.

6.1.4 **Threats**

Threats to **COMPANY NAME** include a continued downturn in the economy, which may result in people postponing or foregoing dental treatment.

6.2 **Competitive Edge**

**COMPANY NAME** competitive edge relates to **OWNER’S NAME** 25 years of experience and the only area dentist who accepts Medicaid patients.

6.3 **Marketing Strategy**

Current marketing initiatives include:

• Ads in local church bulletins

• Ad on local radio station

Additionally, **COMPANY NAME** marketing strategy will be based on its attentive owner who genuinely cares about the wants, needs, and desires of current patients and prospective patients.

The new paradigm of marketing encompasses the building of long lasting relationships that are based on quality, respect and trust; offering a personal touch; being helpful; and
providing value. This is far more than just a simple purchase/exchange; it creates a
more meaningful, personal, stronger and richer buyer/seller relationships that can be
retained for years. This can be one of the least expensive forms of marketing. Great for
down economic times like these.

6.4 Sales Strategy

The sales forecast monthly summary is included in the Appendix. The annual sales
projections are included in the sales forecast table.

6.4.1 Sales Forecast

Based on the economic trends of the past few years, the sales forecast numbers will be
attainable even with the economy the way it is today: reaching these sales will increase
cash flow and allow the Company to reach its goals over the coming years.

The chart and table below show COMPANY NAME’s projected Sales Forecast. Annual
projections for three years are shown here, with first year monthly figures in the
Appendix.

Table: Sales Forecast

<table>
<thead>
<tr>
<th>Sales Forecast</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient Fees</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Direct Cost of Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental Supplies</td>
<td>$12,225</td>
<td>$13,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>Laboratory Fees</td>
<td>$24,045</td>
<td>$26,000</td>
<td>$27,000</td>
</tr>
<tr>
<td>Subtotal Direct Cost of Sales</td>
<td>$36,270</td>
<td>$39,000</td>
<td>$41,000</td>
</tr>
</tbody>
</table>
Chart: Sales Monthly

Sales Monthly

Chart: Sales by Year

Sales by Year
6.5 Milestones

The detailed milestones are shown in the following table and chart. The related budgets are included with the expenses shown in the projected Profit and Loss statement, which is in the financial analysis section of this plan.

Technology is a dentist's best friend and primary source of success. COMPANY NAME’s major milestone is receiving $100,000 in grant funding to be used for the following purposes:

- Purchase updated equipment
- Location expansion
- Expand business operations
- Purchase new vehicle

Table: Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
</table>

7.0 Management Summary

INSERT NAME is the owner and primary manager of COMPANY NAME. She has successfully managed the dental practice for 25 years. INSERT NAME received her undergraduate degree from Rutgers University and her Doctorate of Dental Science from Howard University, established in 1881, it is the fifth oldest dental school in the United States.

Some of INSERT NAME other notable philanthropic accomplishments include:
• 15-year member of Organization for International Development (OID), a volunteer mission group which provides free medical and dental services to poor people in rural areas in Jamaica, Ghana, Ethiopia, India and Haiti. She has been on 12 mission trips for which she provided free dental services to the local people in need.

• Board member for Harambee Community Development Initiative - an outreach program in the city of East Orange. Note: Harambee is a Swahili word for “Let’s work together”. It is intended to signify the uniting of a community around a common goal.

• Active deacon in Elmwood United Presbyterian Church

7.1 Personnel Plan

The office staff consists of INSERT NAME and 2 office personnel. Current office operations are based on a 30 hour work week.

Table: Personnel

<table>
<thead>
<tr>
<th>Personnel Plan</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSERT NAME / Owner</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>INSERT NAME</td>
<td>$27,360</td>
<td>$27,360</td>
<td>$27,360</td>
</tr>
<tr>
<td>INSERT NAME</td>
<td>$17,280</td>
<td>$17,280</td>
<td>$17,280</td>
</tr>
<tr>
<td>Total People</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total Payroll</td>
<td>$44,640</td>
<td>$44,640</td>
<td>$44,640</td>
</tr>
</tbody>
</table>

8.0 Financial Plan

It is anticipated that the $100,000 grant funding will provide necessary capital to cover the costs of the following:

• Purchase new equipment
• Location expansion
• Expand Business
• Purchase new vehicle
COMPANY NAME expects to maintain a healthy gross margin and net profit margin during the next two years. The net profit for 2010, 2011 and 2012 is forecast to be $102,298, $128,285, and $143,685, respectively.

COMPANY NAME’s Net Worth is expected to be $240,395 in 2010; $368,680 in 2011; and $512,365 in 2012, respectively.

8.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

- We assume a continued, steady growth from good management, barring any unforeseen catastrophes.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.

The following table shows the General Assumptions for COMPANY NAME. The average percent variable cost is 12%. The estimated monthly fixed cost is $9,799
8.2 Break-even Analysis

The Break-even Analysis chart and table show that if the costs stay at the current, or relatively stable, level **COMPANY NAME** will be able to make an increased profit.

The essential insight here is that our sales level seems to be running comfortably above break-even. The following Break-even Analysis shows that $11,147 is needed in monthly revenue to break even.

**Table: Break-even Analysis**

<table>
<thead>
<tr>
<th>Break-even Analysis</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Revenue Break-even</strong></td>
<td>$11,147</td>
</tr>
</tbody>
</table>

**Assumptions:**

- **Average Percent Variable Cost**: 12%
- **Estimated Monthly Fixed Cost**: $9,799

**Chart: Break-even Analysis**
8.3 Projected Profit and Loss

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support operations. The Company has applied for $100,000 in grant funding. The funds are projected to be received during the 4th quarter of 2010.

The sales for 2010, 2011, and 2012 are forecast to be $300,000, $350,000, and $375,000, respectively. The net profit for 2010, 2011 and 2012 is forecast to be $102,298, $128,285, and $143,685, respectively. The net profit/sales for 2010, 2011 and 2012 are forecast to be 34.10%, 36.65%, and 38.32%, respectively.

Table: Profit and Loss

<table>
<thead>
<tr>
<th>Pro Forma Profit and Loss</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Direct Cost of Sales</td>
<td>$36,270</td>
<td>$39,000</td>
<td>$41,000</td>
</tr>
<tr>
<td>Total Cost of Sales</td>
<td>$36,270</td>
<td>$39,000</td>
<td>$41,000</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$263,730</td>
<td>$311,000</td>
<td>$334,000</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>87.91%</td>
<td>88.86%</td>
<td>89.07%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$44,640</td>
<td>$44,640</td>
<td>$44,640</td>
</tr>
<tr>
<td>Marketing/Promotion</td>
<td>$1,992</td>
<td>$2,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$866</td>
<td>$10,400</td>
<td>$10,400</td>
</tr>
<tr>
<td>Rent</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Utilities</td>
<td>$12,000</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>$10,800</td>
<td>$11,000</td>
<td>$12,000</td>
</tr>
<tr>
<td></td>
<td>Jan</td>
<td>Feb</td>
<td>Mar</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>Cleaning, Repair/Maintenance</td>
<td>$9,000</td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>$9,996</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$21,600</td>
<td>$22,000</td>
<td>$22,000</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>$6,696</td>
<td>$6,696</td>
<td>$6,696</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$117,590</td>
<td>$127,736</td>
<td>$128,736</td>
</tr>
<tr>
<td>Profit Before Interest and Taxes</td>
<td>$146,140</td>
<td>$183,264</td>
<td>$205,264</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$147,006</td>
<td>$193,664</td>
<td>$215,664</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Taxes Incurred</td>
<td>$43,842</td>
<td>$54,979</td>
<td>$61,579</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$102,298</td>
<td>$128,285</td>
<td>$143,685</td>
</tr>
<tr>
<td>Net Profit/Sales</td>
<td>34.10%</td>
<td>36.65%</td>
<td>38.32%</td>
</tr>
</tbody>
</table>

**Chart: Profit Monthly**

Profit Monthly
Chart: Profit Yearly

Profit Yearly

Chart: Gross Margin Monthly

Gross Margin Monthly
Chart: Gross Margin Yearly

Gross Margin Yearly

$0

$40,000

$80,000

$120,000

$160,000

$200,000

$240,000

$280,000

$320,000

2010

2011

2012
8.4 Projected Cash Flow

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support operations. The Company has applied for $100,000 in grant funding. The funds are projected to be received during the 4th quarter of 2010.

The grant funding would be used for the following:

- Location expansion
- Expand Business Operations
- Purchase new vehicle
- Purchase new equipment

Table: Cash Flow

<table>
<thead>
<tr>
<th>Pro Forma Cash Flow</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Sales</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Subtotal Cash from Operations</td>
<td>$300,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Additional Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax, VAT, HST/GST Received</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Current Borrowing</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Other Liabilities (interest-free)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Long-term Liabilities</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Other Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Long-term Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Investment Received</td>
<td>$100,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Description</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Subtotal Cash Received</td>
<td>$400,000</td>
<td>$350,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Expenditures</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Expenditures from Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Spending</td>
<td>$196,836</td>
<td>$211,315</td>
<td>$220,915</td>
</tr>
<tr>
<td>Subtotal Spent on Operations</td>
<td>$196,836</td>
<td>$211,315</td>
<td>$220,915</td>
</tr>
<tr>
<td>Additional Cash Spent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax, VAT, HST/GST Paid Out</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Principal Repayment of Current Borrowing</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other Liabilities Principal Repayment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Long-term Liabilities Principal Repayment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Purchase Other Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Purchase Long-term Assets</td>
<td>$105,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Dividends</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Subtotal Cash Spent</td>
<td>$301,836</td>
<td>$211,315</td>
<td>$220,915</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>$98,164</td>
<td>$138,685</td>
<td>$154,085</td>
</tr>
<tr>
<td>Cash Balance</td>
<td>$98,164</td>
<td>$236,849</td>
<td>$390,934</td>
</tr>
</tbody>
</table>

Cash flow projections are critical to the success of **COMPANY NAME**. The monthly cash flow is shown in the illustration, with one bar representing the cash flow per month, and the other the monthly cash balance.
Chart: Cash

Net Cash Flow
Cash Balance
8.5 Projected Balance Sheet

As shown on the balance sheet in the following table, we expect a healthy growth in the net worth due to $100,000 in grant funding.


Table: Balance Sheet

<table>
<thead>
<tr>
<th>Pro Forma Balance Sheet</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$98,164</td>
<td>$236,849</td>
<td>$390,934</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$98,164</td>
<td>$236,849</td>
<td>$390,934</td>
</tr>
<tr>
<td><strong>Long-term Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>$149,446</td>
<td>$149,446</td>
<td>$149,446</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>$7,215</td>
<td>$17,615</td>
<td>$28,015</td>
</tr>
<tr>
<td><strong>Total Long-term Assets</strong></td>
<td>$142,231</td>
<td>$131,831</td>
<td>$121,431</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$240,395</td>
<td>$368,680</td>
<td>$512,365</td>
</tr>
<tr>
<td><strong>Liabilities and Capital</strong></td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Borrowing</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
### 8.6 Business Ratios

The company's projected business ratios are provided in the table below. The final column, Industry Profile, shows significant ratios for the Office and Clinics of Dentists industry, as determined by the Standard Industry Classification (SIC) Index code 8021.

#### Table: Ratios

<table>
<thead>
<tr>
<th>Ratio Analysis</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Industry Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>15.14%</td>
<td>16.67%</td>
<td>7.14%</td>
<td>-4.53%</td>
</tr>
<tr>
<td>Percent of Total Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>27.58%</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>40.83%</td>
<td>64.24%</td>
<td>76.30%</td>
<td>65.85%</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>59.17%</td>
<td>35.76%</td>
<td>23.70%</td>
<td>34.15%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>22.42%</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>49.83%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>72.24%</td>
</tr>
<tr>
<td>Net Worth</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>27.76%</td>
</tr>
<tr>
<td>Percent of Sales</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sales</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>87.91%</td>
<td>88.86%</td>
<td>89.07%</td>
<td>43.56%</td>
</tr>
<tr>
<td>Selling, General &amp;</td>
<td>53.81%</td>
<td>52.20%</td>
<td>50.75%</td>
<td>19.91%</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Advertising Expenses</td>
<td>0.66%</td>
<td>0.57%</td>
<td>0.53%</td>
<td>0.47%</td>
</tr>
<tr>
<td>Profit Before Interest</td>
<td>48.71%</td>
<td>52.36%</td>
<td>54.74%</td>
<td>5.85%</td>
</tr>
<tr>
<td>and Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>2.52</td>
</tr>
<tr>
<td>Quick</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1.86</td>
</tr>
<tr>
<td>Total Debt to Total Assets</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>72.24%</td>
</tr>
<tr>
<td>Pre-tax Return on Net</td>
<td>60.79%</td>
<td>49.71%</td>
<td>40.06%</td>
<td>95.33%</td>
</tr>
<tr>
<td>Worth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-tax Return on Assets</td>
<td>60.79%</td>
<td>49.71%</td>
<td>40.06%</td>
<td>26.46%</td>
</tr>
<tr>
<td>Additional Ratios</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>34.10%</td>
<td>36.65%</td>
<td>38.32%</td>
<td>n.a</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>42.55%</td>
<td>34.80%</td>
<td>28.04%</td>
<td>n.a</td>
</tr>
<tr>
<td>Ratios</td>
<td>2009</td>
<td>2008</td>
<td>2007</td>
<td>n.a</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------</td>
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<td>-------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Activity Ratios</strong></td>
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<tr>
<td>Accounts Payable Turnover</td>
<td>13.60</td>
<td>12.17</td>
<td>12.17</td>
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<tr>
<td>Total Asset Turnover</td>
<td>1.25</td>
<td>0.95</td>
<td>0.73</td>
<td>n.a</td>
</tr>
<tr>
<td><strong>Debt Ratios</strong></td>
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<td></td>
</tr>
<tr>
<td>Debt to Net Worth</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>n.a</td>
</tr>
<tr>
<td>Current Liab. to Liab.</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>n.a</td>
</tr>
<tr>
<td><strong>Liquidity Ratios</strong></td>
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<td></td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>$98,164</td>
<td>$236,849</td>
<td>$390,934</td>
<td>n.a</td>
</tr>
<tr>
<td>Interest Coverage</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>n.a</td>
</tr>
<tr>
<td><strong>Additional Ratios</strong></td>
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<td></td>
</tr>
<tr>
<td>Assets to Sales</td>
<td>0.80</td>
<td>1.05</td>
<td>1.37</td>
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</tr>
<tr>
<td>Current Debt/Total Assets</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>n.a</td>
</tr>
<tr>
<td>Acid Test</td>
<td>0.00</td>
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<td>0.00</td>
<td>n.a</td>
</tr>
<tr>
<td>Sales/Net Worth</td>
<td>1.25</td>
<td>0.95</td>
<td>0.73</td>
<td>n.a</td>
</tr>
<tr>
<td><strong>Dividend Payout</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>n.a</td>
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