How to Start a Dog Daycare 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 lose 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, scare 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 any 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?

_________________  
_________________  

Page 13
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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<th>Service</th>
<th>Estimated Cost</th>
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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:

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

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

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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.

<table>
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<tr>
<th>Form of Advertising</th>
<th>Size of Audience</th>
<th>Frequency of Use</th>
<th>Cost of A Single Ad</th>
<th>Estimated Cost</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:

\[
\text{Break-even point (in sales dollars)} = \frac{\text{Total fixed costs}}{\text{Total variable costs} + \frac{\text{Total fixed costs}}{1 - \frac{\text{Corresponding sales volume}}{\text{Total variable costs}}}}
\]

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 a Dog Daycare Business Plan Template
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1.0 Executive Summary

Over the years while American families have fallen in overall size, the number of pets per household has grown. Americans own over 361,410,000 pets, including 78,200,000 dogs. Statistics show that the new generations are choosing to wait longer to have children, are making conscious choices to have fewer children and seem to be filling that void with pets. This notion is further advanced by the growing amount of dollars being spent on the care for pets and the growing services sprouting up that never existed in the past. There is now pet insurance. Pets have their own advocacy groups as associations such as PETA and other local organizations have pushed for more ethical care and treatment of animals. We are seeing growing demands for better care of household animals such as required neutering in many communities. Dog parks have sprung up in every major city and hundreds of other communities. We are even seeing pets being included in family wills.

We are also a nation of travelers. It’s not always convenient to take our pets with us when we travel. One of the major trends in pet care is that the old kennels are slowly giving way to animal hotels replenished with beds, sheets and amenities as luxurious as televisions and DVD players to keep the pets occupied and happy during their owners’ absence. The term "kennel" is actually taking on a negative connotation because it conjures up the image of an animal prison with small cages and unhappy, forlorn-looking animals, pining for the return of their masters to save them from their misery. The new animal daycare and boarding centers are dispelling the notion that animals must be locked up to be kept safe from other animals. Another emerging canine boarding concept that COMPANY NAME embraces is one of having large, free-roaming areas where animals can mingle both day and night. This idea is an offshoot of the trend to have allowed dogs to mingle in dog-parks and more and more boarding businesses offer this as an option. This growing trend for the boarding of socialized animals actually has the animals looking forward to their masters leaving them there.

COMPANY NAME has chosen to open their location near the downtown area to take advantage of the urban movement of young, upwardly mobile professionals taking to the lofts, small homes and apartments that put them near work and near their favorite haunts at night.

The demand by city dwellers (lofts, apartments, urban homes) for both daycare and overnight boarding of canines is a growing trend. The urbanization of downtown St. Louis and immediate surrounding areas continues to move forward at a good pace. The people who are buying lofts and condominiums in this targeted area fit the profile of the primary customer for COMPANY NAME.

Our primary target customers are the young, upwardly mobile professionals who inhabit not only these new lofts and urban homes and apartments but are starting small families and one of the largest groups buying pets. These "yuppies" grew up with pets and have aspirations to own pets. Their dilemma is that they are often living in environments not conducive to raising dogs. Leaving a dog alone in an apartment while they go to work is not a great option. Dogs are social animals needing companionship from other dogs and human beings.
**COMPANY NAME** will offer this demographic a place to drop off their animals during the day on a part-time or full-time basis. And when they travel on business or pleasure, they will have a close location to leave their dogs in an environment that is more of a community than a temporary prison as many kennels have become. Statistics show that these yuppies have deep compassion for their pets, often treating them as children and willing to spend proportionately higher rates for the animal to be fed, pampered and cared for. **COMPANY NAME** will offer affordable but slightly higher rates than other boarding homes and will justify this value by providing a unique environment for the animals with high quality equipment, "kitschy", fun theme rooms for the animals staying solo, fast-shop and high margin supplies for the dog owner in a hurry. They will also offer grooming and training for the dogs during the day. Future revenue streams could include offering a pick-up and delivery service and facility rental for dog-lover association shows and galas or birthday parties.
Conclusion

The growth in this industry sector is moving steadily forward even in this weak economy. The market in the downtown area is under-served and there are enough buyers of the service to justify the launch. The game plan is to:

1. Establish solid, daily, vicinity business from the local demographics and grow the business to provide a large portion of our annual revenues.

2. Create a unique, fun and adventurous facility with excellent customer service that will make the boarding facility a destination for discerning dog owners from all over the St. Louis area who are looking to provide a different and happy environment for their pets while they travel.

Capital Request

Start-up capital needs for tenant finish out, licenses, equipment and six months of expenses will be roughly $130,000. The owner is requesting a $300,000 loan to be fully prepared for these start-up costs and to be fully prepared for growth or any unexpected expenses. The remainder of the loan will be used as a line of credit and left in the bank unless needed.

Chart: Highlights
1.1 Mission

COMPANY NAME is committed to providing a clean, safe and adventurous environment that is well-staffed and offers fun and exercise for your pet.

2.0 Company Summary

COMPANY NAME is a dog boarding facility located near downtown dedicated primarily to the St. Louis city urban dwellers who have dogs. Unlike the old concept of kenneling dogs, this new concept provides both nicer, single dwellings for the animals and allows socialized animals to mingle in larger spaces, both during the day and at night.

For those animals less socialized or if owners prefer, there are individual boarding spaces for both daycare and sleep-in capability. These spaces however will not be the usual cages. These "rooms" will be larger than a kennel cage. They will be animal friendly and could even have special amenities including a beds, pillows, sheets, comforters, favorite toys, television and DVD player. This is a trend in the industry and we will add to this trend and charge premium prices (when requested) by having "theme" rooms such as the "Elvis" room, the "Lassie Room" room or the "Canine Castle." There will also video cams for owners to see their precious "children" throughout the day.

Other service offerings will be dog grooming, dog training for obedience, socialization, etc. and a small array of high-margin, specialized products for dogs.

2.1 Start-up Summary

Table: Start-up

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Start-up Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reservation Software and Training</td>
<td>$2,000</td>
</tr>
<tr>
<td>Animal Care Licensing/Boarding (various)</td>
<td>$1,000</td>
</tr>
<tr>
<td>Office Space Finishing</td>
<td>$10,000</td>
</tr>
<tr>
<td>Outdoor Dog Park A-Frame</td>
<td>$4,093</td>
</tr>
<tr>
<td>Dog Walk Ramp</td>
<td>$3,236</td>
</tr>
<tr>
<td>16&quot; Wait Table</td>
<td>$938</td>
</tr>
<tr>
<td>Item</td>
<td>Price</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Teeter Totter</td>
<td>$2,063</td>
</tr>
<tr>
<td>Agility Walk (Set of 5)</td>
<td>$1,213</td>
</tr>
<tr>
<td>Hound Hoops (Set of 5)</td>
<td>$915</td>
</tr>
<tr>
<td>Hound Hurdles (Set of 4)</td>
<td>$954</td>
</tr>
<tr>
<td>Flexible Weave Poles (Set of 6)</td>
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</tr>
<tr>
<td>Adjustable Tire Jump</td>
<td>$935</td>
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<tr>
<td>Adjustable Fire Hydrant Jump</td>
<td>$753</td>
</tr>
<tr>
<td>2-Plank Wall Jump</td>
<td>$288</td>
</tr>
<tr>
<td>S-Tunnel</td>
<td>$2,690</td>
</tr>
<tr>
<td>Pet Parking Post</td>
<td>$413</td>
</tr>
<tr>
<td>Custom Park Rules Sign</td>
<td>$978</td>
</tr>
<tr>
<td>Indoor Dog Park: Modular Agility System Ramp</td>
<td>$275</td>
</tr>
<tr>
<td>Modular Agility System Stair</td>
<td>$275</td>
</tr>
<tr>
<td>Tunnel/Walk Over</td>
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</tr>
<tr>
<td>Connectors: Hump Back Bridge</td>
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<tr>
<td>Plastic 2-Way</td>
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<tr>
<td>Plastic 3-Way</td>
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</tr>
<tr>
<td>Plastic 4-Way</td>
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</tr>
<tr>
<td>Mobile Kits: 4x8 Panels</td>
<td>$100</td>
</tr>
<tr>
<td>Gate Assemblies</td>
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</tr>
<tr>
<td>2-Way Panel Connectors</td>
<td>$5</td>
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<tr>
<td>3-Way Panel Connectors</td>
<td>$7</td>
</tr>
<tr>
<td>Pit Ball: 5&quot; Plastic</td>
<td>$85</td>
</tr>
<tr>
<td>Groomer: Fiberglass cage banks (6 small, 2 large)</td>
<td>$1,750</td>
</tr>
<tr>
<td>Best Cage Bank (3 standard)</td>
<td>$1,000</td>
</tr>
<tr>
<td>Slider</td>
<td>$200</td>
</tr>
<tr>
<td>Tub Accessories</td>
<td>$500</td>
</tr>
<tr>
<td>Item</td>
<td>Cost</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Tub 48&quot; With Ramp</td>
<td>$820</td>
</tr>
<tr>
<td>Tub 58&quot; With Ramp</td>
<td>$1,250</td>
</tr>
<tr>
<td>Table</td>
<td>$500</td>
</tr>
<tr>
<td>Dog Houses: Log Cabin</td>
<td>$1,700</td>
</tr>
<tr>
<td>Beds: Single (20)</td>
<td>$1,600</td>
</tr>
<tr>
<td>Bowls and Feeders: Fountain</td>
<td>$60</td>
</tr>
<tr>
<td>Bowls</td>
<td>$60</td>
</tr>
<tr>
<td>Office Furniture: Desks</td>
<td>$600</td>
</tr>
<tr>
<td>Book Shelves</td>
<td>$400</td>
</tr>
<tr>
<td>Credenza</td>
<td>$200</td>
</tr>
<tr>
<td>2/4 Drawer Files</td>
<td>$500</td>
</tr>
<tr>
<td>Drawer File Hutch</td>
<td>$300</td>
</tr>
<tr>
<td>Credenza Hutch</td>
<td>$229</td>
</tr>
<tr>
<td>Desk Chairs</td>
<td>$400</td>
</tr>
<tr>
<td>Reception Chairs</td>
<td>$300</td>
</tr>
<tr>
<td>Reception Desk</td>
<td>$500</td>
</tr>
<tr>
<td>Dell Computers</td>
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</tr>
<tr>
<td>6 Months Operating Costs</td>
<td>$50,000</td>
</tr>
<tr>
<td>Marketing (Start Up)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Website Design</td>
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</tr>
<tr>
<td>Legal and LLC Organization</td>
<td>$500</td>
</tr>
<tr>
<td>Other Licensing Fees</td>
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</tr>
<tr>
<td>Starting Inventory</td>
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</tr>
<tr>
<td>Total Start-up Expenses</td>
<td>$130,326</td>
</tr>
<tr>
<td>Start-up Assets</td>
<td></td>
</tr>
<tr>
<td>Cash Required</td>
<td>$0</td>
</tr>
</tbody>
</table>
### Start-up Inventory

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up Inventory</td>
<td>$0</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$0</td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>$0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$0</td>
</tr>
<tr>
<td>Total Requirements</td>
<td>$130,326</td>
</tr>
</tbody>
</table>

#### Chart: Start-up

**Start-up**

- **Expenses**
  - $30,000
- **Assets**
  - $60,000
- **Investment**
  - $180,000
- **Loans**
  - $120,000

#### 3.0 Products and Services

We will lease approximately 5000 sq. ft. near or in the downtown area. We will be buying top-of-the-line "dog park/playground" equipment and have it installed in both indoor and outdoor (fenced) areas. We will buy and install dog "rooms" pre-fabricated and adding special touches to the basic structure of the rooms to create an array of themed rooms to help create our differentiation and increase value by creating a "destination" for all St. Louis dog owners as well as a convenient location of basic services for our targeted urban dwellers.

We will provide various levels (price points) for dog day care and boarding from 2 hour drop-ins to monthly rates for all sizes of canines. Our emphasis is in allowing socialized animals to mingle both during the day as well as at night. We will provide 24 hour supervision of the animals with a trained, dog-loving staff. There will be methods to test
the dogs' socialization skills to ensure the danger of aggressiveness is negligible. For less socialized animals (or if owners prefer) we will offer private rooms upon request on a reservation or drop in basis. There will be dog park settings inside and out for play and exercise under constant supervision.

**Basic Requirements:**

- All dogs must undergo a 30 minute temperament evaluation, which are done by appointment only

- All dogs must be able to get along well with humans and other dogs (or they must stay in private rooms)

- All dogs must be current on the following vaccinations:
  - Bordetella - required each year
  - DHLPP
  - Rabies

- All dogs must be at least 12 weeks old
- All dogs over 7 months must be spayed or neutered
- An agreement about responsibility for injuries or bites to humans or dogs is needed.
- An agreement about care of their animal in case of an emergency
Products and Services

- Dog day care for all sizes in a cage and kennel free environment.
- Dog boarding, one night or more with constant supervision.
- Private rooms are available upon request.
- Dog park setting inside and out for play and exercise under constant supervision.
- Dog grooming by appointment. Bathing tub available for self-bathing at a low fee.
- Dog obedience and socialization training by appointment.

A basic listing of our services and prices (subject to change) are listed below:

**Day Care:**

- Half Day: $14.00 (4 hours or less)
- Full Day: $20.00 -- $17.00 for each additional dog (12 hours max)
- 5 day package: $90.00 -- $70.00 for each additional dog
- 10 day package: $175.00 -- $130.00 for each additional dog
- Unlimited month: $300.00 -- $200.00 for each additional dog

* All dogs must be from the same household and be present together for multiple dog discounts

**Overnight Boarding:**

$30.00 (over 12 hours to 24 hours)

**Grooming:**

Dog grooming by appointment.

**Bath**

$35 to $80

Depending on size, condition

**Shave Down**

$35 to $80

Depending on size, condition
Hand Scissor Pattern

$35 to $80

Depending on size, breed

Bathing tub available for self-bathing at a low fee.

**Dog Obedience Training by Appointment.**

Various Fees for various levels of training: individual, group, private, etc. This will be an outsourced service offering with an initial average income of roughly $15 per hour gross profit.

**Product Offerings**

Select high margin Products supplied in a convenience store purchase style.

- Dog food
- Treats
- Bones
- Leashes
- Beds
- Bowls
- Toys
- Custom Doggie Apparel

4.0 Market Analysis Summary

**DEMOGRAPHICS**

St. Louis is an independent city and the second-largest city in the U.S. state of Missouri. The city had a 2010 population of 319,294 and is the principal municipality of Greater St. Louis, population 2,845,298, the largest urban area in Missouri, the 4th-largest urban area in the Midwest, and 15th-largest in the United States.

St. Louis is sited near the confluence of the Missouri and the Mississippi Rivers, is the heart of Greater St. Louis, a metropolitan area of nearly three million people in Missouri and Illinois, the Illinois portion of which is commonly referred to as the Metro-East. It is home to some of the country's largest public and privately held corporations, including Enterprise Rent-A-Car, Graybar, Scottrade, Edward Jones, Emerson, Energizer, Anheuser-Busch, Inc., Boeing Defense, Space & Security, Purina, Monsanto Company, and MasterCard.
St. Louis experienced a large population shift to the suburbs in the 20th century; first because of increased demand for new housing following the Second World War, and later white flight from older neighborhoods to newer ones. The city has had a long history of white population decline battered by successive economic, socio-economic, and immigration changes. Consequently, given its historical status as an old all American settlement, the continued migration of white Americans since 1950, caused the city to lose people at a rate faster than any other major American city, losing more than half its population: in 1950, it had a population of 856,796; in 2010, the population was 319,294.

As of 2010, the racial makeup of the city of St. Louis (as separate and distinct from St. Louis County and the rest of the MSA) was 49.20% African-American, 43.90% Caucasian, 2.9% Asian, 2.4% of two or more ethnicities, and 0.3% American Indian and Alaska Native. Hispanics or Latinos of any ethnic group were 3.5% of the population.

According to the 2000 United States Census, there were 348,189 people, 147,076 households, and 76,920 families residing in the city. There were 147,076 households, out of which 25.4% have children younger than 18 living with them, 26.2% were married couples living together, 21.3% had a female householder with no husband present, and 47.7% were non-families. 40.3% of all households were made up of individuals and 12.9% had someone living alone who was 65 years of age or older. The average household size was 2.30 and the average family size was 3.19. The population density was 5,622.9 people per square mile (2,171.2/km²). There were 176,354 housing units at an average density of 2,847.9 per square mile (1,099.7/km²).

In the city the age distribution of the population shows 25.7% younger than 18, 10.6% from 18 to 24, 30.9% from 25 to 44, 19.1% from 45 to 64, and 13.7% who were 65 years of age or older. The median age was 34 years. For every 100 females there were 88.6 males. For every 100 females age 18 and older, there were 84.2 males. The median income for a household in the city was $29,156, and the median income for a family was $32,585. Males had a median income of $31,106 versus $26,987 for females. The per capita income for the city was $18,108.

**THE PET DAYCARE INDUSTRY**

Current doggie daycare owners believe that if parents are not going to leave their kids home alone all day, then why do that to their dog? Therefore, it works a lot like daycare that has been often associated with children. Drop the kids off so they can run around and play; have a few snacks and a nap; then in the evening you pick them up for a nice relaxing night by the fire. Instead of a working professional’s companion sitting at home all day waiting for them to get home to play with him, now he’s running around with his buddies having a fun and energetic time. When the owner gets home, the dog is not needing so much attention.

Doggie daycare is being offered more and more at traditional boarding kennels but there is a new trend with business owners opening up facilities that are specifically designed and tailored for daycare needs.
Business Week magazine has described the pet services sector as "one of the fastest growing in the pet industry." In fact, according to Packaged Facts' Pet Market Outlook 2010-2011, more than $6 billion was spent on non-medical pet services (grooming, dog walking, boarding, training, etc.) in 2010. And industry experts say that this trend shows no signs of slowing.

This is not to say that all pet services were immune to the effects of the recent recession. Susan Briggs, president of the Pet Care Services Association, notes that many of her associations’ members that offer boarding saw a decrease in "pet nights" over the past two years—a trend that finally reversed course in fall 2009.

The industry has also seen an increasing trend in provision of add-on services while pets are boarding or in daycare that mirror activities human children would do in camp. The Pet Care Services Association is highly optimistic that these trends will continue to grow in 2011.

According to the American Pet Products Association (APPA), $3.51 billion dollars was spent on pet services in 2010, projected to grow over 6% to $3.65 billion in 2011. Pet parents are including their pets in their own lifestyles so visits to the spa, exercise regimes, daycare, dog parks and restaurants have become more common in urban areas. With the recession and decline of investment capital, the number of day care accommodations are growing in number more modestly than prior to the recession; however, the business of doggie day cares continues to be a profitable one.

**Estimated 2011 Sales within the U.S. Market**

For 2011, it estimated that $50.84 billion will be spent on our pets in the U.S.

Estimated Breakdown:
- Food: $19.53 billion
- Supplies/OTC Medicine: $11.4 billion
- Vet Care: $14.11 billion
- Live animal purchases: $2.15 billion
- Pet Services: grooming & boarding: $3.65 billion

**Actual Sales within the U.S. Market in 2010**

In 2010, $48.35 billion was spent on our pets in the U.S.

Breakdown:
- Food: $18.76 billion
- Supplies/OTC Medicine: $10.94 billion
- Vet Care: $13.01 billion
- Live animal purchases: $2.13 billion
- Pet Services: grooming & boarding: $3.51 billion
PET OWNERSHIP STATISTICS

According to the 2011-2012 APPA National Pet Owners Survey, 62% of U.S. households own a pet, which equates to 72.9 million homes. In 1988, the first year the survey was conducted, 56% of U.S. households owned a pet as compared to 62% in 2008.

Breakdown of pet ownership in the U.S. according to the 2011-2012 APPA National Pet Owners Survey

**Number of U.S. Households that Own a Pet (millions)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bird</td>
<td>5.7</td>
</tr>
<tr>
<td>Cat</td>
<td>38.9</td>
</tr>
<tr>
<td>Dog</td>
<td>46.3</td>
</tr>
<tr>
<td>Equine</td>
<td>2.4</td>
</tr>
<tr>
<td>Freshwater Fish</td>
<td>11.9</td>
</tr>
<tr>
<td>Saltwater Fish</td>
<td>0.7</td>
</tr>
<tr>
<td>Reptile</td>
<td>4.6</td>
</tr>
<tr>
<td>Small Animal</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**Total Number of Pets Owned in the U.S. (millions)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bird</td>
<td>16.2</td>
</tr>
<tr>
<td>Cat</td>
<td>86.4</td>
</tr>
<tr>
<td>Dog</td>
<td>78.2</td>
</tr>
<tr>
<td>Equine</td>
<td>7.9</td>
</tr>
<tr>
<td>Freshwater Fish</td>
<td>151.1</td>
</tr>
<tr>
<td>Saltwater Fish</td>
<td>8.61</td>
</tr>
<tr>
<td>Reptile</td>
<td>13.0</td>
</tr>
<tr>
<td>Small Animal</td>
<td>16.0</td>
</tr>
</tbody>
</table>

*Ownership statistics are gathered from APPA's 2011-2012 National Pet Owners Survey*
4.1 Market Segmentation

COMPANY NAME has a focus on meeting the local need for pet day care services within the 10-mile radius of Metropolitan St. Louis, Missouri. Pets can be taken in flexibly on either a full-time or part-time basis. In addition, more revenue can be generated from residents of the Greater St. Louis area.

Full-Time Working Professionals

The company wants to establish a significantly large, full-time, regular client base from the downtown and immediate areas in order to establish a healthy, consistent revenue base to ensure stability of the business. Customer relations are extremely important, as it is imperative to keep the parents pleased in order to keep their pets returning the daycare center on a regular basis. This emphasis on providing a great experience for every customer will make COMPANY NAME a destination for dog lovers outside of the immediate area.

Part-Time Workers / Drop-Ins

Part-time workers and drop-ins comprise approximately 20% of revenues. While this market is not the primary focus, sufficient flexibility to handle this secondary market is important to producing supplemental revenues.

As previously mentioned in the Market Analysis Summary, 60% of United States residents are pet owners. Due to the reported Census Bureau data on the number of residents located in Metropolitan St. Louis and Great St. Louis, the numbers of prospective customers is reflected in the table below.

Table: Market Analysis

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>5%</td>
<td>191,576</td>
<td>201,155</td>
<td>211,213</td>
<td>221,774</td>
<td>232,863</td>
</tr>
<tr>
<td>Metro St. Louis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>1,707,17</td>
<td>1,741,32</td>
<td>1,776,14</td>
<td>1,811,67</td>
<td>1,847,90</td>
</tr>
<tr>
<td>Greater St. Louis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.31%</td>
<td>1,898,75</td>
<td>1,942,47</td>
<td>1,987,36</td>
<td>2,033,44</td>
<td>2,080,76</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.2 Target Market Segment Strategy

The target market for COMPANY NAME is full-time working singles and couples. Referral marketing is the key type of marketing strategy utilized. Maintaining and further enhancing its reputation in the community is crucial to gaining additional market share of this target market.

In addition, COMPANY NAME will print ads in local newspapers and "weeklies" (e.g. Riverfront Times) to have a presence in the target market communities.

Further marketing plans and strategies are detailed further below.
4.3 Service Business Analysis

Operational Plan

Days of Operation: 7 days per week

Hours of operation:

Day care and Retail Operations: 7:00am to 7:00pm

Grooming: By Appointment
Training: By Appointment
Boarding: 24 Hours
(drop off and pick up between 7:00am and 7:00pm)

Main operations will consist of the following areas:

* Taking dogs in and releasing them on a daycare basis
* Data input to track animals and owners (clients) in a database
* Overseeing the animals in the open yards
* Caring for and feeding the animals throughout the day
* Keeping the facility tidy and in compliance with state regulations
* Grooming the animals
* Overseeing the animals during the evening
* Obedience training will be outsourced to reputable trainers who will use the facility or take the animals off-site
* Retail operations: Selling, stocking, taking inventory and answering questions about the animal products

4.3.1 Competition and Buying Patterns

There are three main competitors in the vicinity:

[LIST COMPETITORS]

**COMPANY NAME** will establish a competitive edge in its new target market segment by:

- Providing the most advanced and "funnest" environment for the animals. The dog parks settings will have the best play equipment for the dogs that get them exercise and provide an enjoyable experience for the dogs while their owners are away.
• We will find and exploit increasing levels of customer contact and service that other competitors oftentimes lack.

• We will emphasize training and skill level of our staff in handling the animals to produce the highest quality services that are needed in this field.

• A greater emphasis on having a "different, fun and adventurous" type of environment with top of the line equipment will strengthen the contacts that promote word of mouth marketing and networking making our location a true St. Louis destination for dog lovers.

The Company will stay abreast with the current trends of the city dweller and their needs to pet grooming, day care and training. Today's "Yuppie" wants to only have the best for their pet and COMPANY NAME intends to convey that the Company's services and location will be the perfect means to an end for their target market. The facility will be built with the pet's safety, health, and comfort in mind.

5.0 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the Company and describes the opportunities and threats facing COMPANY NAME.

5.1 Strengths

1. Knowledgeable and friendly staff. COMPANY NAME will go to great lengths at to find people with a passion for caring for animals. The staff will be both knowledgeable and eager to please the Company's clients and their treasured companions.

2. State-of-the-art equipment. Part of the COMPANY NAME experience includes access to state-of-the-art grooming and training facilities. Pets will enjoy beautiful, clean and safe indoor and outdoor playing, feeding and resting areas.

3. "Green" pet foods and toys. COMPANY NAME will provide healthy and "green" food and snack options for pet owners and only safe stimulating pet toys will be used at the facility.

4. Clear vision of the market need. The Company knows what it takes to build a pleasurable and profitable day care center for pets. COMPANY NAME knows the customers and the definite needs of today's working professional pet owner. The Company knows how to build the service that will bring the two together.

5.1.1 Weaknesses

1. Access to additional operating capital.

2. Cash flow continues to be unpredictable, and since April 2008, a periodic problem.
3. Owners are still climbing the "pet industry curve" within the community.

4. Challenges of the seasonality of the business.

5.1.2 **Opportunities**

1. Growing market with a significant percentage of the target market still not knowing **COMPANY NAME** will exist.

2. Strategic alliances offering sources for referrals and joint marketing activities to extend the Company's reach.

3. Promising activity from high levels of urban dwellers moving to the Metropolitan area.

4. Increasing sales opportunities beyond a "10-mile" target area including several smaller communities that can produce a faithful following of customers.

5. Internet potential for selling products to other markets.

5.1.3 **Threats**

1. Emerging local competitors. Additional competitors are on the horizon, and **COMPANY NAME** needs to be prepared for their entry into the market. Many of the Company's programs will be designed to build customer loyalty, and it is a hope that Yappy Camper's quality service and up-scale ambiance won't be easily duplicated.

2. Inattentive or uncaring staff. Train staff well and emphasize and re-emphasize the importance of happy clients at the end of every visit.

5.2 **Marketing Strategy**

**TRADITIONAL AND NON-TRADITIONAL ADVERTISING, SOCIAL NETWORKING AND PUBLIC RELATIONS**

**COMPANY NAME** will position itself as a kitschy, new-era pet day care, grooming and training center in Metropolitan St. Louis. It will provide high quality, safe and effective services at a competitive price. Due to the number of day care and kennels in St. Louis, it is important that **COMPANY NAME** sets fair prices for its services.

The Company will promote its services through various forms of advertising, referral plans, internet and social network marketing as well a targeted mail outs:

- Ads will be placed in RFT (The Riverfront Times), St. Louis Front Page and the St. Louis American will help build customer awareness. Accompanying the ad will be a coupon for an introductory discount on grooming and training services.

- **COMPANY NAME** will have give-away opportunities such as three one hour training sessions of classes to customers by holding a drawing quarterly with existing customers.
• Social networking was not new in 2009 but the successes of the early adopters such as @PetsitUSA and @petrelocation are driving more and more pet businesses online. We will also use this emerging advertising medium

• Pet-related small business owners have always known the power of numbers and are turning online to get noticed, one shopper or one business partner at a time, on Twitter, Facebook, and LinkedIn. Many rescue organizations are using social networking as part of their funding drives such as the ASPCA and The Humane Society.

• The main target audience will receive mail advertising our opening and new location. Targeted mail outs will continue as we establish brand.

PARTNERSHIP PLAN

In order to reach the Company’s target market, COMPANY NAME plans to partner and cross market its services with but not limited to the following local organizations:

• Dogfriendly.com
• Pets in the City
• Animal Protective Association of Missouri
• Adoptapet.com
• Instlouiscounty.com/pets
• Metroanimal.org
• Dogbreedz.com
• Dogchannel.com

Many of the above sites and resources provide advice to local pet owners including vet care, grooming, dog parks and pet day care centers. COMPANY NAME will contact all of these organizations and offer to exchange links between websites.

PUBLIC RELATIONS CAMPAIGN

We feel that the business will be so unique and different that it will naturally create a lot of buzz with local dog owners. We plan to take advantage of our launch by having various press releases in local magazines and newspapers. We will be contacting the public interest reporters from the various local periodicals and television station in hopes of having our story getting air play and free advertisement by becoming a featured story.

OTHER IDEAS

Hotel Referrals
COMPANY NAME plans to meet representatives of all hotels in the area and surrounding to offer the Company services to travelers with pets. This will increase sales by not only targeting the local target market, but presenting COMPANY NAME as a safe and friendly haven for their pets while they tour the area or while they are away on business. COMPANY NAME will impress upon each establishment that by referring business to the Company, they are also cross-promoting themselves online as "pet friendly" destinations to travelers who search online.

Mobile Dog Daycare

The Company will over time further promote the COMPANY NAME brand by participating as a vendor at county fairs, festivals and farmer's markets. By setting up a large outdoor fenced off area, pet owners can leave their best friends with caring staff while they enjoy the event. We've seen and discovered this happening in other cities but have never seen it done here in St. Louis. The dogs can play together and with staff members while being tended to with treats, toys and water.

Some events for COMPANY NAME to present at are but are not limited to:

[INSERT EVENTS]
5.2 Sales Forecast

The table below outlines the sales forecast and cost of goods sold. The forecast is based on reasonable sales projections within this very large market.

Table: Sales Forecast

<table>
<thead>
<tr>
<th>Sales Forecast</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daycare</td>
<td>$68,628</td>
<td>$126,934</td>
<td>$288,830</td>
</tr>
<tr>
<td>Overnight Stays</td>
<td>$71,400</td>
<td>$156,280</td>
<td>$141,300</td>
</tr>
<tr>
<td>Grooming</td>
<td>$45,151</td>
<td>$83,642</td>
<td>$109,630</td>
</tr>
<tr>
<td>Training</td>
<td>$14,515</td>
<td>$32,386</td>
<td>$45,760</td>
</tr>
<tr>
<td>Products and Supplies</td>
<td>$28,480</td>
<td>$60,300</td>
<td>$100,450</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$228,174</td>
<td>$459,542</td>
<td>$685,970</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct Cost of Sales</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$99,683</td>
<td>$154,075</td>
<td>$197,687</td>
</tr>
<tr>
<td>Purchases</td>
<td>$14,241</td>
<td>$30,150</td>
<td>$50,225</td>
</tr>
<tr>
<td>Credit Card Merchant Services</td>
<td>$5,477</td>
<td>$11,029</td>
<td>$15,091</td>
</tr>
<tr>
<td>Cleaning Sanitation</td>
<td>$3,300</td>
<td>$4,900</td>
<td>$6,006</td>
</tr>
<tr>
<td>Subtotal Direct Cost of Sales</td>
<td>$122,701</td>
<td>$200,154</td>
<td>$269,009</td>
</tr>
</tbody>
</table>
6.0 Management Summary

Human Resources:

The business will launch with a staff of the 4 key people who will make up the core of the business. The four key people will be:

• General Manager (INSERT NAME, Owner)
• Assistant Manager
• Lead Staff
• Staff

Initially, these four people will cover the hours that the business will be open and split time staying overnight at the facility when dogs are being boarded.

Management and Organization

The structure of the business management will consist of:

• General Manager
• Assistant General Manager
• Staff Leads

Year one we plan to finish out the year with a total of 7 employees. Year two we plan to finish with 9 people and by the end of year three we see having a staff of 12 or more.

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Lead Staff/Groomer</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff</td>
<td>0.5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff</td>
<td>0.5</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
INSERT NAME, the owner, plans to take an active role in the business managing day to day operations, handling administrative and bookkeeping responsibilities. She has successfully performed these roles in previous jobs. At times she will fill in staff roles as the needs dictate.

A key position in the business will be the Assistant Manager. The Assistant Manager will not only fill in for Katie but take an active role in interviewing, hiring and training employees. The person for this job must have management experience and deeply dedicated to the growing success of the company. The idea is to provide a salary to this employee with incentives to share in profits to make them mutually accountable for the overall profits of the business.

Staff positions will generally start out around $9.00 an hour or at going wages for the market. Lead staff positions will be paid higher amounts and their roles will require additional responsibilities.

7.1 Start-up Funding

Table: Start-up Funding

<table>
<thead>
<tr>
<th>Start-up Funding</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up Expenses to Fund</td>
<td>$130,326</td>
</tr>
<tr>
<td>Start-up Assets to Fund</td>
<td>$0</td>
</tr>
<tr>
<td>Total Funding Required</td>
<td>$130,326</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>Non-cash Assets from Start-up</td>
<td>$0</td>
</tr>
<tr>
<td>Cash Requirements from Start-up</td>
<td>$0</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Additional Cash Raised</td>
<td>$169,674</td>
</tr>
<tr>
<td>Cash Balance on Starting Date</td>
<td>$169,674</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$169,674</td>
</tr>
<tr>
<td>Liabilities and Capital</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Current Borrowing</td>
<td>$0</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>$0</td>
</tr>
<tr>
<td>Accounts Payable (Outstanding Bills)</td>
<td>$0</td>
</tr>
<tr>
<td>Other Current Liabilities (interest-free)</td>
<td>$0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$0</td>
</tr>
<tr>
<td>Capital</td>
<td></td>
</tr>
<tr>
<td>Planned Investment</td>
<td></td>
</tr>
<tr>
<td>Loan 1</td>
<td>$200,000</td>
</tr>
<tr>
<td>LOC</td>
<td>$100,000</td>
</tr>
<tr>
<td>Additional Investment Requirement</td>
<td>$0</td>
</tr>
<tr>
<td>Total Planned Investment</td>
<td>$300,000</td>
</tr>
<tr>
<td>Loss at Start-up (Start-up Expenses)</td>
<td>($130,326)</td>
</tr>
<tr>
<td>Total Capital</td>
<td>$169,674</td>
</tr>
<tr>
<td>Total Capital and Liabilities</td>
<td>$169,674</td>
</tr>
<tr>
<td>Total Funding</td>
<td>$300,000</td>
</tr>
</tbody>
</table>
### 7.2 Break-even Analysis

**Table: Break-even Analysis**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Break-even Analysis</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Monthly Revenue Break-even</strong></td>
<td><strong>$27,264</strong></td>
</tr>
<tr>
<td><strong>Assumptions:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Average Percent Variable Cost</strong></td>
<td><strong>54%</strong></td>
</tr>
<tr>
<td><strong>Estimated Monthly Fixed Cost</strong></td>
<td><strong>$12,603</strong></td>
</tr>
</tbody>
</table>

**Chart: Break-even Analysis**

![Chart showing break-even analysis]
### 7.3 Projected Profit and Loss

Table: Profit and Loss

<table>
<thead>
<tr>
<th>Pro Forma Profit and Loss</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$228,174</td>
<td>$459,542</td>
<td>$685,970</td>
</tr>
<tr>
<td>Direct Cost of Sales</td>
<td>$122,701</td>
<td>$200,154</td>
<td>$269,009</td>
</tr>
<tr>
<td>Other Costs of Sales</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Cost of Sales</td>
<td>$122,701</td>
<td>$200,154</td>
<td>$269,009</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$105,473</td>
<td>$259,388</td>
<td>$416,961</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>46.22%</td>
<td>56.44%</td>
<td>60.78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Marketing/Promotion</td>
<td>$18,000</td>
<td>$24,000</td>
<td>$24,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$10,296</td>
<td>$10,296</td>
<td>$10,296</td>
</tr>
<tr>
<td>Auto Expense</td>
<td>$6,000</td>
<td>$9,000</td>
<td>$7,200</td>
</tr>
<tr>
<td>Bank Service</td>
<td>$480</td>
<td>$1,149</td>
<td>$1,028</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>$1,200</td>
<td>$2,298</td>
<td>$1,714</td>
</tr>
<tr>
<td>Equipment/Maintenance</td>
<td>$1,200</td>
<td>$2,400</td>
<td>$1,000</td>
</tr>
<tr>
<td>Licenses and Fees</td>
<td>$600</td>
<td>$900</td>
<td>$1,200</td>
</tr>
<tr>
<td>Administrative Payroll</td>
<td>$39,996</td>
<td>$50,000</td>
<td>$84,480</td>
</tr>
<tr>
<td>Combined Payroll Expense</td>
<td>$16,762</td>
<td>$24,489</td>
<td>$33,860</td>
</tr>
<tr>
<td>Phone/Internet</td>
<td>$3,600</td>
<td>$4,800</td>
<td>$6,000</td>
</tr>
<tr>
<td>Insurance (Liability)</td>
<td>$2,400</td>
<td>$4,595</td>
<td>$6,860</td>
</tr>
<tr>
<td>Insurance (Medical)</td>
<td>$0</td>
<td>$9,191</td>
<td>$17,148</td>
</tr>
<tr>
<td>Category</td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>$1,200</td>
<td>$2,298</td>
<td>$3,430</td>
</tr>
<tr>
<td>Postage/Delivery</td>
<td>$600</td>
<td>$1,208</td>
<td>$2,058</td>
</tr>
<tr>
<td>Printing and Reproduction</td>
<td>$300</td>
<td>$604</td>
<td>$1,028</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>$1,400</td>
<td>$7,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>Rent</td>
<td>$38,400</td>
<td>$38,400</td>
<td>$38,400</td>
</tr>
<tr>
<td>Travel Expenses</td>
<td>$600</td>
<td>$1,208</td>
<td>$2,058</td>
</tr>
<tr>
<td>Utilities</td>
<td>$8,200</td>
<td>$8,200</td>
<td>$13,720</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$151,234</td>
<td>$202,036</td>
<td>$263,480</td>
</tr>
<tr>
<td>Profit Before Interest and Taxes</td>
<td>($45,761)</td>
<td>$57,352</td>
<td>$153,481</td>
</tr>
<tr>
<td>EBITDA</td>
<td>($35,465)</td>
<td>$67,648</td>
<td>$163,777</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$28,724</td>
<td>$26,467</td>
<td>$24,111</td>
</tr>
<tr>
<td>Taxes Incurred</td>
<td>$0</td>
<td>$9,266</td>
<td>$38,811</td>
</tr>
<tr>
<td>Net Profit</td>
<td>($74,485)</td>
<td>$21,620</td>
<td>$90,559</td>
</tr>
<tr>
<td>Net Profit/Sales</td>
<td>-32.64%</td>
<td>4.70%</td>
<td>13.20%</td>
</tr>
</tbody>
</table>
### 7.4 Projected Cash Flow

Table: Cash Flow

<table>
<thead>
<tr>
<th>Pro Forma Cash Flow</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Received</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash from Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Sales</td>
<td>$228,174</td>
<td>$459,542</td>
<td>$685,970</td>
</tr>
<tr>
<td>Subtotal Cash from Operations</td>
<td>$228,174</td>
<td>$459,542</td>
<td>$685,970</td>
</tr>
<tr>
<td><strong>Additional Cash Received</strong></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>$100,000</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>$200,000</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>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Subtotal Cash Received</td>
<td>$528,174</td>
<td>$459,542</td>
<td>$685,970</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures from Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Spending</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Bill Payments</td>
<td>$274,279</td>
<td>$436,867</td>
<td>$575,756</td>
</tr>
<tr>
<td>Subtotal Spent on Operations</td>
<td>$274,279</td>
<td>$436,867</td>
<td>$575,756</td>
</tr>
</tbody>
</table>
### Additional Cash Spent

<table>
<thead>
<tr>
<th>Description</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
</tr>
</thead>
<tbody>
<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>$23,556</td>
<td>$23,556</td>
<td>$23,556</td>
</tr>
<tr>
<td>Purchase Other Current Assets</td>
<td>$130,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Purchase Long-term Assets</td>
<td>$45,634</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>$473,469</td>
<td>$460,423</td>
<td>$599,312</td>
</tr>
</tbody>
</table>

### Net Cash Flow

<table>
<thead>
<tr>
<th>Description</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Flow</td>
<td>$54,705</td>
<td>($881)</td>
<td>$86,658</td>
</tr>
<tr>
<td>Cash Balance</td>
<td>$224,379</td>
<td>$223,498</td>
<td>$310,156</td>
</tr>
</tbody>
</table>

**Chart: Cash**

[Bar chart showing cash balance and net cash flow over 12 months]
### Table: Balance Sheet

#### Pro Forma Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</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>$224,379</td>
<td>$223,498</td>
<td>$310,156</td>
</tr>
<tr>
<td>Inventory</td>
<td>$16,205</td>
<td>$27,208</td>
<td>$30,129</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$130,000</td>
<td>$130,000</td>
<td>$130,000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$370,584</td>
<td>$380,706</td>
<td>$470,285</td>
</tr>
<tr>
<td><strong>Long-term Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>$45,634</td>
<td>$45,634</td>
<td>$45,634</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>$10,296</td>
<td>$20,592</td>
<td>$30,888</td>
</tr>
<tr>
<td><strong>Total Long-term Assets</strong></td>
<td>$35,338</td>
<td>$25,042</td>
<td>$14,746</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$405,922</td>
<td>$405,748</td>
<td>$485,031</td>
</tr>
<tr>
<td><strong>Liabilities and Capital</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$34,289</td>
<td>$36,052</td>
<td>$48,332</td>
</tr>
<tr>
<td>Current Borrowing</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Subtotal Current Liabilities</strong></td>
<td>$134,289</td>
<td>$136,052</td>
<td>$148,332</td>
</tr>
<tr>
<td><strong>Long-term Liabilities</strong></td>
<td>$176,444</td>
<td>$152,888</td>
<td>$129,332</td>
</tr>
<tr>
<td></td>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$310,733</td>
<td>$288,940</td>
<td>$277,664</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>($130,326)</td>
<td>($204,811)</td>
<td>($183,191)</td>
</tr>
<tr>
<td>Earnings</td>
<td>($74,485)</td>
<td>$21,620</td>
<td>$90,559</td>
</tr>
<tr>
<td>Total Capital</td>
<td>$95,189</td>
<td>$116,809</td>
<td>$207,368</td>
</tr>
<tr>
<td>Total Liabilities and Capital</td>
<td>$405,922</td>
<td>$405,748</td>
<td>$485,031</td>
</tr>
<tr>
<td>Net Worth</td>
<td>$95,189</td>
<td>$116,809</td>
<td>$207,368</td>
</tr>
</tbody>
</table>