How to Start a Film Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.
Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

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

**Preliminary Analysis**

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

**General Personal Considerations**

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

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

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

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

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

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

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

General Project Description

1. Briefly describe the business you want to enter.

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

3. Describe who will use your products/services

4. Why would someone buy your product/service?

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

6. List your product/services suppliers.

7. List your major competitors - those who sell or provide like products/services.
8. List the labor and staff you require to provide your products/services.

B. Requirements For Success

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

1. Does the product/service/business serve a presently unserved need?
2. Does the product/service/business serve an existing market in which demand exceeds supply?
3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

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

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scarce skills, energy, material, equipment, processes, technology, or personnel)?
2. Are capital requirements for entry or continuing operations excessive?
3. Is adequate financing hard to obtain?
4. Are there potential detrimental environmental effects?
5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?
2. Are you prepared to earn less income in the first 1-3 years?
3. What minimum income do you require?
_____________

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

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

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

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

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

D. Preliminary Income Statement

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

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

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks.

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________
E. Market Analysis

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

Population

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

2. What is the population of these areas?

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

4. What is the average family size?

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

_______________

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

_______________

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

_______________

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

_______________

10. Can you appeal to the entire market?  

_______________

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

_______________

F. Competition  
1. Who are your major competitors?  

_______________

2. What are the major strengths of each?  

_______________

3. What are the major weaknesses of each?  

_______________

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

_______________

   Product lines (quality, breadth, width)?  

_______________

   Location?  

_______________
Promotional activities?
_______________

Sources of supply?
_______________

Image from a consumer’s viewpoint?
_______________

5. Do you know of any new competitors?
_______________

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

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

8. If so, why?
_______________

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

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

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

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

13. Can you compete with your competition?
_______________

G. Sales

1. Determine the total sales volume in your market area.
2. How accurate do you think your forecast of total sales is?

3. Did you base your forecast on concrete data?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Starting Your Business Step by Step

A. Things to Consider Before You Start

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

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

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

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it crops up later on. If you leave out or ignore enough items, your business is headed for disaster.

Keep in mind too, that your final goal is to put your plan into action. More will be said about this near the end of this Guide.

What's in this for Me?

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

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

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.

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

A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities, and situation 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 and preconceived glamour.

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

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

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

____________
____________
____________

What business am I in?

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

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

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

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

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

___________

How to Plan Your Marketing

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

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

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

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

Section One - Determining the Sales Potential

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

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

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

In selecting an area to serve, consider the following:

Population and its growth potential

Income, age, occupation of population
Number of competitive services in and around your proposed location

Local ordinances and zoning regulations

Type of trading area (commercial, industrial, residential, seasonal)

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

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

Will the customer come to your place of business?

How much space do you need?

Will you want to expand later on?

Do you need any special features required in lighting, heating, ventilation?

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service call?

Would a location close to an expressway or main artery cut down on travel time?

If you choose a remote location, will savings in rent off-set the inconvenience?

If you choose a remote location, will you have to pay as much as you save in rent for advertising to make your service known?

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

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

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

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

I plan to locate in ____________ because:

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

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

__________

__________

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

__________

__________

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

__________

__________

Is the building attractive? _________ In good repair? _________

Will it need remodeling? _________ Cost of remodeling? _________

What services does the landlord provide?

__________

__________

What is the competition in the area you have picked?

The number of firms that handle my service ________

Does the area appear to be saturated? ________

How many of these firms look prosperous? ________

Do they have any apparent advantages over you? ________

How many look as though they're barely getting by? ________

How many similar services went out of business in the area last year? ________

Can you find out why they failed? ________

How many new services opened up in the last year? ________

How much do your competitors charge for your service? ________

Which firm or firms in the area will be your biggest competition? ________

List the reasons for your opinion here:
Section Two - Attracting Customers

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

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

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service, the cleanliness of the floors, the manner in which they are treated, and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt, courteous service before and after the sale will help make satisfied customers your best form of advertising.

Thus, you can control your image, Whatever image you seek to develop. It should be concrete enough to promote in your advertising. For example, "service with a smile" is an often used image.

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

Pricing

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

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

Further along in this Guide you will have the opportunity to figure out the specifics of materials, supplies, labor, and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will not only be fair to the customer, but also fair to yourself. This means that not only must you cover all expenses but also allow enough margin to pay yourself a salary.
One other thing to consider. Will you offer credit? Most businesses use a credit card system. These credit costs have to come from somewhere. Plan for them. If you use a credit card system, what will it cost you?

Can you add to your prices to absorb this cost?

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

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

**Customer Service Policies**

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

List the services that your competitors provide to customers:

____________________
____________________
____________________

Now list the services that you will provide your customers:

**Service / Estimated Cost**

_______________ _______________
_______________ _______________
_______________ _______________
_______________ _______________

**Planning Your Advertising Activities**

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

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

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

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

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

The customer profile for my business is
______________________

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

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

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

<table>
<thead>
<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.

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**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.

<table>
<thead>
<tr>
<th></th>
<th>Expressed in percentage</th>
<th>Expressed in dollars</th>
<th>your percentage</th>
<th>your dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sales</td>
<td>100</td>
<td>100,000</td>
<td>100</td>
<td>$ __________</td>
</tr>
<tr>
<td>2. Cost of sales</td>
<td>-61.7</td>
<td>-61,700</td>
<td></td>
<td>-$ __________</td>
</tr>
<tr>
<td>3. Gross margin</td>
<td>38.3</td>
<td>38,300</td>
<td></td>
<td>$ __________</td>
</tr>
</tbody>
</table>

**Start-Up Costs**

If you are starting a new business, list the following estimated start-up costs:

- Fixtures and equipment
- Starting inventory
- Office supplies
- Decorating and remodeling
- Installation of equipment
- Deposits for utilities
- Legal and professional fees
- Licenses and permits
- Advertising for the opening
- Operating cash
- Owner’s withdraw during prep-start-up time

Total

![Table: Start-Up Costs]

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:

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

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 Film Business Plan Template

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1.1 Objectives .......................................................................................................................... 29
1.0 Executive Summary

[Your Production Company] is a [Your State] Corporation with the Office of the Secretary of State Incorporation number XXXXXX and Federal Tax ID Number XX-XXXXXXXX.

[Your Production Company] is a specialized and highly diversified business entity with interests in Film, Television, Music, Fashion, Private Client Concierge and Hospitality Services.

In just 5 years since its founding, [Your Production Company] has grown into a formidable force in film production in Hollywood through its subsidiary [Your Production Company] Films. [Your Production Company] Films has been known for working on such productions as The Shield and array of commercials ranging from Coca-Cola to PlayStation and Microsoft's XBOX.

[Your Production Company], in association with the Delta State Sports Commission, successfully planned and executed the JJ Okocha Testimonial Match at the Warri Township Stadium and was responsible for bringing together and hosting international soccer stars like El Hadji Diouf and Didier Drogba. [Your Production Company] is also responsible for staging [Country]'s first "Half Time Show" with International reggae artists Chaka Demus and Pliers and the "Half Time Show" live broadcast across the African continent on "Super Sport".

[Your Production Company] serves as a production company on the feature film [Your Movie] : [Short Description](hereafter referred to as “[Your Movie]”) and holds worldwide distribution and marketing rights for the movie. [Your Production Company]. is especially proud of this project which is already being touted as a profound cinematic achievement in the history of entertainment in [Country].

[Your Production Company].

[Street Address]

[City, State  ZIP]

Tel. xxx-xxx-xxxx
1.1 Objectives

Short Term:

1. Release the viewing of the feature film entitled [Your Movie] in all theatres in [Country].

2. Launch a full scale advertising campaign for the upcoming release of the film [Your Movie] in [Country]n theatres.

3. Generate an inventory of 1,000,000 DVD copies of the film to distribute to the citizens of [Country] free of charge through many different distribution channels.

4. Obtain 30 sales to small market TV stations by the 2nd quarter of 2012.

5. Long Term:

6. To increase environmental awareness of the serious oil spill issue existing in [Country].

7. To have the film playing on all major movie channels in the U.S. market and also overseas.

8. To be considered for the Best Foreign Film category at major award shows representing [Country].

1.2 Mission

[Your Production Company] offers individual artists the opportunity for excellent storytelling through film, market distribution, Internet marketing and exposure, and market return.

The mission conveyed in this proposal is to bring awareness to the world about a serious and ongoing environmental issue in [Country] through excellent directing, storytelling and filmmaking. [Your Production Company] would like to introduce the groundbreaking feature film "[Your Movie] " to [Country] for consideration to be a contender in the Foreign Film category overseas representing [Country].

1.3 Keys to Success

The strategic organization of creative endeavors into project format, allowing each project to be individually financed, developed, maintained and tracked according to its unique requirements and objectives.

a. Each project becomes a viable revenue source for [Your Production Company], dependent upon its own success and market worthiness.

b. The multiple-advertisement format allows a broad diversity of effort and application to maximize the potential inherent in each market through the feature film [Your Movie].
c. This format also dilutes the risk involved with [Your Movie] for [Your Production Company] as a result of the separate funding secured for each endeavor with promotion of the film.

2.0 Company Ownership

[Your Production Company] is a corporation registered in the state of [Your State]. It is a domestic corporation, meaning it was formed, as well as registered, in [Your State]. Its articles of incorporation were filed on May 30, 2007. Ori Ayonmike is 100% owner of [Your Production Company]. In addition, [Your Production Company] owns worldwide rights to the film, [Your Movie].

3.0 Products and Services

[Your Movie] – [Short Description]- A powerful story of greed, murder and corruption in the murky waters of the volatile oil-rich Niger Delta region of [Country], [Your Movie] is an epic film about environmental justice and the fight over the control of the scarce oil resources that the world runs on. The line between good and evil is blurred as corrupt government officials, greedy oil companies and violent rebels go on a war path over oil spills and degradation of the land, caused by oil exploration.

[Your Movie] features a Nollywood meets Hollywood cast, including Tom Sizemore (Saving Private Ryan, Black Hawk Down, Heat), Vivica A. Fox (Independence Day, Kill Bill), Michael Madsen (Reservoir Dogs, Donnie Brasco, Kill Bill), Eric Roberts (The Dark Knight, The Expendables), Billy Zane (Titanic), Sarah Wayne Callies (Prison Break), Hakeem Kae-Kazim (Pirates of the Caribbean, Hotel Rwanda), Razaaq Adoti (Black Hawk Down, Resident Evil: Apocalypse) and Mbong Amata (Inale, Amazing Grace).

This [Your Production Company]’s production budget was $3.8 million to produce this feature film.

About the Director

Insert Bio Here

4.0 Market Segmentation

Please note that the numbers of the population are being represented in the millions for both the [Country]n and United States target markets.

Table: Market Analysis
<table>
<thead>
<tr>
<th>Potential Customers</th>
<th>Growth</th>
<th>1%</th>
<th>23,980</th>
<th>26,138</th>
<th>28,490</th>
<th>31,054</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Country]n Division</td>
<td></td>
<td>155</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>276.39%</td>
</tr>
<tr>
<td>Domestic Division</td>
<td></td>
<td>312</td>
<td>786</td>
<td>817</td>
<td>850</td>
<td>884</td>
<td>29.75%</td>
</tr>
<tr>
<td>Total</td>
<td>187.62%</td>
<td>467</td>
<td>24,766</td>
<td>26,955</td>
<td>29,340</td>
<td>31,938</td>
<td>187.62%</td>
</tr>
</tbody>
</table>
5.0 Strategy and Implementation Summary

For Corporate Sponsors:

1. Create a "gotta have it" campaign. Marketing efforts need to focus on a) introducing a specific brand of cellular phone or service through advertising channels by sponsoring [Your Movie] and b) telling movie viewers and future customers why they and their friends all need one.

2. Emphasize service and quality. Especially as this is a fairly new product to be launched into the market, customers need to know that large Corporations and companies will not only cherish their business, but also recognizes the serious concerns faced by the ongoing multiple oil spills severely affect the [Country]\nDelta.

For [Your Production Company]

3. Generate the humanitarian effort for directing focus in to the focused and general region.

4. Achieve international awareness of the longstanding environmental issues in the Delta.

5. Debut a first time premiere groundbreaking filmmaking account of the region, which will showcase great talents, writers, directors and actors portraying vibrant and excellent storytelling.

5.1 Competitive Edge

By consumer organizations supporting the groundbreaking film, [Your Movie], companies will be showing that they care for the environment and for the people affected in these areas. They will be genuinely trying to give back to the society. Royal Dutch Shell executives defended their much-criticized operation in the Niger Delta before Dutch lawmakers in January of 2011 but said the company will not pay compensation for pollution caused by sabotage and vowed to fight a $100 million fine imposed by a [Country]\n\ncourt for a 40-year-old oil spill.

Sponsors should feel compelled to sponsor [Your Movie] rather than spend the marketing budget on regular TV and other media outlets. [Your Production Company]’s goal is to manufacture and distribute 1million DVD copies to the general public. An average of four or more persons live in a household, so early estimates are that over 4 million people will see the sponsors advertisements, logos and offers of services and products available. Currently, DSTV and HiTv have subscribers base of 400,000 and over 200,000 respectively in [Country]. This means that sponsors will have the opportunity to reach a much wider audience advertising their service and/or products by partnering with the ground-breaking film [Your Movie] which evidently supersedes the prospective audience through general media and mainstream outlets.
In addition, the prestige and privilege of associating with a premiere first-of-its-kind project in [Country] where Nollywood and Hollywood actors share the screen in what is definitely the biggest movie telling this story close to everyone’s heart. This alone will also have a great impact on participants’ new and residual sales revenue.
5.2 *Marketing Strategy*

**In [Country]:**

1. Build relationships and partner with primary [Country]n consumer service and product companies and corporations for mutually beneficial results - to reach as many people as possible with not only the film's message and mission along with alerting the public of offered consumer services and products.

2. Have the movie screened in all movie theatres in [Country].

3. Have a free copy of the DVD of the film in every household for all citizens of [Country] to see.

4. Emphasize service and quality while building a referral basis through business partnerships.

**In United States:**

1. Emphasize excellent filmmaking represented by the people of [Country].

2. Emphasize the global cause while building relationships.

3. Focus on [Your Movie] being screened for award consideration in the "Best Foreign Film" category.

4. Focus licensing and distribution representation for further spread the word of the film's global message and mission.

5.3 *Sales Strategy*

[Your Production Company] plans to partner with domestic and worldwide corporate sponsors in order to form a mutually beneficial relationship. By opening up all channels of possibilities, the Company can achieve great success in getting as many as possible to see the film [Your Movie] and hear its cause. In return, all sponsors will get worldwide exposure of their products and/or service. [Your Production Company] feels that this strategy cannot fail as the outcome will be a win-win situation for all parties involved.

Below are the various packages available for different levels of sponsorship:

**SILVER - 15,309,269 [Country]n Naira/$100,000 USD**

For a sponsorship of $100,000, the Company will get prominent placement on an insert inside of 1,000,000 DVDs of the film, which will be handed out for free.

**GOLD - 38,273,172 [Country]n Naira/$250,000 USD**

A GOLD sponsor will get what if offered in the SILVER package and also will receive advertising exposure at all events promoting and marketing the film.
PLATINUM - 76,546,345 [Country]n Naira/$500,000 USD

A PLATINUM sponsor will get what is offered in the GOLD package and also have their company commercial run before the movie is played on the DVD.

DIAMOND - 153,092,690 [Country]n Naira/$1,000,000 USD

A DIAMOND sponsor will be one of very few exclusive sponsors that will be prominently displayed on the front cover art of 1,000,000 DVDs handed out for free, receive advertising exposure at all events promoting and marketing the film, will have their company commercial of choice run before the movie is played on the DVD release, will have the right to hand out free DVDs of the film in conjunction with their product or service as a gift AND will have scrolling text at the bottom of the screen every 15 minutes of the movie stating, "this free promotional DVD is brought to you courtesy of [YOUR COMPANY NAME]".
5.3.1 Examples of Industry Specific Tailored Packages and Agreements

**TELECOM COMPANIES**

Package deals could include what [Your Production Company] would like to refer to as the “[Your Movie] SIM Pack” which will assign a user a phone number to activate a new user’s account. [Your Production Company] would like to cater to the many different needs of the Company, however, the goal is to include a SIM pack in every copy of the 1 million free DVDs distributed to the public. This provides an excellent branding tool for both the feature film and any telecom company involved in this evolutionary concept and project.

[Your Production Company] estimates that this would increase sales by 38% for participating telecom companies. In addition, if telecom companies offered a raffle cash prize drawing by new customers as a result, this would drastically increase the incentive for additional customers to join and utilize new services and products offered.

The SIM card could be partnered with a free copy of [Your Movie] on DVD. This would be mutually beneficial as this would not only circulate the awareness and showmanship of the feature film; it would provide initial sales and countless long-term residual income for the service provider – Your Company.

**FOOD AND BEVERAGE COMPANIES**

A food and beverage company partnering with the feature film [Your Movie] can take on a vast variety of different avenues and opportunities. For instance, a voucher for a discounted food or beverage item can be included with every free copy of the film on DVD would lead new and current customers to purchase products and additionally receive a free ticket to a drawing for a chance to win 1,148,195 [Country]n Naira/7,500 USD from Your Company. This would be a great exposure tool for companies and therefore would drastically increase sales. As previously mentioned, [Your Production Company] intends to manufacture and distribute 1 million copies of the film [Your Movie], reaching millions of individuals in the region.

5.3.2 Sales Forecast

[Your Production Company] plans to receive revenue for [Your Movie] in a variety of different routes. Initially, the first revenue stream will be through [Country]n movie theatre ticket sales. Shortly following will be ticket sales generated from theatres outside of [Country], licensing fees and eventually DVD sales in the United States market and overseas through distribution.
5.4 Milestones

Part of the business’s success will be based on planned tasks and timely completion of those steps. The table below lists steps and tentative timeline. [Your Production Company] will need sponsors to put this entire plan into action for the premiere and groundbreaking feature film [Your Movie]. The Company is open to all negotiations of sponsorships and involvement by local domestic companies and corporations.

Table: Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Start Date</th>
<th>End Date</th>
<th>Budget</th>
<th>Manager</th>
<th>Department</th>
</tr>
</thead>
</table>
7.0 Financial Plan

The most important element in the financial plan is the critical need for additional capital to assist in business operations through the remaining start-up process and to maintain a positive cash balance for the first fiscal quarters. [Your Production Company] does not anticipate any changes to the Company's internal financial plan through accounts receivables or inventory, as the company operates upon the "payment upon receipt" principal for all goods, and the entertainment industry inventory cycle does not meet the standard criteria.

[Your Production Company] plans to partner with forward-thinking corporate sponsors who will not only see the validity and global importance of the film, but also of the very large and excellent opportunity to drastically increase product and/or service sales within their own company.

To learn more about how to get involved with [Your Production Company] and sponsorship opportunities with the feature film [Your Movie], please contact:

[COUNTRY]
LOS ANGELES, USA

[Your Production Company], Tel. xxx-xxx-xxxx