How to Start a Financial Advisor 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, 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?

____

ANY BUSINESS, INC.

Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

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 positions 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?

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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 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.

Form of Advertising	Size of Audience	Frequency of Use	Cost of A Single Ad	Estimated Cost
________	________	________	________	________
________	________	________	________	________
________	________	________	________	________
________	________	________	________	________
			Total	________

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.

	Expressed in percentage	Expressed in dollars	your percentage	your dollars
1. Sales	100	100,000	100	$ __________
2. Cost of sales	-61.7	-61,700	________	-$ __________
3. Gross margin	38.3	38,300	________	$ ___________

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	__________

Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this fact in mind as you work on the "Expenses" section, and on other financial aspects of your plan.

Break Down Your Expenses

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

Matching Money and Expenses

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

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

Is Additional Money needed?

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

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

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

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

Control and Feedback

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

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

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

Stock Control

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

In a business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been used.

In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. You will also have costs such as the cost of purchasing, the cost of keeping control records, and the cost of receiving and storing your inventory.

Sales

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

Disbursements

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

Break-Even Analysis

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

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

The formula is:

Break-even point (in sales dollars) =

$$\frac{\text{Total fixed costs}}{1 - \dfrac{\text{...........Total variable costs}}{\text{........Corresponding sales volume}}}$$

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

$$\text{BE point} = \frac{\$9{,}000}{1 - \dfrac{700}{1{,}000}} = \frac{\$9{,}000}{1 - .70} = \frac{\$9{,}000}{30} = \$30{,}000$$

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.

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3. Complete Financial Advisor Business Plan Template

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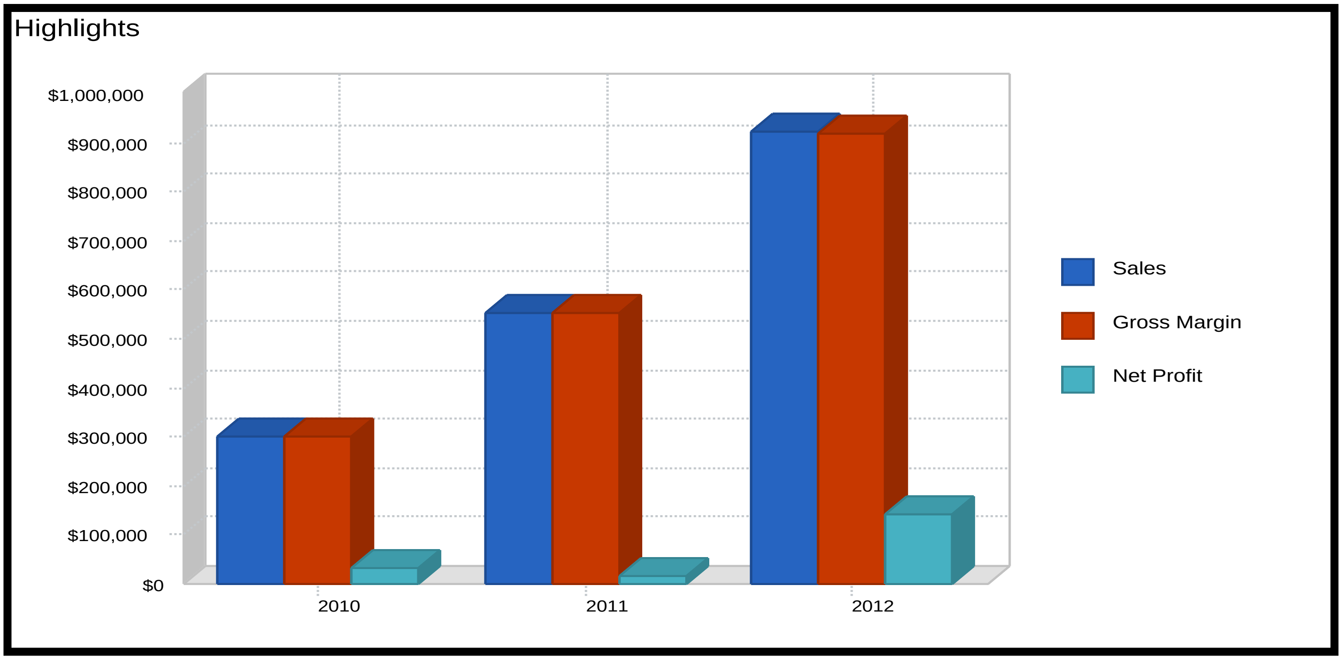
1.0 Executive Summary

[COMPANY NAME] is a successful accounting and tax preparation service owned and supervised by [NAME] in Shipshewana, Indiana in Lagrange County. The firm offers tax preparation and planning, accounting, payroll, unemployment consulting, personal household budgeting, loan analysis, product management and marketing, as well as QuickBooks training and support. The business will expand its services to include three new offices in Elkhart County and financial education classes, on how to budget and manage debt. Additionally, the company will add an equipment leasing website database, to assist local companies in procuring expensive manufacturing related equipment on a part-time basis from one another. This will require an investment in the form of a $560,000 grant. The company is requesting this grant to be used throughout the plan's period of three years and beyond, to complete its expansion. This business plan organizes the strategy and tactics for the business' growth over the next three years.

The business will offer clients accounting services with the oversight of an experienced accountant at a price they can afford. To do this involves hiring additional accountants, tax preparers (staff accountants) and accounting managers. It will also need to keep fixed costs as low as possible and continuing to define the expertise of the company through its financial education courses and leasing website resources. The effects will allow sales to grow substantially over the three years; as 18 staff accountants are deployed to clients, as needed, while two officer managers and a regional officer manager supervise the Elkhart County operations. The principal and an additional salesperson will operate the leasing equipment database division, while the financial education courses will utilize a dedicated instructor.

Chart: Highlights



1.1 Objectives

[COMPANY NAME] seeks to launch two new lines of services to add to its individual and small business tax and accounting firm. They include financial education classes and a manufacturing leasing service, which will be offered to the same ongoing clients and to its new client base in neighboring Elkhart County as it adds three new offices there.

[COMPANY NAME] has set the following objectives:

- To launch it's accounting services in new offices in Middlebury and throughout Elkhart County, Indiana
- To achieve substantially greater annual revenues within three years
- To hire two seasoned accounting mangers, a salesperson, for the leasing division, and a teacher, for the course offering by 2011
- To employ a total of 18 staff accountants and add one more manager by the end of 2012.

1.2 Mission

[COMPANY NAME] seeks to provide tax, accounting and consulting services at a more affordable cost to individual and small businesses in both Lagrange and Elkhart Counties, in Indiana. It will also offer budgeting and debt consulting courses to the public, allowing students to make valuable financial management decisions from their numbers. By the end of 2012 it plans to have an additional 3 offices and add 17 employees; eventually seeking to expand its operations to 10 offices and 50 employees. The focus on community proliferation will intensify to include a new website database to allow businesses save while lease manufacturing related equipment on a part-time basis from each other.

1.3 Keys to Success

The keys to success for [COMPANY NAME] are:

- Continue to build trust within the community through financial education classes
- Maintaining up-to-date technologies and education on accounting practices and laws
- Create jobs and profits for clientele through the website for manufactures'
- Adhering to ethical practices when it comes to transparency, reporting, and taxes

2.0 Company Summary

[COMPANY NAME], established in 2006 by [NAME], is a firm that provides tax services, accounting, cost consulting, and QuickBooks and budget management training. Its clients are individuals and small businesses in the Lagrange and Elkhart Counties, Indiana region. [COMPANY NAME] plans to add a manufactures' leasing exchange website and financial education classes to its suite of offerings to better serve its current and future clients, and the community as a whole.

2.1 Company Ownership

[NAME] is founder and 100% owner of [COMPANY NAME]; a sole proprietorship.

2.2 Company History

Founded by [NAME] in 2006, [COMPANY NAME] has transformed from a part-time operation to becoming, in 2009, a full-time endeavor for [NAME]. The company has since added a debt reduction website and finance education to its line of tax and accounting services.

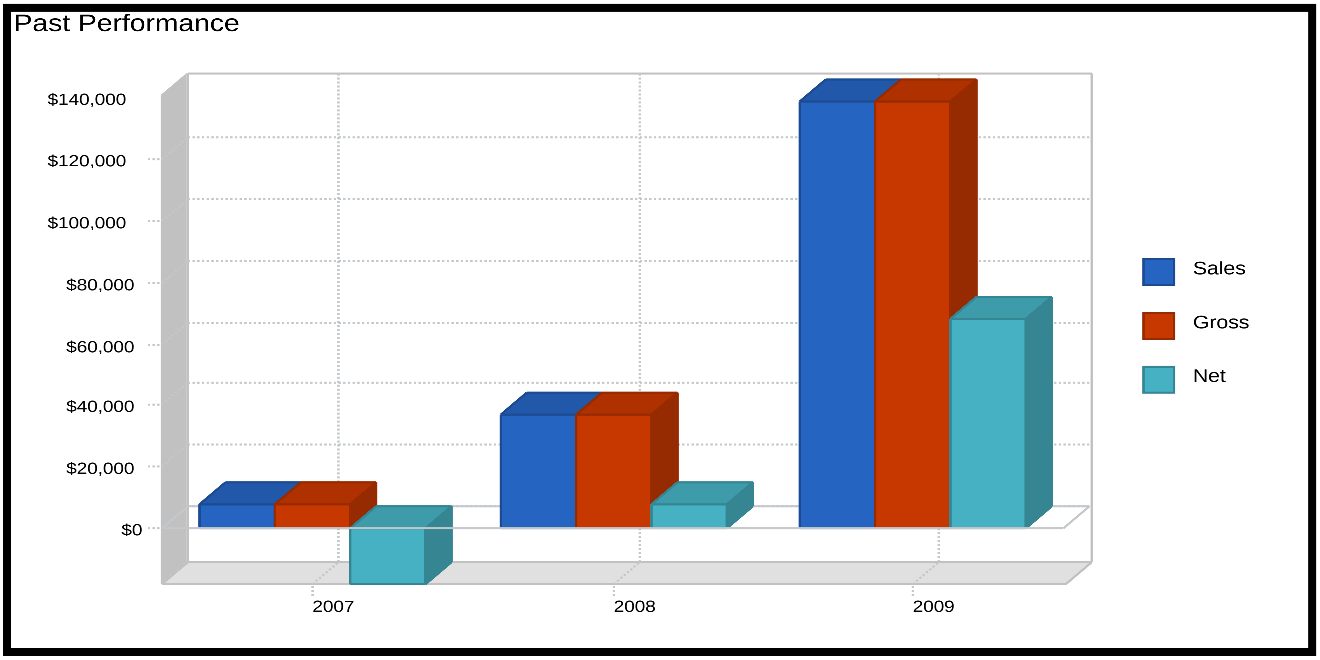
[COMPANY NAME] has grown significantly in the past three years from $8,107 to $138,720 in total annual revenue, but has had difficulty taking on additional work due to its singular location and because about 40% of its clients commute from neighboring Elkhart County; thus the need for offices outside of Lagrange County. The business continues to operate from one location in Lagrange County and has grown to 6 employees.

Table: Past Performance

Past Performance			
	2007	2008	**2009**
Sales	$8,107	$37,187	**$138,720**
Gross Margin	$8,107	$37,187	**$138,720**
Gross Margin %	100.00%	100.00%	**100.00%**
Operating Expenses	$26,146	$29,409	**$70,914**
Balance Sheet			
	2007	2008	**2009**
Current Assets			
Cash	$278	$164	**$83**
Other Current Assets	$285	$8,792	**$14,584**
Total Current Assets	$563	$8,956	**$14,667**
Long-term Assets			
Long-term Assets	$0	$18,464	**$18,464**
Accumulated Depreciation	$0	$0	**$0**
Total Long-term Assets	$0	$18,464	**$18,464**
Total Assets	$563	$27,420	**$33,131**
Current Liabilities			
Accounts Payable	$15,682	$12,547	**$12,590**
Current Borrowing	$0	$0	**$0**

Other Current Liabilities (interest free)	$7,661	$18,637	**($20,892)**
Total Current Liabilities	$23,343	$31,184	**($8,302)**
Long-term Liabilities	$0	$0	**$0**
Total Liabilities	$23,343	$31,184	**($8,302)**
Paid-in Capital	$580	$20,544	**$21,561**
Retained Earnings	($5,321)	($32,086)	**($47,934)**
Earnings	($18,039)	$7,778	**$67,806**
Total Capital	($22,780)	($3,764)	**$41,433**
Total Capital and Liabilities	$563	$27,420	**$33,131**
Other Inputs			
Payment Days	**30**	**30**	**30**

Chart: Past Performance



3.0 Services

Current services offered by [COMPANY NAME] include:

Tax Services:

- Tax preparation
- Tax planning
- Addressing tax problems (audit representation, back taxes owed, payroll tax problems, IRS issues, bankruptcy)

Accounting Services:

- Audits, Financial Projection, Payroll processing, Bank reconciliations
- Inventory management
- Financial statement preparation
- QuickBooks training
- Budget and debt management (through consultation and a website)

The new services will include a website database to facilitate the leasing of manufacturing related equipment across small business in the expanding market segment. Firms owning equipment items, that are utilized only part time, will be allowed to sub-lease these items to other firms. [COMPANY NAME] will pair the two clients and receive revenue from a finder's fee and on a commission-based structure. Example:

A manufacturing company that is a current client buys a new $200,000 CNC router. They only use it 80% of the time, so [COMPANY NAME] database would post the 20% availability to other companies in the area, through the designed website. Another company develops a product that requires 15% of that usage. Once the transaction is completed, [COMPANY NAME] receives a finder's fee from the first company and a commission from the company that gets the contract to lease the 15% usage.

The second service will be an extension of the budget and debt management consultations, currently being offered; clients will be offered the opportunity to receive extensive training in this area, through classes designed and taught by a specialist. In addition, a community offering will allow high-school students, and others, a series of non-fee based lectures to help prepare them for a future in today's advancing economy.

4.0 Market Analysis Summary

The small business accounting market consists of virtually every small business in the United States. As businesses grow larger than one-person, sole proprietorships, they generally require expert help with at least their tax preparation, and often with additional bookkeeping and accounting services. Even many non-employer sole proprietorships will use accounting help at some point. While some small businesses hire bookkeepers or CFOs directly, many successfully out source these types of services.

The accounting service market as a whole includes the following:

- Corporate accounting and auditing firms: The "Big Four" (PricewaterhouseCoopers, Ernst & Young, Deloitte Touché Tohmatsu, and KPMG) and their competitors
- Small business accounting
- Personal accounting (by H & R Block and the like)

The National Society of Accountants states that it represents more than 30,000 independent practitioners who provide services to 19 million individuals and businesses. The continuing evolution of U.S. tax laws guarantees work for tax accountants on an ongoing basis. The market is somewhat recession-proof, as businesses, which are contracting the use of accountants to help cut spending and limit tax liability; just as growing businesses will use accountants to launch and prepare financials for expansion, mergers and acquisitions.

4.1 Market Segmentation

Across Lagrange and Elkhart Counties there are 77,379 households (2000 U.S. Census Bureau), 15,364 non-employer firms (2007 U.S. Census Bureau) and 18,298 total firms (2002 U.S. Census Bureau). This represents the market of individual and small businesses in Lagrange and Elkhart Counties for [COMPANY NAME]. It has been divided into three groups:

Non-employer firms (Individuals): Without employees, these firms do not have many of the concerns of larger businesses. However, the owners must be vigilant to protect their own tax liability and sort out how their personal and business tax returns intersect. These firms are generally buyers of QuickBooks services and tax preparation services. As they grow, this group becomes ripe for outsourced bookkeeping services before they can hire a full-time in-house bookkeeper.

Very small businesses: Made up of businesses that are designed to stay small and those that are growing through a phase, these businesses require payroll services, bookkeeping, and tax preparation. They are concerned about losing control, but can generally be convinced of using outsourced accounting and bookkeeping with cost analysis. With the stakes higher, these businesses can make greater use of management accounting services, especially as most cannot afford a dedicated CFO. Many do not need a full-time bookkeeper, but can make do with part-time help, which limits their hiring options.

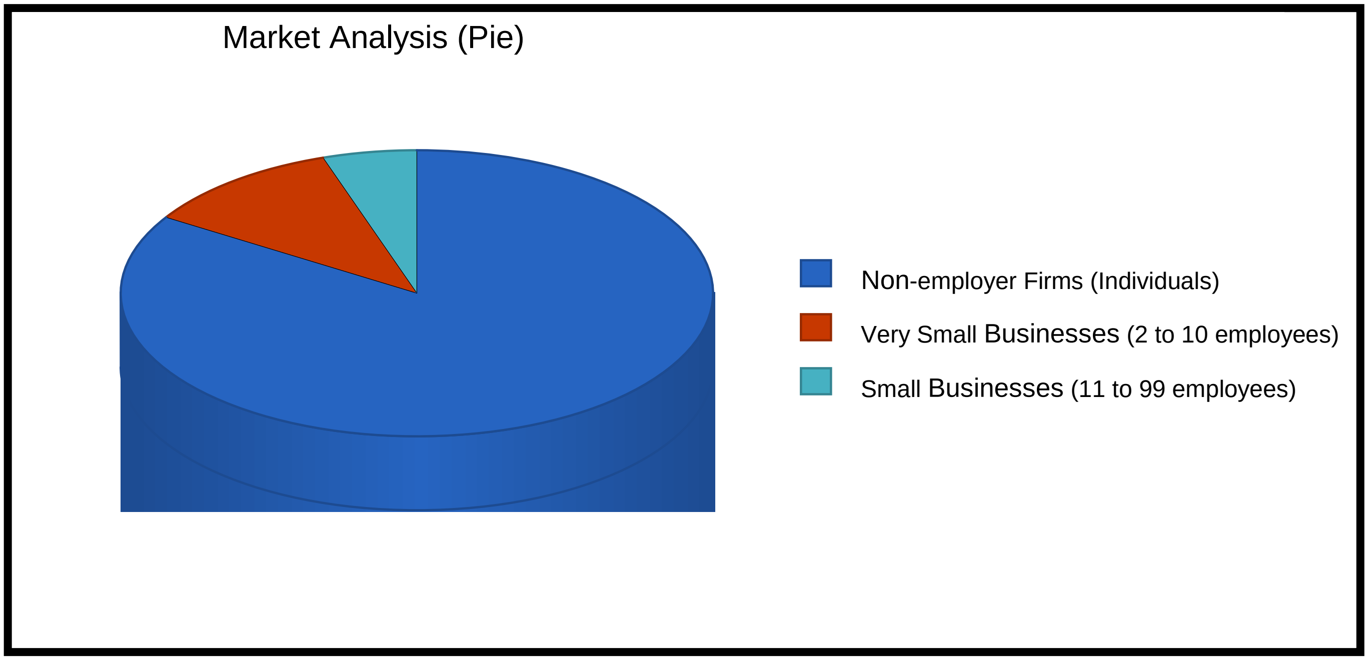
Other small businesses: Many of these businesses will have some in-house financial management and bookkeeping help. However, they may be able to save money by outsourcing these services, as they are not generally core to what the business seeks to do.

These businesses may be comfortable with their situation as a cash producer for their owners or intent on growing or positioning themselves for sale.

Table: Market Analysis

Market Analysis							
		2010	2011	2012	2013	2014	
Potential Customers	Growth						**CAGR**
Non-employer Firms (Individuals)	4%	15,364	15,979	16,618	17,283	17,974	**4.00%**
Very Small Businesses (2 to 10 employees)	4%	2,000	2,080	2,163	2,250	2,340	**4.00%**
Small Businesses (11 to 99 employees)	4%	934	971	1,010	1,050	1,092	**3.98%**
Total	**4.00%**	**18,298**	**19,030**	**19,791**	**20,583**	**21,406**	**4.00%**

Chart: Market Analysis (Pie)



4.2 Target Market Segment Strategy

[COMPANY NAME] will focus on all three segments as a target group for its services as this group can make the most consistent use of part-time bookkeepers. However, these businesses often do not have the resources to provide proper oversight or training to their in-house bookkeepers, and will suffer from not having the advantage to hire the cream of the crop. [COMPANY NAME] can provide the solution to these problems.

4.3 Service Business Analysis

The small business accounting industry consists of numerous independent accountants and bookkeepers as well as many small firms. Larger firms tend to pursue medium and large business clients.

Owners and top managers of small businesses purchase accounting and bookkeeping services. They will contact businesses by phone and generally meet in person to interview and discuss the prospect of working together.

4.3.1 Competition and Buying Patterns

Major competitors in the Lagrange and Elkhart Counties market include:

- Corporate Tax and Accounting Services (H&R Block): Provides tax and bookkeeping services and seeks medium to large business clients. Their major weakness is the reliance on their own proprietary pricing methods and software packages rather than tailoring pricing based on actual need and using QuickBooks, the industry standard for small businesses. [COMPANY NAME] will exploit this cookie-cutter approach through a valued added approach to providing tax and accounting consultation.

- For accounting services, the business also must compete indirectly against the prospect of businesses hiring their own part-time bookkeepers. This gives businesses the advantage of greater control and perhaps development of a future full-time employee. If the hire works out, the cost can be lower for a business than an outside service. However, this can lead to employees who are not as well-educated or experienced as bookkeepers through an accounting firm who have worked with a range of businesses. Generally, the cost is lower in the long run with a bookkeeping service, as training is done more systematically and supervisors are more regimented and experienced.

- To choose between competitors, factors considered by clients include:

- Positive references (especially from known sources or other businesses in the same industry)

- Price (often low on the list of considerations, as long as price is not exorbitantly high)

5.0 Strategy and Implementation Summary

To promote the business to its target of businesses, [COMPANY NAME] will:

- Expand its physical presence through 3 new offices in Elkhart County and expand its marketing campaigns
- Initiate a systematic client referral program to prospect within existing clients and their contacts, including both its leasing database and financial education clients

5.1 SWOT Analysis

The following represents the strength, weaknesses, opportunities and threats to [COMPANY NAME] as recognized through several years of operation, from start-up to its current full-time status.

5.1.1 Strengths

The owner is experienced across a number of industries, as opposed to viewing the environment from solely an accountant's point of view i.e. the traditional bean counter perspective with little real world management experience. As overseer of several businesses in the area, [NAME] will bring multiplicity to the firm’s clients who often seek other strategic business advice, such as marketing strategies.

5.1.2 Weaknesses

As [COMPANY NAME] began its full-time operation in 2009 is has yet to procure seasoned tax and accounting professionals to provide full accounting services to its corporate clients beyond what the principal is offering personally. This has kept its market share limited. [COMPANY NAME] has included in this plan a supplement to this drawback, by dedicating a seasoned managers for each new office, who will be able to provide corporate tax preparation and accounting services as it expands into its new markets.

5.1.3 Opportunities

[COMPANY NAME] is able to eliminate the economies of scale advantages from its large corporate competitors by proving better pricing, by up to 50% in many cases, and the value of personalized tax and accounting services, to its clients. Also, with the addition of its new services: the equipment sub-leasing service and the financial education and training courses; [COMPANY NAME] will become a comprehensive solution to business owners who require a total hands on approach to improving as a firm.

5.1.4 Threats

In addition to the economies of scale threats from the national firms, [COMPANY NAME] must also compete with its larger clients seeking to develop in-house accounting personnel and relying on it for only income tax services. [COMPANY NAME] believes that expanding its financial education and budgeting classes as well as it equipment sub-leasing program will help keep clients returning for its complete line of services.

5.2 Competitive Edge

[COMPANY NAME] will achieve a competitive edge over Lagrange and Elkhart County tax and accounting firms, by offering services at a higher value for price and adding to the traditional services through its sub-leasing and educational divisions. By providing these incentives, [COMPANY NAME] will place its firm in the forefront of those offering a limited tax and accounting service. Smaller firms that need specific advice and services will have little difficulty choosing between other firms and [COMPANY NAME], especially when they desire business marketing assistance and financial training.

Moreover, large firms tend to ignore the small business market because they are better positioned to serve larger businesses. They are unlikely to imitate this strategy, as they will find it difficult to convince small businesses that they can offer services that are affordable to them.

5.3 Marketing Strategy

[COMPANY NAME] will use the following marketing tactics to reach its target market with its services:

- Establishing three new locations in Elkhart County
- Providing a sub-leasing website database and matching service
- Offering financial education and debt management courses on a sliding fee scale
- Use its existing free radio and TV ads spots, for it educational services, to build goodwill

The goal of [COMPANY NAME] is to be able to retain and acquire new clients through these offerings. It currently has relationships with local radio and television stations to deliver free ads for its non-fee based educational classes. It will now add to the division by introducing, a fee scale on its advanced courses. The 3 new offices will allow the firm to expand its market exposure to include all of Elkhart County, increasing its total exposure from about 15,000 households to nearly 80,000 across both Lagrange and Elkhart Counties. [COMPANY NAME] will use the current advertising relationships to increase the effects of its paid-for marketing campaign.

5.4 Sales Strategy

The sales strategy for [COMPANY NAME] is based on the actual increase in exposure due to its new offices. Its current office is in Shipshewana, Indiana in Lagrange County, a county of about 37,000 residences. Since 40% of its clients come from Elkhart County with a population of about 200,000 residences, the first new office will be located in neighboring Middlebury, Indiana in Elkhart County.

The addition of its two new services, a manufacturing equipment sub-leasing website/database and financial education courses, will give the firm an additional client base and allow it to gain revenue to complement its tax and accounting services. The manufacturing related equipment-leasing program will be offered on a commission basis and therefore provide income linked to performance. The educational courses will be charged on a sliding scale, allowing all clients the opportunity to take advantage of the offering.

5.4.1 Sales Forecast

Total sales are expected to rise significantly with the success of the new offices' and offering's revenue streams. The existing revenue streams grew at a slower rate due to the part-time nature of the office in 2007 and 2008, and to the fact that the principal was the only corporate income tax experienced member of his staff. Clients were only able to get the more in-depth corporate tax preparation from him. Now that the firm will open a new office in Middlebury, IN and hire a devoted corporate income tax experienced manager, the firms growth will continue to increase. It is expected that the 3 new office and services will increase revenue from a projected $301,280 at year end 2010 to $553,374 by year end 2011. After the expansion to 4 total offices and two full tax seasons under its belt, [COMPANY NAME] expects sales to grow to $920,905 by year end 2012; with the help of its education and leasing division.

The sales forecast assumes part-time accountants/tax prepares working about 24 hours per week during the non-peak income tax season and a regular shift during the months of Jan - April; the peak season. This group will grow from 6 staff accountants at the start of 2010 to 10 by the end of 2010, then to 14 in 2011 and 18 by the end of 2012.

This growth rate is made possible by the intention to do everything possible to retain clients and grow with them, as well as to actively seek referrals from these clients. Two levels of oversight ([NAME]'s oversight over the accounting Managers, and the Managers' oversight over all staff accountants) will improve quality assurance and the chances of a high level of client retention and satisfaction.

Table: Sales Forecast

Sales Forecast			
	2010	2011	**2012**
Sales			
Accounting Services	$63,363	$110,885	**$194,049**
Tax Services -Other	$89,244	$156,177	**$273,310**
Individual & Corporate Taxes	$55,343	$96,850	**$169,488**
Unemployment Filings	$51,121	$89,462	**$156,559**
Manufacturing T/S -Division Services & Fees	$28,570	$50,000	**$67,500**
Educational Division Services & Fees	$13,638	$50,000	**$60,000**
Total Sales	$301,280	$553,374	**$920,905**

Direct Cost of Sales	2010	2011	**2012**
Resale Items	$161	$165	**$170**
Travel	$0	$0	**$0**
Subtotal Direct Cost of Sales	**$161**	**$165**	**$170**

Chart: Sales Monthly

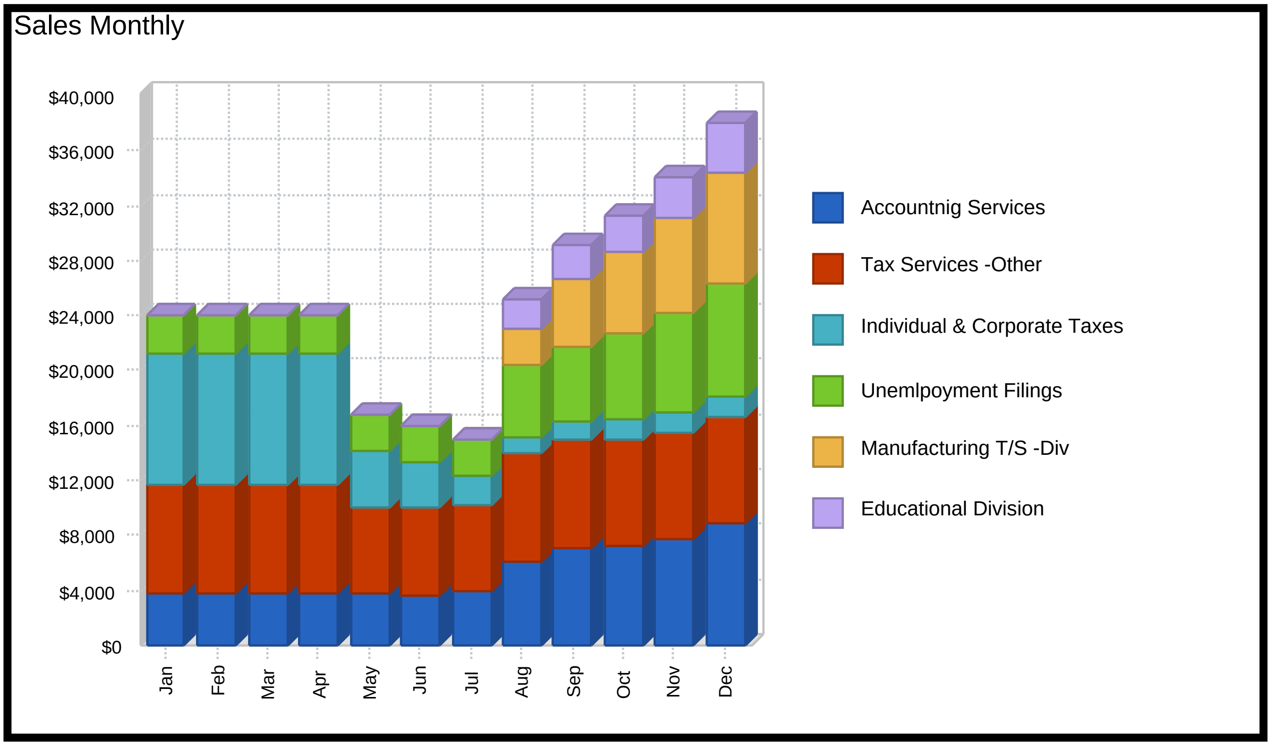
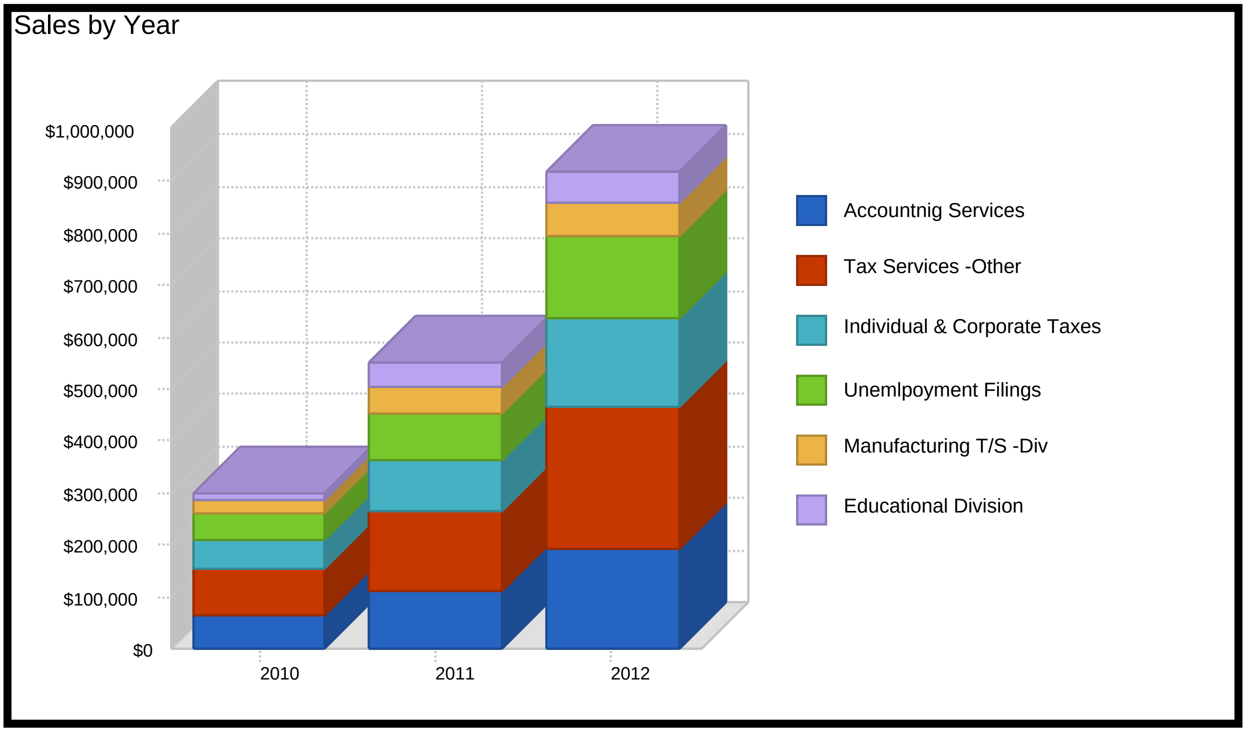


Chart: Sales by Year



5.5 Milestones

To execute the milestones listed, [COMPANY NAME] will make use of the $560,000 grant to provide the investment for its expansion over the projected three years and beyond. The ultimate goal is to reach 10 offices:

- Develop & implement manufacturing equipment time-share website and add a dedicated salesperson
- Enhance the educational website to incorporate regular courses, an instructor and marketing campaign
- Purchase an additional office in Middlebury, Elkhart County, IN, hire a manager and institute a marketing campaign
- Lease an additional office also in Elkhart County, at the start of 2011, adding a Regional manager and additional marketing
- Lease a third office in Elkhart at the start of 2012, adding another manager and 4 staff accountants to the team

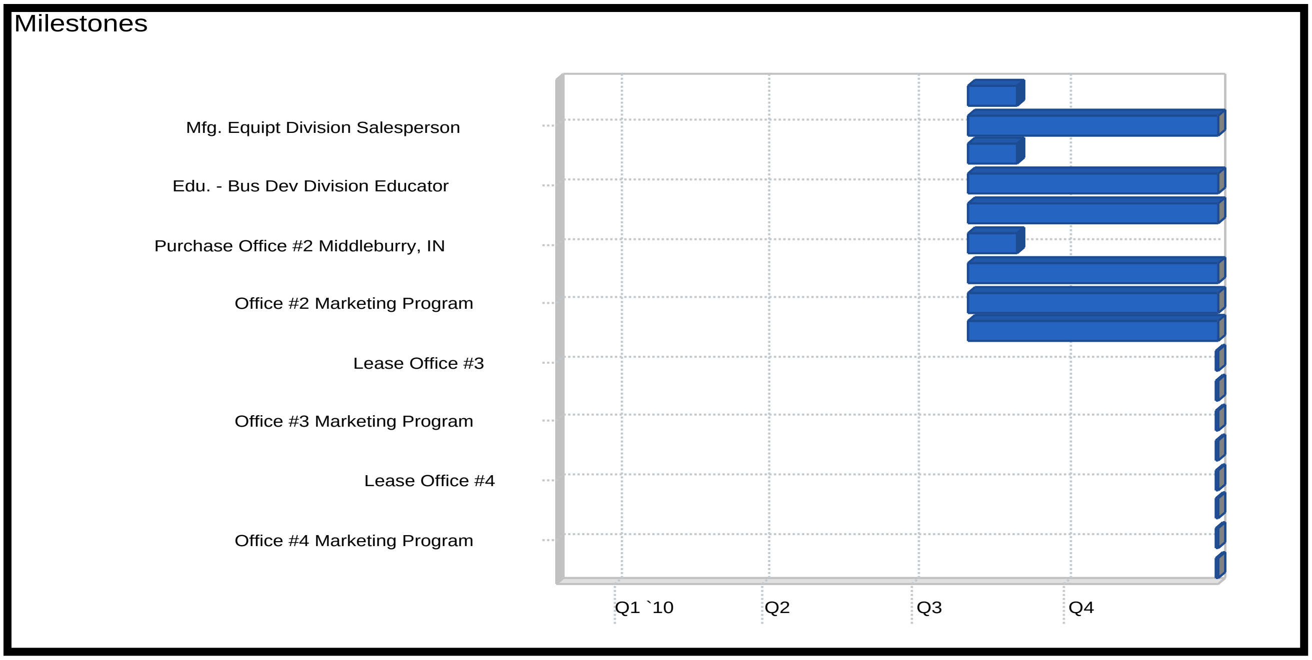
Table: Milestones

Milestones

Milestone	Start Date	End Date	Budget	Manager	**Department**
Mfg. Equipment Time-Share Website	8/2/2010	9/1/2010	$5,000		
Mfg. Equip Division Salesperson	8/2/2010	7/1/2011	$15,000		
Educational - Business Development Website	8/2/2010	9/1/2010	$5,000		
Edu. - Bus Dev Division Educator	8/2/2010	7/1/2011	$20,000		
Edu. - Bus Dev Division Marketing	8/2/2010	7/1/2011	$20,000		
Purchase Office #2 Middlebury, IN	8/2/2010	9/1/2010	$85,000		
Hire Office Manager	8/2/2010	7/1/2011	$25,000		
Office #2 Marketing Program	8/2/2010	7/1/2011	$15,000		
Officer #2 Computers & Furniture	8/2/2010	7/1/2011	$10,000		
Lease Office #3	1/5/2011	12/31/2011	$12,000		
Hire Regional Manager	1/5/2011	12/31/2011	$45,000		
Office #3 Marketing Program	1/5/2011	12/31/2011	$10,000		
Office #3 Computers & Furniture	1/5/2011	12/31/2011	$15,000		
Lease Office #4	1/5/2012	12/31/2012	$12,000		
Hire Office Manager	1/5/2012	12/31/2012	$25,000		

Office #4 Marketing Program	1/5/2012	12/31/2012	$10,000		
Office #4 Computers & Furniture	1/5/2012	12/31/2012	$15,000		
Totals			**$344,000**		

Chart: Milestones



6.0 Management Summary

[NAME] is sole manager of [COMPANY NAME]. With the launch of the new offices, [NAME] will oversee the three full-time managers who will in turn oversee the work of the staff accountants. The ideal manager will have 10+ years of professional work and accounting experience. The designated salesperson and instructor will give the principal additional time to devote to gaining better market exposure and continuing revenue growth.

6.1 Personnel Plan

The personnel plan will grow the employee structure from 6 staff accountants to the following:

In August of 2010, a new manger will oversee the first new office in Middlebury, IN. A regional accounting manager will be brought in to oversee the operations of the new Elkhart County offices in 2011. Finally, in January 2012 a fourth office will be added, as well as another manger and 4 more staff accountants. This will bring the total to 1 regional manager, two officer managers and 18 staff accountants.

The financial education classes as shown in the budget will have a dedicated instructor; and, a salesperson will be added to generate new business in the manufacturing equipment leasing division.

Direct cost wages for managers are on a yearly basis. Staff accountants' salary structure will be on either an hourly rate during the non-peak season ($12-16/hr) or and hourly ($8/hr) plus commission (30%), for the peak-season. This will give them incentive to increase sales and allow them to take advantage of the revenue they generate.

Table: Personnel

Personnel Plan			
	2010	2011	**2012**
Regional Accounting Manager	$0	$45,000	**$46,350**
Office Accounting Manager	$10,419	$25,000	**$50,750**
Educator-Trainer	$8,331	$20,000	**$20,600**
Salesperson	$6,250	$15,000	**$15,450**
Staff Accountants	$122,520	$222,880	**$293,246**
Total People	13	18	**23**
Total Payroll	**$147,520**	**$327,880**	**$426,396**

7.0 Financial Plan

The financial plan of the business requires growth financed by positive cash flows from operations as it expands, and of course the additional outside investment of $560,000; in the form of a grant. The new business lines are not too capital-intensive beyond the acquisition of new plants, personnel and equipment, but will increase the fixed costs of the business, which will eventually be covered by additional revenues from existing sales. As the new offices and divisions increase revenue they will in turn provide the required investment for the up coming offices and expansion. After year three, when the initial grant investment begins to deplete, [COMPANY NAME] plans to be able to sustain its own growth toward its final goal of 10 officers and 50 employees, without further out-side investment.

7.1 Important Assumptions

The firm will acquire three mangers, a salesperson and an instructor as key employees in the initiation of its three new offices and two new divisions. The business will grow the number of staff accountants with the business over the next three years as follows. In the first year, four staff accountants will be added to the new facility in Middlebury, next a 2nd office will require another 4 new staff accountants, in total 23 new employees will operate the four total offices and two new divisions through years 1 to 3 of this plan.

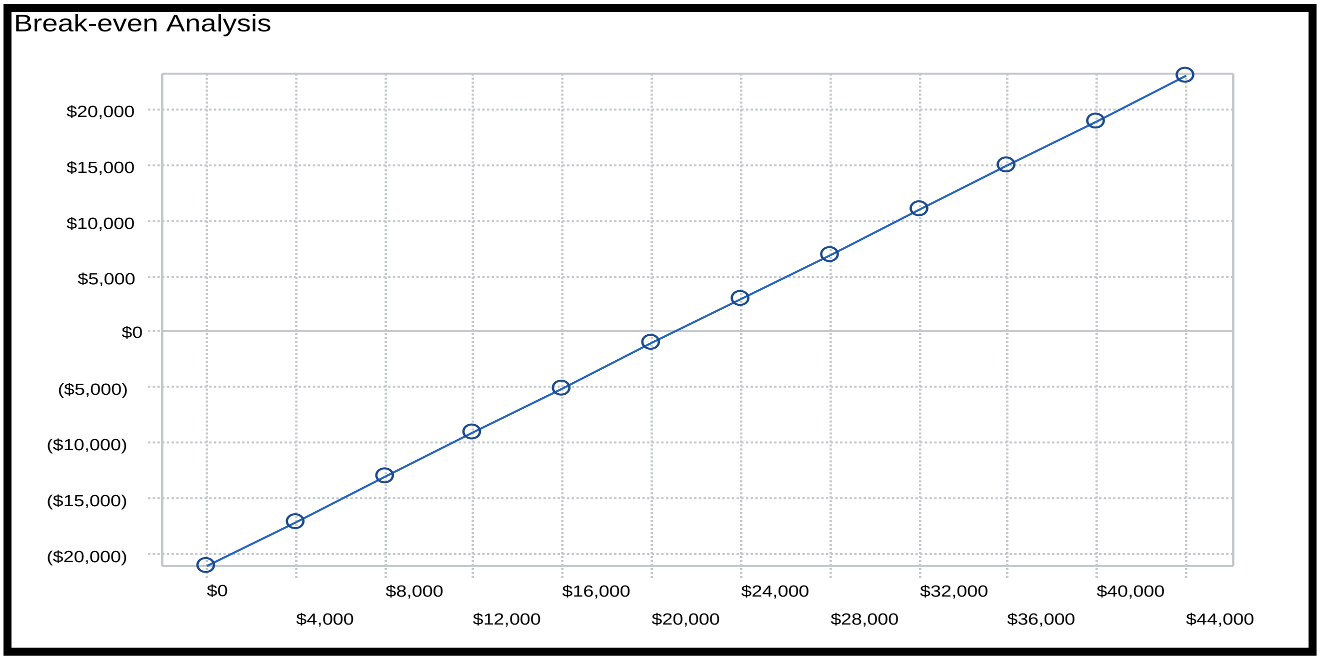
7.2 Break-even Analysis

Our monthly revenue break-even is based on the fixed costs of running the new offices and divisions along with the old lines of business. This is a significant increase from the 2009 break-even point. The increased marketing activity, rent and payroll expense for the new offices and staff accountants, drives this break-even point analysis.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	**$21,044**
Assumptions:	
Average Percent Variable Cost	**0%**
Estimated Monthly Fixed Cost	**$21,033**

Chart: Break-even Analysis



7.3 Projected Profit and Loss

[COMPANY NAME] actually expects its gross margin to remain stable as it takes on employees to fulfill the new office expansion and services. Thus the growth in revenues will produce a consistent growth in net profit. Marketing will include the activities listed for 2010 in the milestones table, in which includes a plan for additional runs of radio, and television fee based advertising. This expense will drop somewhat in future years as marketing returns to the business's focus on referrals and word-of-mouth from clients.

Rent and utilities will grow significantly, as the firm continues to add office space. August will be the month of initial setup and acquisition. This is when the firm will bring in 7 new employees and purchase its first new office space. For the rest of 2010, the bulk of expenses include, salary for the manager and 4 staff accountants, as well as office, computer and software set-up for the office in Middlebury, IN.

Thus from a monthly profit analysis the firm does not expect to see significant profit after August 2010 until on into 2011, when the new peak tax season will begin. In mid-January 2011, revenues will begin to offset the initial hiring expenses. Yearly profit is really expected to show signs of healthy growth by 2012, despite the additional of the fourth office.

Table: Profit and Loss

Pro Forma Profit and Loss			
	2010	2011	**2012**
Sales	$301,280	$553,374	**$920,905**
Direct Cost of Sales	$161	$165	**$170**
Other Cost of Sales	$222	$230	**$238**
Total Cost of Sales	$384	$395	**$408**
Gross Margin	$300,896	$552,979	**$920,497**
Gross Margin %	99.87%	99.93%	**99.96%**
Expenses			
Payroll	$147,520	$327,880	**$426,396**
Marketing/Promotion	$12,500	$40,000	**$50,000**
Depreciation	$0	$2,013	**$2,730**
Sub-contractor	$15,000	$15,600	**$16,224**
G & A Payroll Expense	$14,531	$55,113	**$102,317**
Rent	$10,356	$10,770	**$23,201**
Advertising	$22,161	$49,217	**$63,995**
Building Repairs	$3,600	$4,200	**$5,300**
Supplies and P&H	$7,584	$7,887	**$8,203**
Other Expenses	$13,440	$13,843	**$14,397**
Cash Discounts	$5,700	$5,871	**$6,047**
Total Operating Expenses	$252,393	$532,394	**$718,810**

Profit Before Interest and Taxes	$48,503	$20,585	**$201,686**
EBITDA	$48,503	$22,598	**$204,416**
Interest Expense	$0	$0	**$0**
Taxes Incurred	$14,551	$6,176	**$60,506**
Net Profit	$33,952	$14,410	**$141,180**
Net Profit/Sales	**11.27%**	**2.60%**	**15.33%**

Chart: Profit Monthly

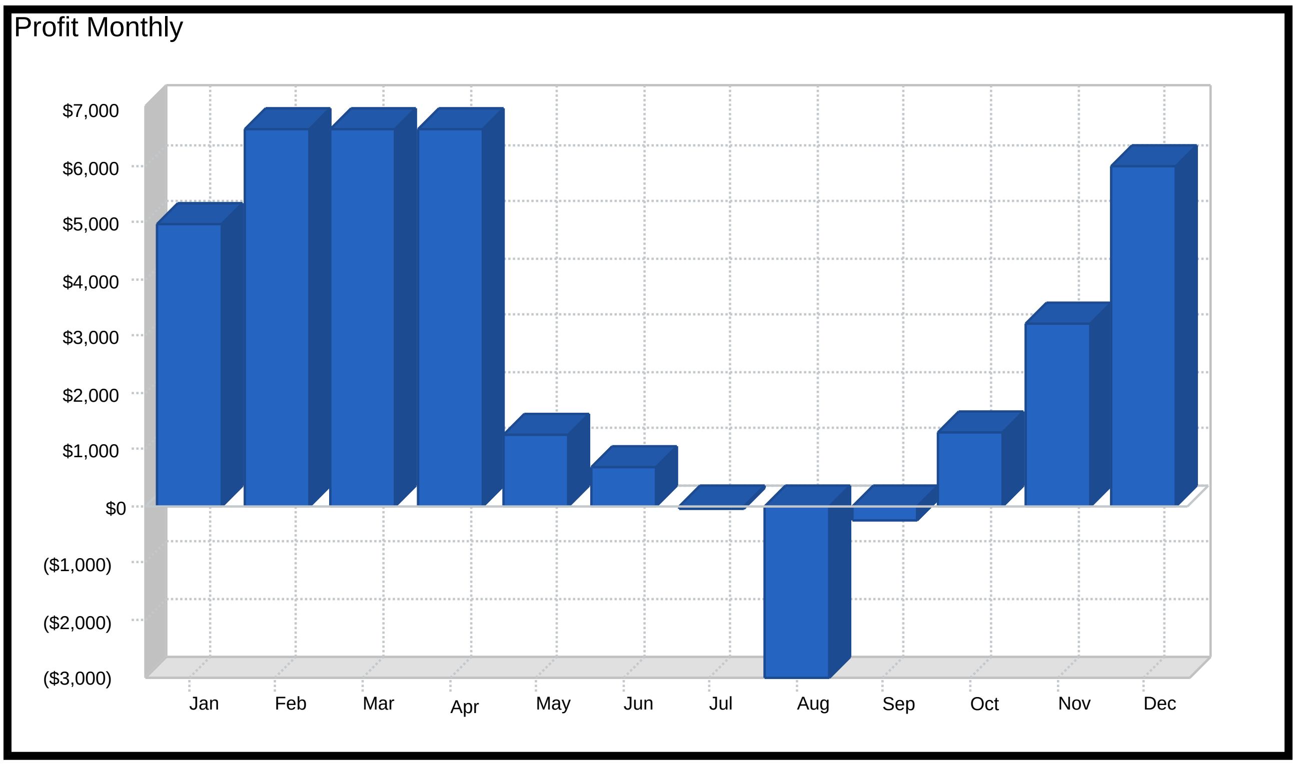


Chart: Profit Yearly

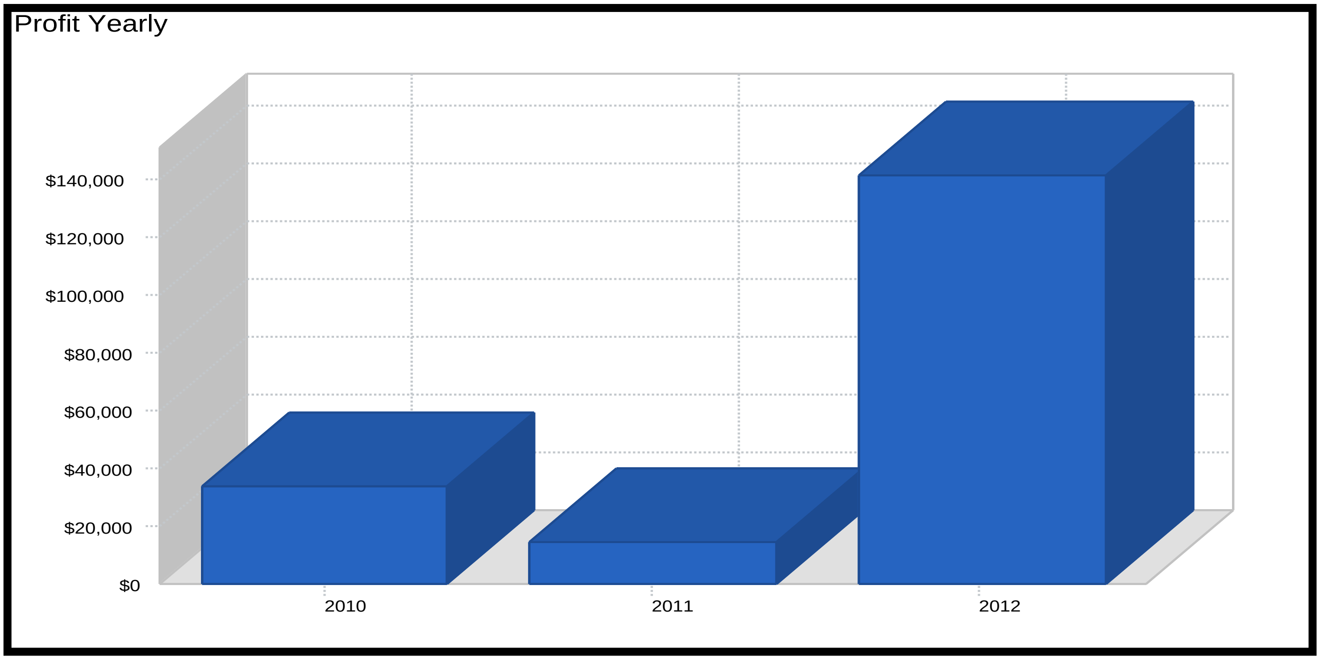


Chart: Gross Margin Monthly

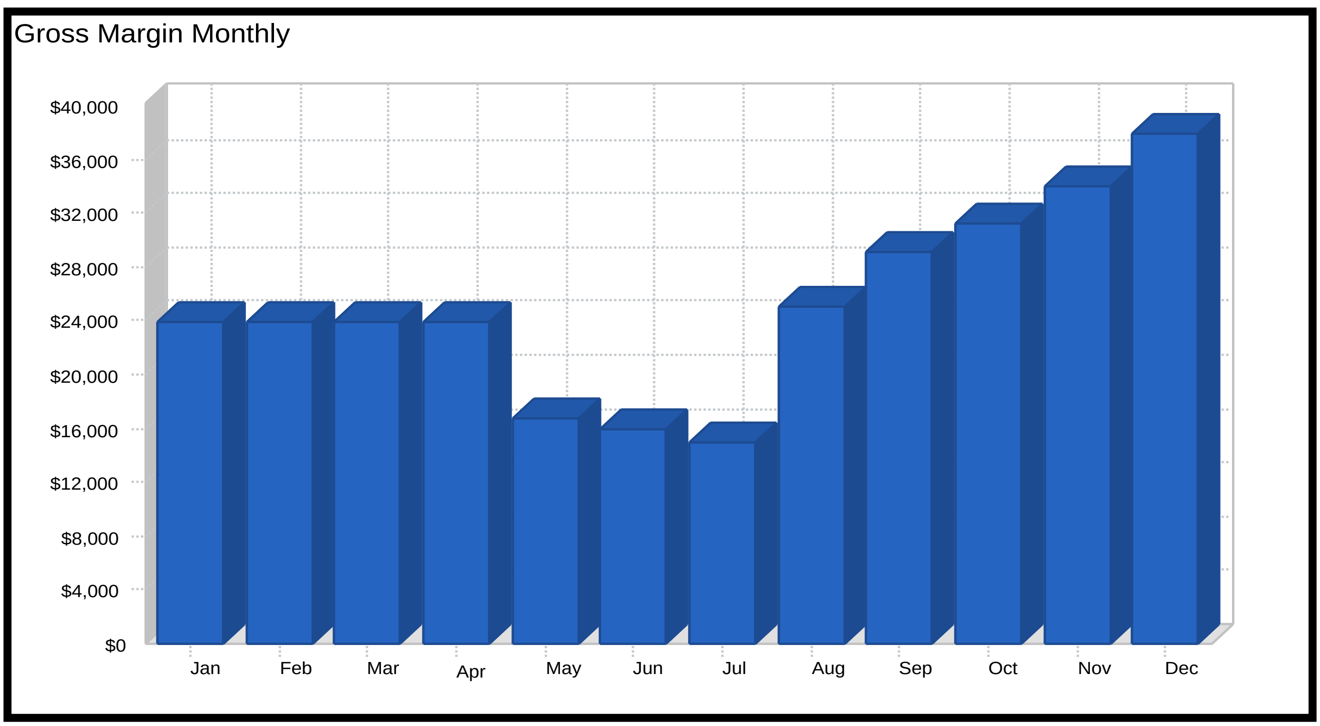
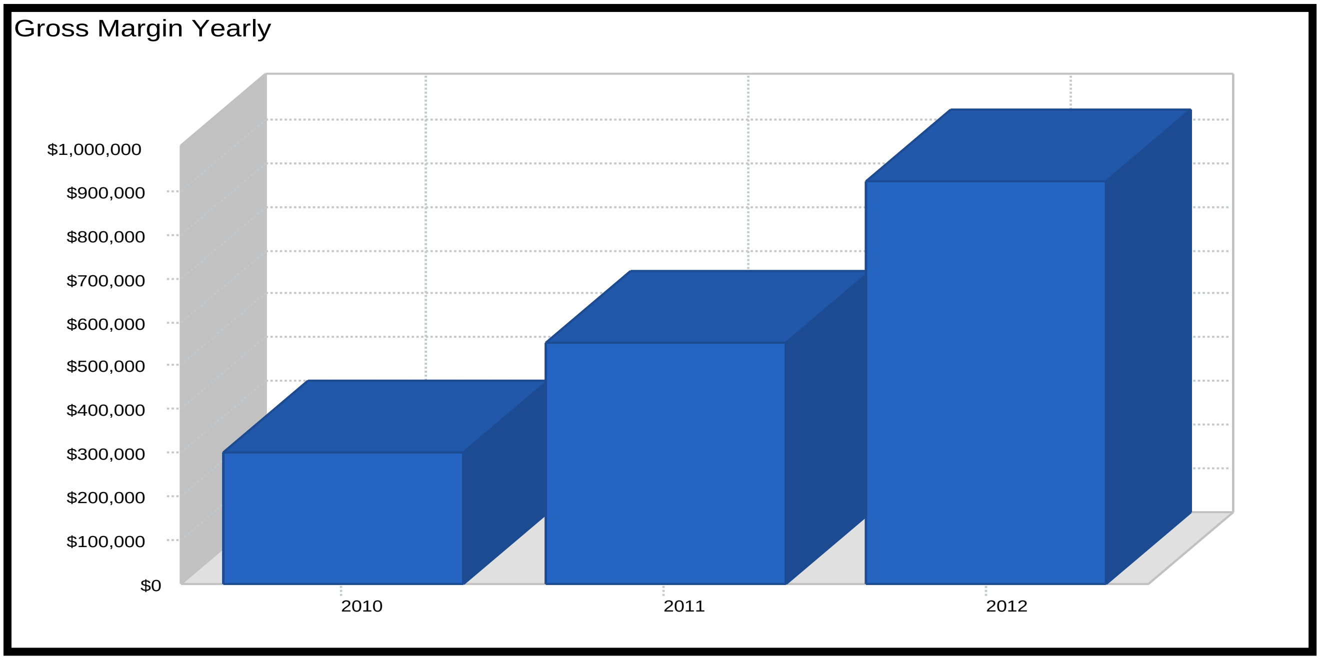


Chart: Gross Margin Yearly



7.4 Projected Cash Flow

The expansion of the business can be undertaken with the infusion of the $560,000 grant investment as the hiring, property purchase, leasing, marketing and set-up expenses for the new business locations and divisions are paid. The net cash flow will show significant explosion during this month and continue through the end 2010. As the firm reaches 2011, the net cash flows will drop down into the $80K range and then continue to nearly double from 2011 to 2012.

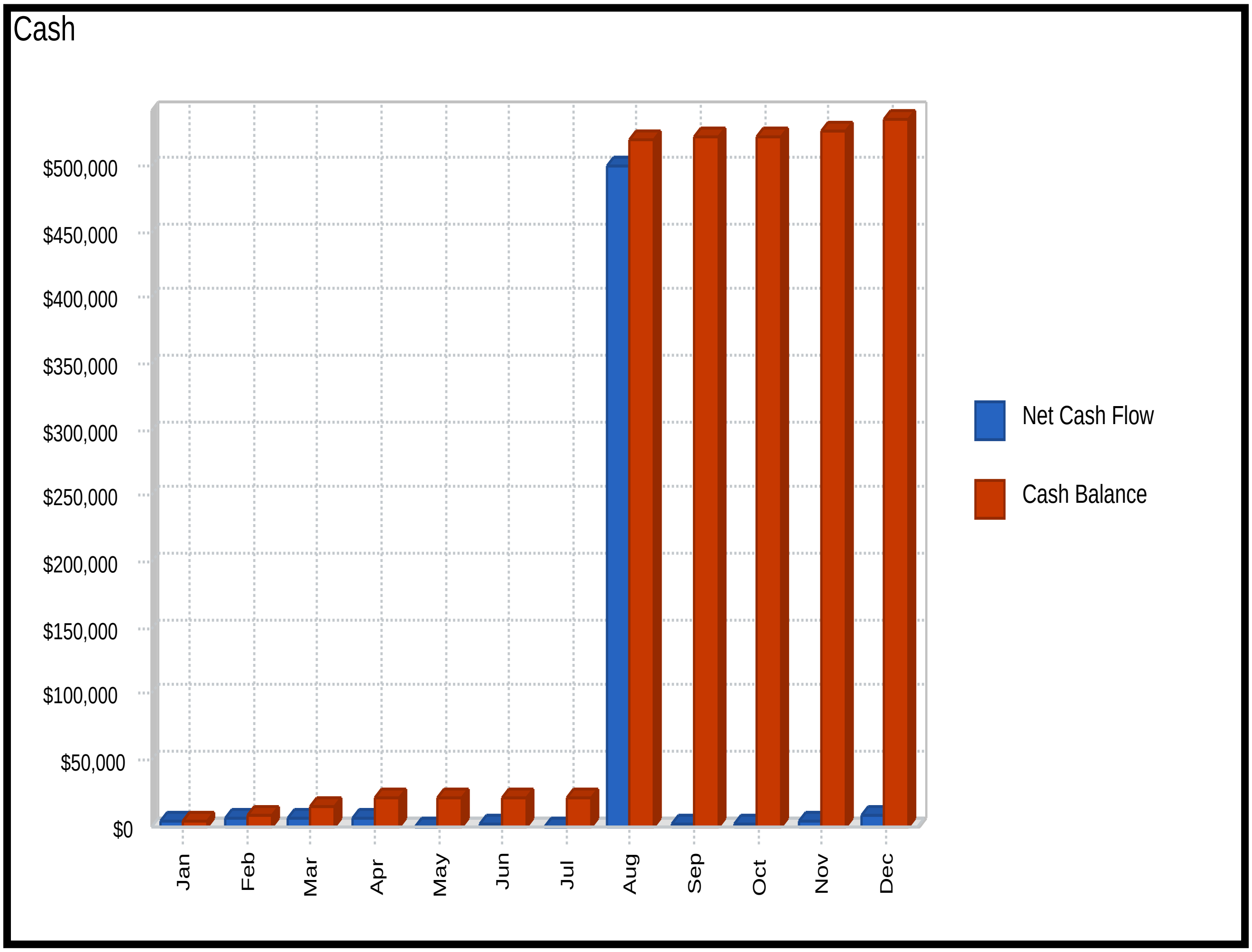
Table: Cash Flow

Pro Forma Cash Flow	2010	2011	**2012**
Cash Received			
Cash from Operations			
Cash Sales	$301,280	$553,374	**$920,905**

Subtotal Cash from Operations	$301,280	$553,374	**$920,905**
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	**$0**
New Current Borrowing	$0	$0	**$0**
New Other Liabilities (interest-free)	$0	$0	**$0**
New Long-term Liabilities	$0	$0	**$0**
Sales of Other Current Assets	$0	$0	**$0**
Sales of Long-term Assets	$0	$0	**$0**
New Investment Received	$500,000	$60,000	**$0**
Subtotal Cash Received	$801,280	$613,374	**$920,905**
Expenditures	2010	2011	**2012**
Expenditures from Operations			
Cash Spending	$147,520	$327,880	**$426,396**
Bill Payments	$119,317	$204,969	**$338,966**
Subtotal Spent on Operations	$266,837	$532,849	**$765,362**
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	**$0**
Principal Repayment of Current Borrowing	$0	$0	**$0**
Other Liabilities Principal Repayment	$0	$0	**$0**
Long-term Liabilities Principal Repayment	$0	$0	**$0**
Purchase Other Current Assets	$0	$0	**$0**
Purchase Long-term Assets	$0	$0	**$0**

Dividends	$0	$0	**$0**
Subtotal Cash Spent	$266,837	$532,849	**$765,362**
Net Cash Flow	$534,443	$80,526	**$155,543**
Cash Balance	**$534,526**	**$615,052**	**$770,595**

Chart: Cash



7.5 Projected Balance Sheet

The net worth of the business will improve if the new business expansion succeeds as expected. Additional external financing will be not be needed after a solid revenue base is achieved as the debt of the business will remain low.

Table: Balance Sheet

Pro Forma Balance Sheet			
	2010	2011	**2012**
Assets			
Current Assets			
Cash	$534,526	$615,052	**$770,595**
Other Current Assets	$14,584	$14,584	**$14,584**
Total Current Assets	$549,110	$629,636	**$785,179**
Long-term Assets			
Long-term Assets	$18,464	$18,464	**$18,464**
Accumulated Depreciation	$0	$2,013	**$4,743**
Total Long-term Assets	$18,464	$16,451	**$13,721**
Total Assets	$567,574	$646,087	**$798,900**
Liabilities and Capital	2010	2011	**2012**
Current Liabilities			
Accounts Payable	$13,081	$17,184	**$28,816**
Current Borrowing	$0	$0	**$0**
Other Current Liabilities	($20,892)	($20,892)	**($20,892)**
Subtotal Current Liabilities	($7,811)	($3,708)	**$7,924**

Long-term Liabilities	$0	$0	**$0**
Total Liabilities	($7,811)	($3,708)	**$7,924**
Paid-in Capital	$521,561	$581,561	**$581,561**
Retained Earnings	$19,872	$53,824	**$68,234**
Earnings	$33,952	$14,410	**$141,180**
Total Capital	$575,385	$649,795	**$790,976**
Total Liabilities and Capital	$567,574	$646,087	**$798,900**
Net Worth	**$575,385**	**$649,795**	**$790,976**

7.6 Business Ratios

[COMPANY NAME] is compared here to the "Tax Preparation Services" industry of $500,000 to 999,999 in revenues.

The assets of the business are primarily the human and knowledge assets of the accountants. Gross margins are slightly higher then industry averages. However, S G & A will be substantially higher than the industry averages because of the need for an extra level of management to oversee the employees.

Table: Ratios

Ratio Analysis				
	2010	2011	2012	**Industry Profile**
Sales Growth	117.19%	83.67%	66.42%	**3.29%**
Percent of Total Assets				
Other Current Assets	2.57%	2.26%	1.83%	**59.10%**
Total Current Assets	96.75%	97.45%	98.28%	**83.86%**
Long-term Assets	3.25%	2.55%	1.72%	**16.14%**
Total Assets	100.00%	100.00%	100.00%	**100.00%**
Current Liabilities	-1.38%	-0.57%	0.99%	**40.82%**
Long-term Liabilities	0.00%	0.00%	0.00%	**36.82%**
Total Liabilities	-1.38%	-0.57%	0.99%	**77.65%**
Net Worth	101.38%	100.57%	99.01%	**22.35%**
Percent of Sales				
Sales	100.00%	100.00%	100.00%	**100.00%**
Gross Margin	99.87%	99.93%	99.96%	**75.47%**
Selling, General & Administrative Expenses	88.60%	97.32%	84.63%	**36.59%**

Advertising Expenses	4.15%	7.23%	5.43%	**0.94%**
Profit Before Interest and Taxes	16.10%	3.72%	21.90%	**6.66%**
Main Ratios				
Current	-70.30	-169.80	99.09	**1.49**
Quick	-70.30	-169.80	99.09	**1.38**
Total Debt to Total Assets	-1.38%	-0.57%	0.99%	**77.65%**
Pre-tax Return on Net Worth	8.43%	3.17%	25.50%	**104.64%**
Pre-tax Return on Assets	8.55%	3.19%	25.25%	**23.39%**
Additional Ratios	2010	2011	2012	
Net Profit Margin	11.27%	2.60%	15.33%	**n/a**
Return on Equity	5.90%	2.22%	17.85%	**n/a**
Activity Ratios				
Accounts Payable Turnover	9.16	12.17	12.17	**n/a**
Payment Days	30	26	24	**n/a**
Total Asset Turnover	0.53	0.86	1.15	**n/a**

Debt Ratios				
Debt to Net Worth	-0.01	-0.01	0.01	**n/a**
Current Liabilities to Liabilities	0.00	0.00	1.00	**n/a**
Liquidity Ratios				
Net Working Capital	$556,921	$633,344	$777,255	**n/a**
Interest Coverage	0.00	0.00	0.00	**n/a**
Additional Ratios				
Assets to Sales	1.88	1.17	0.87	**n/a**
Current Debt/Total Assets	-1%	-1%	1%	**n/a**
Acid Test	0.00	0.00	99.09	**n/a**
Sales/Net Worth	0.52	0.85	1.16	**n/a**
Dividend Payout	**0.00**	**0.00**	**0.00**	**n/a**

Table: Sales Forecast

Sales Forecast			
	2010	2011	**2012**
Sales			
Accounting Services	$63,363	$110,885	**$194,049**
Tax Services -Other	$89,244	$156,177	**$273,310**
Individual & Corporate Taxes	$55,343	$96,850	**$169,488**
Unemployment Filings	$51,121	$89,462	**$156,559**
Manufacturing T/S -Division Services & Fees	$28,570	$50,000	**$67,500**
Educational Division Services & Fees	$13,638	$50,000	**$60,000**
Total Sales	$301,280	$553,374	**$920,905**
Direct Cost of Sales	2010	2011	**2012**
Resale Items	$161	$165	**$170**
Travel	$0	$0	**$0**
Subtotal Direct Cost of Sales	**$161**	**$165**	**$170**

Table: Personnel

Personnel Plan			
	2010	2011	**2012**
Regional Accounting Manager	$0	$45,000	**$46,350**
Office Accounting Manager	$10,419	$25,000	**$50,750**
Educator-Trainer	$8,331	$20,000	**$20,600**
Salesperson	$6,250	$15,000	**$15,450**
Staff Accountants	$122,520	$222,880	**$293,246**
Total People	13	18	**23**
Total Payroll	**$147,520**	**$327,880**	**$426,396**

Table: Profit and Loss

Pro Forma Profit and Loss			
	2010	2011	**2012**
Sales	$301,280	$553,374	**$920,905**
Direct Cost of Sales	$161	$165	**$170**
Other Cost of Sales	$222	$230	**$238**
Total Cost of Sales	$384	$395	**$408**
Gross Margin	$300,896	$552,979	**$920,497**
Gross Margin %	99.87%	99.93%	**99.96%**
Expenses			
Payroll	$147,520	$327,880	**$426,396**
Marketing/Promotion	$12,500	$40,000	**$50,000**
Depreciation	$0	$2,013	**$2,730**
Sub-contractor	$15,000	$15,600	**$16,224**
G & A Payroll Expense	$14,531	$55,113	**$102,317**
Rent	$10,356	$10,770	**$23,201**
Advertising	$22,161	$49,217	**$63,995**
Building Repairs	$3,600	$4,200	**$5,300**
Supplies and P&H	$7,584	$7,887	**$8,203**
Other Expenses	$13,440	$13,843	**$14,397**
Cash Discounts	$5,700	$5,871	**$6,047**

Total Operating Expenses	$252,393	$532,394	**$718,810**
Profit Before Interest and Taxes	$48,503	$20,585	**$201,686**
EBITDA	$48,503	$22,598	**$204,416**
Interest Expense	$0	$0	**$0**
Taxes Incurred	$14,551	$6,176	**$60,506**
Net Profit	$33,952	$14,410	**$141,180**
Net Profit/Sales	**11.27%**	**2.60%**	**15.33%**

Table: Cash Flow

Pro Forma Cash Flow			
	2010	2011	**2012**
Cash Received			
Cash from Operations			
Cash Sales	$301,280	$553,374	**$920,905**
Subtotal Cash from Operations	$301,280	$553,374	**$920,905**
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	**$0**
New Current Borrowing	$0	$0	**$0**
New Other Liabilities (interest-free)	$0	$0	**$0**
New Long-term Liabilities	$0	$0	**$0**
Sales of Other Current Assets	$0	$0	**$0**
Sales of Long-term Assets	$0	$0	**$0**
New Investment Received	$500,000	$60,000	**$0**
Subtotal Cash Received	$801,280	$613,374	**$920,905**
Expenditures	2010	2011	**2012**
Expenditures from Operations			
Cash Spending	$147,520	$327,880	**$426,396**
Bill Payments	$119,317	$204,969	**$338,966**
Subtotal Spent on Operations	$266,837	$532,849	**$765,362**

Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	**$0**
Principal Repayment of Current Borrowing	$0	$0	**$0**
Other Liabilities Principal Repayment	$0	$0	**$0**
Long-term Liabilities Principal Repayment	$0	$0	**$0**
Purchase Other Current Assets	$0	$0	**$0**
Purchase Long-term Assets	$0	$0	**$0**
Dividends	$0	$0	**$0**
Subtotal Cash Spent	$266,837	$532,849	**$765,362**
Net Cash Flow	$534,443	$80,526	**$155,543**
Cash Balance	**$534,526**	**$615,052**	**$770,595**

Table: Balance Sheet

Pro Forma Balance Sheet			
	2010	2011	**2012**
Assets			
Current Assets			
Cash	$534,526	$615,052	**$770,595**
Other Current Assets	$14,584	$14,584	**$14,584**
Total Current Assets	$549,110	$629,636	**$785,179**
Long-term Assets			
Long-term Assets	$18,464	$18,464	**$18,464**
Accumulated Depreciation	$0	$2,013	**$4,743**
Total Long-term Assets	$18,464	$16,451	**$13,721**
Total Assets	$567,574	$646,087	**$798,900**
Liabilities and Capital	2010	2011	**2012**
Current Liabilities			
Accounts Payable	$13,081	$17,184	**$28,816**
Current Borrowing	$0	$0	**$0**
Other Current Liabilities	($20,892)	($20,892)	**($20,892)**
Subtotal Current Liabilities	($7,811)	($3,708)	**$7,924**
Long-term Liabilities	$0	$0	**$0**

Total Liabilities	($7,811)	($3,708)	**$7,924**
Paid-in Capital	$521,561	$581,561	**$581,561**
Retained Earnings	$19,872	$53,824	**$68,234**
Earnings	$33,952	$14,410	**$141,180**
Total Capital	$575,385	$649,795	**$790,976**
Total Liabilities and Capital	$567,574	$646,087	**$798,900**
Net Worth	**$575,385**	**$649,795**	**$790,976**

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