How to Start a Frozen Yogurt Business

By the BizMove.com Team

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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

Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful retail business. To profit in a retail business, you need to consider the following questions: What business am I in? What goods do I sell? 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 store? How will I get the work done? What management controls are needed? How can they be carried out? Where can I go for help?

As the owner, you have to answer these questions to draw up your business plan. The pages of this Guide are a combination of text and suggested analysis so that you can organize the information you gather from research to develop your plan, giving you a progression from a common sense starting point to a profitable ending point.

What Is a Business Plan?

The success of your business depends largely upon the decisions you make. A business plan allocates resources and measures the results of your actions, helping you set realistic goals and make logical decisions.

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 worked out a plan, you are right in wanting to hear about the possible benefits before you do the work. Remember first that the lack of planning leaves you poorly equipped to anticipate future decisions and actions you must make or take to run your business successfully. A business plan Gives you a path to follow. A plan with goals and action steps allows you to guide your business through turbulent often unforeseen economic conditions.

A plan shows your banker the condition and direction of your business so that your business can be more favorably considered for a loan because of the banker's insight into your situation.

A plan can tell your 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 and figuring out problems about competitive conditions, promotional opportunities and situations that are good or bad for your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

A second plan tells you what to do and how to do it to achieve the goals you have set for your business.

What Business Am I In?

In making your business plan, the first question to consider is: What business am I really in? At 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." Hold on and think. Some owner-managers have gone broke and others have wasted their savings because they did not define their businesses in detail. Actually they were confused about what business they were in.

Look at an example. Mr. Jet maintained a dock and sold and rented boats. He thought he was in the marina business. But when he got into trouble and asked for outside help, he learned that he was not necessarily in the marina business. He was in several businesses. He was in the restaurant business with a dockside cafe, serving meals to boating parties. He was in the real estate business, buying and selling lots. He was in boat repair business, buying parts and hiring a mechanic as demand rose. Mr. Jet was trying to be too many things and couldn't decide which venture to put money into and how much return to expect. What slim resources he had were fragmented.

Before he could make a profit on his sales and a return on his investment, Mr. Jet had to decide what business he really was in and concentrate on it. After much study, he realized that he should stick to the marina format, buying, selling, and servicing boats.

Decide what business you are in and write it down - define your business.
To help you decide, think of answers to questions like: What do you buy? What do you sell? Which of your lines of goods yields the greatest profit? What do people ask you for? What is it that you are trying to do better or more of or differently from your competitors? Write it down in detail.

Planning Your Marketing

When you have decided what business you are in, you are ready to consider another important part of you business plan. Marketing. Successful marketing starts with the owner-manager. You have to know the merchandise you sell and the wishes and wants of your customers you can appeal to. The objective is to move the stock off the shelves and display racks at the right price and bring in sales dollars.

The text and suggested working papers that follow are designed to help you work out a marketing plan for your store.

Determining the Sales Potential

In retail business, your sales potential depends on location. Like a tree, a store has to draw its nourishment from the area around it. The following questions should help you work through the problem of selecting a profitable location.

In what part of the city or town will you locate?

In the downtown business section?

In the area right next to the downtown business area?

In a residential section of the town?

On the highway outside of town?

In the suburbs?

In a suburban shopping center?

On a worksheet, write where you plan to locate and give your reasons why you chose that particular location.

Now consider these questions that will help you narrow down a place in your location area.

What is the competition in the area you have picked?

How many of the stores look prosperous?

How many look as though they are barely getting by?

How many similar stores went out of business in this area last year?

How many new stores opened up in the last year?

What price line does competition carry?

Which store or stores in the area will be your biggest competitors?

Again, write down the reasons for your opinions. Also write out an analysis of the area's economic base and give the reason for your opinion. 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?

When you find a store building that seems to be what you need, answer the following questions:

Is the neighborhood starting to get run down?

Is the neighborhood new and on the way up? (The local Chamber of Commerce may have census data for your area. Census Tracts on Population, published by the Bureau of Census, may be useful. Other sources on such marketing statistics are trade associations and directories).

Are there any super highways or through-ways planned for the neighborhood?

Is street traffic fairly heavy all day?

How close is the building to bus lines and other transportation?

Are there adequate parking spaces convenient to your store?

Are the sidewalks in good repair (you may have to repair them)?

is the street lighting good?

Is your store on the sunny side of the street?

What is the occupancy history of this store building? Does the store have a reputation for failures? (Have stores opened and closed after a short time)?

Why have other businesses failed in this location?

What is the physical condition of the store?

What service does the landlord provide?

What are the terms of the lease?

How much rent must you pay each month?

Estimate the gross annual sales you expect in this location.

When you think you have finally solved the site location question, ask your banker to recommend people who know most about location in your line of business. Contact these people and listen to their advice and opinions, weigh what they say, then decide.

How to Attract Customers

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

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

Image

A store has an image whether or not the owner is aware of it. For example, throw some merchandise onto shelves and onto display tables in a dirty, dimly lit store and you've got an image. Shoppers think of it as a dirty, junky store and avoid coming into it. Your image should be concrete enough to promote in your advertising and other promotional activities. For example, "home-cooked" food might be the image of a small restaurant.

Write out on a worksheet the image that you want shoppers and customers to have of your store.

Pricing

Value received is the key to pricing. The only way a store can have low prices is to sell low-priced merchandise. Thus, what you do about the prices you charge depends on the lines of merchandise you buy and sell. It depends also on what your competition charges for these lines of merchandise. Your answers to the following questions should help you to decide what to do about pricing.

In what price ranges are your line of merchandise sold

High _____ , Medium _________, or Low _____?

Will you sell for cash only?

What services will you offer to justify your prices if they are higher than your competitor's prices?

If you offer credit, will your price have to be higher than if all sales are for cash? The credit costs have to come from somewhere. Plan for them.

If you use credit card systems, what will it cost you? Will you have to add to your prices to absorb this cost.

Customer Service Policies

The service you provide your customers may be free to them, but you pay for it. For example, if you provide free parking, you pay for your own parking lot or pick up your part of the cost of a lot you share with other retailers.

Make a list of the services that your competitors offer and estimate the cost of each service. How many of these services will you have to provide just to be competitive? Are there other services that would attract customers but that competitors are not offering? If so, what are your estimates of the cost of such services? Now list all the services you plan to offer and the estimated costs. Total this expense and figure out how you can include those added costs in your prices without pricing your merchandise out of the market.

Planning Your Advertising Activities

Advertising was saved until the last because you have to have something to say before advertising can be effective. When you have an image, price range, and customer services, you are ready to tell prospective customers why they should shop in your store.

When the money you can spend for advertising is limited, it is vital that your advertising be on target. Before you think about how much money you can afford for advertising, take time to determine what jobs you want to do for your store. List what makes your store different from your competitors. List the facts about your store and its merchandise that your advertising should tell shoppers and prospective customers.

When you have these facts listed and in hand, you are ready to think about the form your advertising should take and its cost. Ask the local media (newspapers, radio and television, and printers of direct mail pieces) for information about the services and 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 who have little or no experience with advertising copy and media selection. Advertising is a profession. Don't spend a lot of money on advertising without getting professional advice on what kind and how much advertising your store needs.

The following work sheet can 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	Est. Cost
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
________	________	________	________	______
			Total	______

When you have a figure on what your advertising for the next twelve months will cost, check it against what similar stores spend. Advertising expense is one of the operating ratios (expenses as a percentage of sales) that trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of merchandise, 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 how much to spend for advertising comes down to the question, "How much can I afford to spend and still do the job that needs to be done?"

In-store Sales Promotion

To complete your work on marketing, you need to think about what you want to happen after prospects get inside your store. Your goal is to move stock off your shelves and displays at a profit and satisfy your customers. You want repeat customers and money in your cash register.

At this point, if you have decided to sell for cash only, take a second look at your decision. Don't overlook the fact that Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers. Customers will have more buying confidence and be more comfortable in your store if they know they can afford to buy. Credit makes this possible.

To encourage people to buy, self-service stores rely on layout, attractive displays, signs and clearly marked prices on the items offered for sale. Other stores combine these techniques with personal selling.

List the display counters, racks, special equipment (something peculiar to your business like a frozen food display bin or a machine to measure and cut cloth), and other fixtures. Figure the cost of all fixtures and equipment by listing them on a worksheet as follows:

Type of equipment	Number	X Unit Cost	= Cost
____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________
_____________	_______	_________	________

Draw several layouts of your store and attach the layout that suits you to the cost worksheet. Determine how many signs you may need for a twelve month operation and estimate that cost also.

If your store is a combination of self-service and personal selling, how many sales persons and cashiers will you need? Estimate, I will need ________ sales persons at $ ________ each week (include payroll taxes and insurance in this salaries cost). In a year, salaries will cost: _________.

Personal attention to customers is one strong point that a store can use as a competitive tool. You want to emphasize in training employees that everyone has to pitch in and get the job done. Customers are not interested in job descriptions, but they are interested in being served promptly and courteously. Nothing is more frustrating to a customer than being ignored by an employee. Decide what training you will give your sales people in the techniques of how to greet customers, show merchandise, suggest other items, and handle customer needs and complaints.

Buying

When buying merchandise for resale, you need to answer questions such as:

Who sells the line to retailers? Is it sold by the manufacturer directly or through wholesalers and distributors?

What delivery service can you get and must you pay shipping charges?

What are the terms of buying?

Can you get credit?

How quickly can the vendor deliver fill-in orders?

You should establish a source of supply on acceptable terms for each line of merchandise and estimate a plan for purchasing as follows:

Name of Item	Name of Supplier	Address Supplier	Disc. Offered	Delv. Time(1)	Freight Costs(2)	Fill-in Policy(3)
_______	_____	______	_____	_____	______	_____
_______	_____	______	_____	_____	______	_____
_______	_____	______	_____	_____	______	_____

(1) How many days or weeks does it take the supplier to deliver the merchandise to your store.
(2) Who pays? You, the buyer? The supplier? Freight or transportation costs are a big expense item.

(3) What is the supplier's policy on fill-in orders? That is, do you have to buy a gross, a dozen, or will the supplier ship only two or three items? How long does it take for the delivery to get into your store?

Stock Control

Often shoppers leave without buying because the store did not have the items they wanted or the sizes and colors were wrong. Stock control, combined with suppliers whose policies on fill-in orders are favorable to you, provides a way to reduce "walkouts".

The type of system you use to keep informed about your stock, or inventory, depends on your line of merchandise and the delivery dates provided by your suppliers.

Your 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, and (3) what has been sold. Some trade associations and suppliers provide systems to members and customers, otherwise your accountant can set up a system that is best for your business. Inventory control is based upon either a perpetual or a periodic method of accounting that involves cost considerations as well as stock control. When you have decided what system you will use to control stock, estimate its cost. You may not need an extensive (and expensive) control system because you do not need the detailed information such a system collects. The system must justify its costs or you will just waste money and time on a useless effort.

Stock Turnover

When an owner-manager buys reasonably well, you can expect to turnover stock several times a year. For example, the stock in a small camera shop should turnover four times to four and a half times a year. What is the average stock turnover per year of your line of merchandise? How many times do you expect your stock to turnover? List the reasons for your estimate.

Behind-the-Scenes Work

In a retail store, behind-the-scenes work consists of the receiving of merchandise, preparing it for display, maintaining display counters and shelves, and keeping the store clean and attractive to customers. The following analytical list will help you decided what to do and the cost of those actions.

First list the equipment (for example a marking machine for pricing, shelves, a cash register) you will need for: (1) receiving merchandise (2) preparing merchandise for display, (3) maintaining display counters and shelves, and (4) keeping the store clean. Next list the supplies you will need for a year, for example, brooms, price tags, and business forms.

Use this format to figure these costs:

Name of Equip./Supplies	Quantity	X Unit Cost	= Cost
______________	_______	___________	_______
______________	_______	___________	_______
______________	_______	___________	_______

Who will do the back-room work and the cleaning that is needed to make a smooth operation in the store? If you do it yourself, how many hours a week will it take you? Will you do these chores after closing? If you use employees, what will they cost? On a worksheet describe how you plan to handle these tasks. For example:

Back-room work will be done by one employee during the slack sales times of the day. I estimate that the employee will spend _______ hours per week on these tasks and will cost ________ (number of hours times hourly wages) per week and _____ per year.

I will need ________ square feet of space for the back-room operation. This space will cost _______ per square foot or a total of ________ per month.

List and analyze all expense items in the same manner. Examples are utilities, office help, insurance, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help manage, analyze these salaries.

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 investments in a retail store, the main source of money is sales. What sales volume do you expect to do in the first twelve months? Write your estimate here ________, and justify your estimate.

Start-Up Costs:

List the following estimated start-up costs:

Fixtures and equipment*	__________
Starting inventory	__________
Decorating and remodeling	__________
Installation of equipment	__________
Deposits for utilities	__________
Legal and professional fees	__________
Licenses and permits	__________
Advertising for the opening	__________
Accounts receivable	__________
Operating cash	__________
Total	______________

*Transfer your figures from previous worksheets.

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

Expenses

In connection with annual sales volume you need to think about expenses. If, for example, you plan to do sales amounting to $100,000, what will it cost you to do this amount of business? How much profit will you make? A business must make a profit or close.

The following exercise will help you to make an estimate of your expenses. To do this exercise you need to know the total cost of goods sold for your line of merchandise for the period (month or year) that you are analyzing. Cost of goods sold is expressed as a percentage of sales and is called an operating ratio. Check with your trade association to get the operating ratios for your business's. The following is the format for an Income Statement with operating ratios substituted for dollar amounts.

Summary of Operating Ratios
of 250 high Profit Hardware Stores

			Percent of sale
Sales			100.00
Cost of Goods Sold			-64.92
Margin			35.08
Expenses			
Payroll and other employee expenses	16.23		
Occupancy expenses	3.23		
Office supplies and postage	0.40		
Advertising	1.49		
donations	0.08		
Telephone and telegraph	0.24		
Bad Debts	0.30		
Delivery	0.47		
Insurance	0.66		
Taxes (other than realestate and payroll)	0.46		
Interest	0.61		
Depreciation (other than real estate)	0.57		
Supplies	0.37		
Legal and accounting expenses	0.31		
Dues and subscription	0.08		
Travel, buying, and entertainment	0.19		
Unclassified expenses	0.64		
Total operating expense		-26.33	
Net operating profit		8.75	
Other income		1.65	
Net profit before income taxes		10.40	

Now using your operating ratio for cost of goods sold and your estimated Sales Revenue, you can breakdown your expenses by substituting your ratios and dollar amounts in the Income Statement.

Notice that Gross Margin must be large enough to provide for your expenses and profit.

	Expressed in Percent	Expressed in dollars	Your Percentage	Your Dollars
1. Sales	100	$100,000	100	$___
2. Cost of Goods Sold	-66	-66,000	____	-$___
3.Gross Margin	34	$34,000	____	$___

and continue to fill out the entire Income Statement. Work out statements monthly or for the year.

Cash Forecast

A budget helps you to see the dollar amount of your expected revenue and expenses each month. Then from month to month the question is: Will sales bring in enough money to pay for the store's bills? The owner-manager must prepare for the financial peaks and valleys of the business cycle. A cash forecast is a management tool that can eliminate much of the anxiety that can plague you if your sales go through lean months. Use the following format.

Estimated Cash Forecast

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Total**
(1) Cash in Bank (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(2) Petty Cash (Start of Month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(3) Total Cash (add (1) and (2)	___	___	___	___	___	___	___	___	___	___	___	___	___
(4) Expected Accounts Receivable	___	___	___	___	___	___	___	___	___	___	___	___	___
(5) Other Money Expected	___	___	___	___	___	___	___	___	___	___	___	___	___
(6) Total Receipts (add (4) and (5))	___	___	___	___	___	___	___	___	___	___	___	___	___
(7) Total Cash and Receipts (add (3) and (6)	___	___	___	___	___	___	___	___	___	___	___	___	___
(8) All Disbursements (for month)	___	___	___	___	___	___	___	___	___	___	___	___	___
(9) Cash Balance at end of Month in Bank Account and Petty Cash (subtract (8) from (7)*	___	___	___	___	___	___	___	___	___	___	___	___	___

*This balance is your starting figure for the next month

Is Additional Money Needed? Suppose at this point that your business needs more money than can be generated by present sales. What do you do? If your business has great potential or is in good financial condition, as shown by its balance sheet, you will borrow money (from a bank most likely) to keep the business operating during start-up and slow sales periods. The loan can be repaid during the fat sales months when sales are greater than expenses. Adequate working capital is needed for success and survival; but cash on hand (or the lack of it) is not necessarily an indication that the business is in bad financial shape. A lender will look at your balance sheet to see the business's Net Worth of which cash and cash flow are only a part. The balance sheet statement shows a business's Net Worth (financial position) at a given point in time, say at the close of business at the end of the month or at the end of the year. Free Retail Business Plan How To.

Even if you do not need to borrow money you may want to show your plan and balance sheet to your banker. It is never too early to build good relations and credibility (trust) with your banker. Let your banker know that you are a manager who knows where you want to go rather than someone who merely hopes to succeed.

Control and Feedback

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

Don't wait twelve months for the score. To keep your plan on target you need readings at frequent intervals. An income statement compiled at the end of each month or at the end of each quarter is one type of frequent feedback. Also you must set up management controls that help you insure that the right things are done each day and week. Organization is needed because you as the owner-manager cannot do all the work. You must delegate work, responsibility, and authority. The record keeping systems should be set up before the store opens. After you're in business it is too late.

The control system that you set up should give you information about stock, sales, receipts and disbursement. The simpler the accounting control system, the better. Its purpose is to give you current useful information. You need facts that expose trouble spots. Outside advisers, such as accountants can help.

Stock Control

The purpose of controlling stock is to provide maximum service to your customers. Your aim should be to achieve a high turnover rate on your inventory. The fewer dollars you tie up in stock, the better.

In a store, stock control helps the owner-manager offer customers a balanced assortment and enables you to determine what needs ordering on the basis of (1) what is on hand, (2) what is on order, and (3) what has been sold.

When setting up inventory controls, keep in mind that the cost of the stock is not your only cost. There are inventory costs, such as the cost of purchasing, the cost of keeping stock control records, and the cost of receiving and storing stock.

Sales

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

Receipts

Break out your receipts into receivables (money still owned such as a charge sale) and cash. You know how much credit you have given, how much more you can give, and how much cash you have with which to operate.

Disbursement

Your management controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to be penny-wise and pound-foolish. You should pay bills on time to take advantage of supplier discounts. Your review systems should also give you the opportunity to make judgments on the use of the 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 monies, such as payroll income tax deductions, must be set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device that approximates how much you must sell in order to cover your costs with no profit and no loss. Profit comes after break-even.

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 factories will do to your profit. To figure a break-even point, fixed costs (like rent) must be separated from variable costs (like the cost of goods sold)**.**

The break-even formula is:

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

Sample break-even calculations: Bill Mason plans to open a shoe store and estimates his fixed expenses at about \$9,000 the first year. He estimates variable expenses of about \$700 for every \$1,000 of sales. How much must the store gross to break-even?

$$\text{BE point} = \frac{\$9{,}000}{1 - \dfrac{700}{1{,}000}} = \frac{\$9{,}000}{1 - 0.70} = \frac{\$9{,}000}{30} = \$30{,}000$$

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 six 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 the year (operating ratios on the income statement). If any of your cost items are too high or too low, change them. You can write your changes above or below your original entries on the worksheet. When you finish making your adjustments, you will have a revised projected statement of sales and expenses.

With your revised figures, work out a revised break-even analysis. Whether the new break-even point looks good or bad, take one more precaution. Show your plan to someone who has not been involved in working out the details with you. Get an impartial. knowledgeable second opinion. Your banker, or other advisor may see weaknesses that failed to appear as you went over the plan details. These experts may see strong points that your plan should emphasize.

Put Your Plan Into Action

When your plan is as thorough and accurate 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 wishful dream. A successful owner-manager does not stop after gathering information and drawing up a business plan, as you have done in working through this Guide. use the 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 and goals. For example, if your business plan calls for an increase in sales, you may have to provide more 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 (through credit terms?) If you are starting a new business, one action may be to get a loan for fixtures, stock, employee salaries, and other expenses. Another action will be to find and to hire capable employees.

Now make a list of 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:

1. Do (action) _________ By _________(date)

2. etc.

Keep Your Plan Current

Once you put your plan into action, look out for changes. They can cripple the best business no matter how well planned. Stay on top of changing conditions and adjust your business plan accordingly. Sometimes the change is within your company. For example, several of your sales persons may quit. Sometimes the change is with the customers whose desires and tastes shift and change or refuse to change. Sometimes the change is technological as when products are created and marketed.

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

Be alert to the changes that come about in your line of business, in your market, and in your customers.

Check your plan against these changes.

Determine what revisions, if any, are needed in the business plan.

The method you use to keep your plan current so that your business can weather the changing forces of the market place is up to you. Read trade and business papers and magazines and review your plan periodically. Once each month or every other month, go over your plan to see whether or not it needs adjusting. Certainly you will have more accurate dollar amounts to work with after you have been in business for a time. Make revisions and put them into action. You must be constantly updating and improving. A good business plan must evolve from experience and the best current information. A good business plan is good business.

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3. Complete Frozen Yogurt Business Plan Template

9.6 Break Even Analysis

Appendices

I. Executive Summary

The following business plan details the business concept belonging to [OWNER'S NAME]. [OWNER'S NAME] has twenty years of experience in the food area. [OWNER'S NAME] recognized that the warm climate through most of the year in Tampa presented a prime opportunity for a frozen yogurt shop to thrive. While the market has some existing ice cream shop operations, it is neither dominated by a single ice cream parlor operator nor by a single frozen yogurt vendor. Thus, [OWNER'S NAME] believes that his concept for a frozen yogurt shop in the Tampa area, [BUSINESS NAME] Frozen Yogurt, is presented with the prime opportunity because of low competitive threat and high market demand. [OWNER'S NAME] is requesting a small business loan of $150,000 that will provide the necessary seed money and operating capital while he grows the business. Currently, [BUSINESS NAME] is in the planning and research phase and is still searching for an ideal location. [OWNER'S NAME] is targeting areas near a major freeway, adjacent to a large residential area, and surrounded by existing businesses.

II. General Company Description

2.1 Overview

[BUSINESS NAME] is a yogurt parlor concept that is being planned for the Tampa area in Florida. [BUSINESS NAME] will sell and market a variety of 60 frozen yogurt styles and flavors that are served in cups, cones, and as push-ups. All of the store’s yogurts will be displayed in a large display case at the front of the store that is visible throughout the entire ordering process. The yogurt will be purchased from a quality local vendor in bulk. All employees will wear a casual style uniform consisting of pressed jeans with a polo shirt bearing the store’s logo.

2.2 Legal Description

Yogurt shops operate within the ice cream parlor designation within the US NAICS system. The NAICS number for these operations is 722213 and is described as Snack and Nonalcoholic Beverage Bars.

2.3 Company Concept/History

[BUSINESS NAME] was conceived of by [OWNER'S NAME]. Having worked in the Tampa area during his stint in the military, he became determined to retire in the area and start a business in Tampa. Following his retirement from the military, [OWNER'S NAME] purchased a home in Tampa and took some business courses from the local community college. [OWNER'S NAME] recognized from his time during the military in Tampa that the weather is conducive to cold dessert products such as yogurt and ice cream. Since there are already many ice cream parlors, he felt that a yogurt shop provided the best opportunity. Since Tampa experiences fairly warm weather year around, [OWNER'S NAME] is certain that such a business holds much promise for success. Although [OWNER'S NAME] lacks specific yogurt industry experience, he does have 20 years in the military as a non-commissioned officer responsible for overseeing numerous staff, scheduling, and managing a departmental budget. [OWNER'S NAME] believes that this experience combined with his recent academic training provides him with the maximum skills necessary for success.

2.4 Current Status

[BUSINESS NAME] is currently in the planning stages. While a site address is listed as the location for the store, this is only tentative as no lease has been signed and additional funding has not yet been obtained.

2.5 Vision & Mission Statement

[BUSINESS NAME] vision statement stresses the company’s sincerity towards ensuring that each guest is treated individually with the intention of having that guest return:

“The relationship with the guest comes before revenues, profits and anything financially oriented.”

[BUSINESS NAME] mission statement ensures that the company’s staff and its owner never depart from the company’s vision:

“[BUSINESS NAME] will ensure that each yogurt advertised is in stock and available or the next one is free—all orders will be fulfilled.”

III. Products and Services

3.1 Product Description

[BUSINESS NAME] will utilize only the highest quality products from the most reputable supplier in the area. Each yogurt product will be of a homemade quality offered by local suppliers to ensure quality and consistency. This not only ensures [BUSINESS NAME] of the finest yogurt products available, but also ensures its own reputation will be enhanced. Additionally, [BUSINESS NAME] will also offer a series of both hot and cold drinks to augment its primary product line of frozen yogurt.

3.2 Service Description

The service offered by [BUSINESS NAME] employees will be unsurpassed in its quality and sincerity. [OWNER'S NAME] will institute a thorough training program that emphasizes customer service and satisfaction as much as it does the unique variety of flavored yogurts that the store specializes in. The employees of [BUSINESS NAME] will be tasked with personally greeting and making eye contact with every customer that enters the establishment as well as in offering small samplers to those who request it. [BUSINESS NAME] customers will enter the store with the certainty that the store's yogurt is the best, and they will leave the store with the certainty that they have been treated as if they are valued as customers.

IV. Marketing Plan

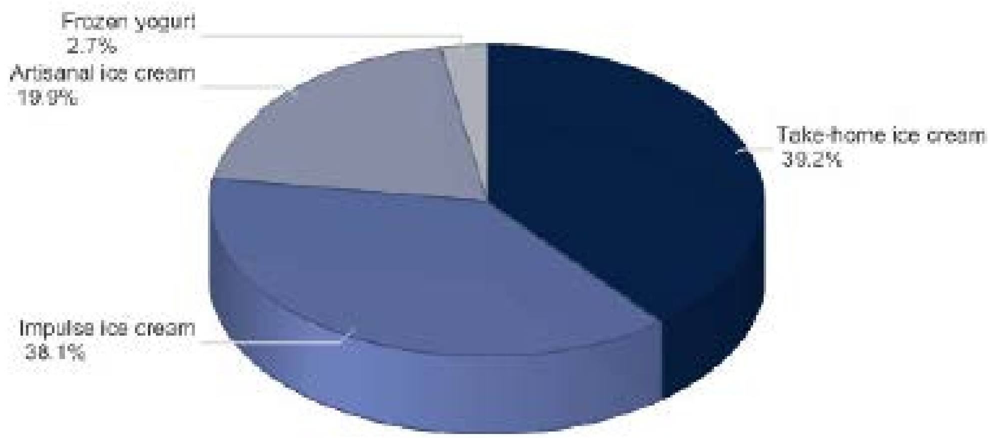
4.1 Industry Overview

Yogurt and the frozen yogurt shop are generally classified within the ice cream industry. Therefore, it is useful to examine the industry and market potential from the perspective of the ice cream industry. The ice cream industry's economic sector is the Snack and Nonalcoholic Beverages Bars coded for NAICS as 722213. The NAICS defines this industry sector in the following manner: "This U.S. industry comprises establishments primarily engaged in (1) preparing and/or serving a specialty snack, such as ice cream, frozen yogurt, cookies, or popcorn or (2) serving nonalcoholic beverages, such as coffee, juices, or sodas for consumption on or near the premises. These establishments may carry and sell a combination of snack, nonalcoholic beverage, and other related products (e.g., coffee beans, mugs, coffee makers) but generally promote and sell a unique snack or nonalcoholic beverage." Frozen Yogurt's industry sector classification is Ice Cream Parlor, which is coded under the NAICS as 7222131 and SIC as 5812. Some industry quick facts are listed below:

- More than 90% of American households consume some kind of frozen desserts.
- The total U.S. production of overall frozen desserts in recent years has amounted to about 1.52 billion gallons, or .5 quarts per person. In 2012, the market is forecast to produce 3.5 billion liters of frozen desserts.
- Estimates indicate that frozen desserts consumed in the home accounted for 70% of the market's value generating total revenues of $7.2 billion, while impulse purchases made up 14.2% or $1.4 billion.
- In 2012, the frozen dessert market is expected to have a value of $10.5 billion, which is a 9.2% increase from earlier last decade.

With recent U.S. retail sales of $294 million, frozen yogurt sales are at their highest point ever, having grown 1.2% compared to recent years. More impressive is that the segment has grown nearly 25% since the middle of the previous decade. Much of this growth can be attributed to consumers' interest in eating better. Compared to ice cream, frozen yogurt allows them to do this while still enjoying an ice cream-like taste experience. Also, younger consumers grew up with refrigerated yogurt, which makes them more comfortable with the idea of frozen yogurt than older shoppers.

The data reveals that the frozen yogurt segment will post consecutive years of 4-5% growth. While not as high as what was seen previous years, the growth pattern will raise the segment's sales by more than $100 million compared earlier periods. The frozen dessert industry has two main channels of distribution, retail and wholesale. Typical market segmentation in the global frozen dessert industry, broken down by product, is illustrated in the following table:



The frozen dessert industry's primary customers are middle to upper income people looking for a convenience product and want to indulge themselves with premium ice cream. Frozen desserts are not products that require the customer to research the product or do price comparison per se, although customers will try different brands. Ice cream is usually bought just on impulse, which is why a frozen yogurt shop's location is extremely critical. Currently, most yogurt shops are valued from $50,000 to more than $245,000 (see appendix one) which makes a yogurt shop investment potentially quite lucrative. Additionally, seasonality also plays a large role in the consumer's buying decision since during the winter months less ice cream is consumed. It is important for frozen yogurt shops to have alternate products such as coffee to offset the seasonality unique to the industry if this is not compensated for by other factors such as climate.

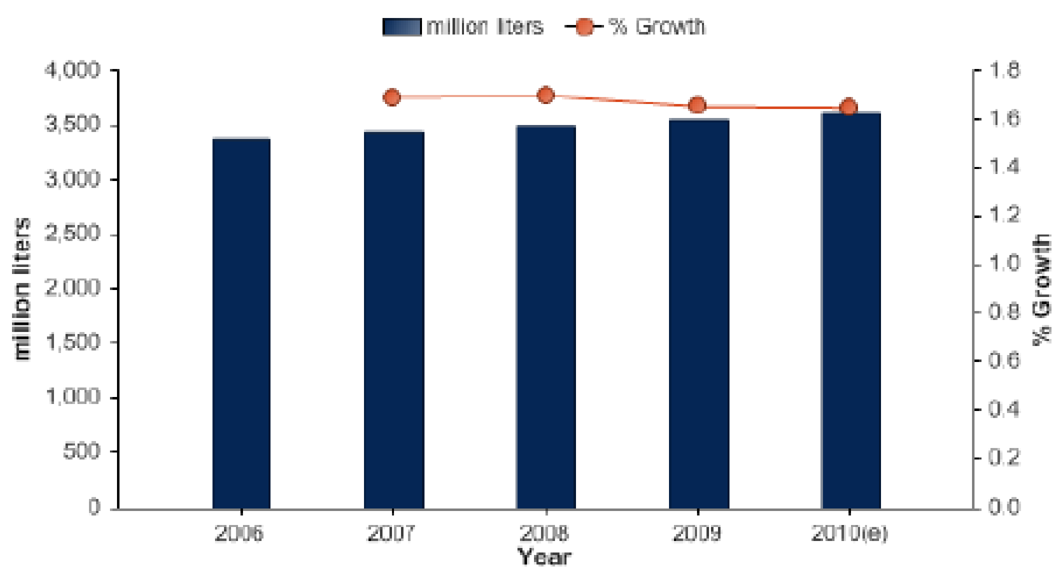
<u>4.1.1 Market Size</u>

Globally, the frozen dessert market is viewed as a growth industry and is valued in the billions of dollars. Currently, the overall frozen dessert industry is worth $55,369 with a 4% market growth. The global frozen dessert industry is expected to reach $68,023 by

2015, which is an approximate 22.9% increase.[1] While not directly relevant to the local market, these vast international growth trends in frozen dessert industry are typically led by the globe's leading markets such as the U.S. market and these international trends bode well for local frozen yogurt establishments that are intent on entering the industry. There are several other international trends and characteristics of frozen yogurt industry, which should be considered in the planning stages of both small and large operations. Globally, the frozen dessert industry is largely segmented into two primary divisions: 1) take-home frozen desserts which accounts for 39.2% of the market and 2) supermarket and hypermarket sales which account for approximately 34.9% of the total market value.[2] The implication for [BUSINESS NAME] is that it not only should develop its outside distribution channels to restaurants and institutions as well as its wholesale operations to retail outlets but it must do so in order to stay financially viable and relevant.

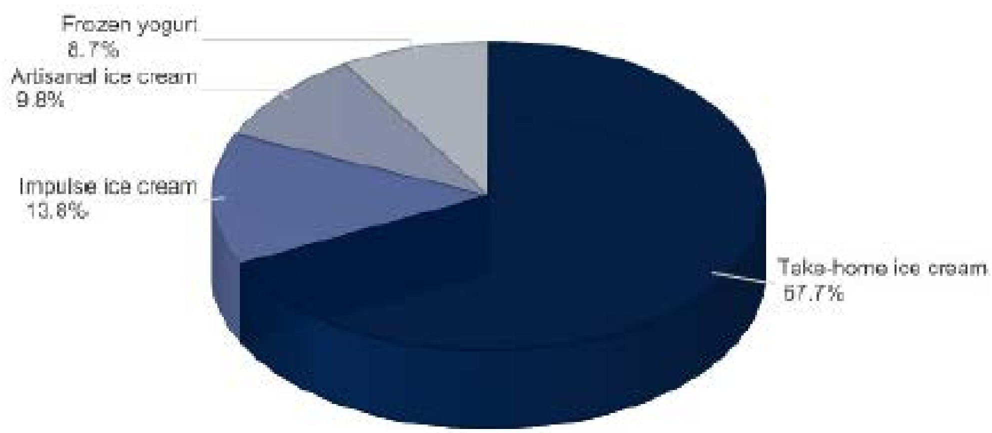
Nationally, the frozen dessert industry and market is one of the world's most important markets although Europe remains the world's largest market for frozen desserts by volume and value. The U.S. market for frozen yogurt and other frozen desserts expanded by 1.5% over the past year and reached a value in excess of $10,044 million and is forecast to reach more than $10,853 million by 2015 which would be an effective 8.1% increase over present figures.[3] The U.S. frozen dessert market mirrors the segmentation and distribution characteristics of the broader international frozen dessert market. The U.S. market for frozen dessert and frozen yogurt related products expanded over the last five years with a compound annual growth rate (CAGR) of approximately 1.7% as the following chart

Indicates:



Clearly the U.S. overall frozen dessert market is on a growth trend and the current emphasis on premium products only makes this trend more promising for locally produced premium frozen yogurt products, which allow customers to satisfy their urges for delicious frozen yogurt products without compromising their desire to contribute to the local community and its economic growth.

The U.S. market also mirrors the international frozen yogurt market in its segmentation where take-home products dominate the industry. The U.S. take-home frozen dessert products maintain a 67.7% share of the market and the overall segmentation of the frozen dessert market by product classification is outlined below:



[BUSINESS NAME] offers a unique product format and locally supplied raw materials will help the enterprise compete within the impulse and artisan frozen dessert segments. However, because of the sheer size of the take-home market, [BUSINESS NAME] simply cannot ignore developing distribution channels and relationships with other retail outlets. That is, [BUSINESS NAME] should eventually focus on developing a wholesale operation as a means to augment is local locations if it wants to achieve its growth and profitability objectives.

4.1.2 Target Market

Frozen yogurt is a treat that almost anyone can afford to buy and one in which almost everyone loves to indulge in. Generally, the heaviest consumers of premium frozen yogurt are middle and upper income families. The frozen dessert industry is one that essentially caters to consumers' various lifestyles with super premium products, reduced-fat or fat-free products, low-carb "no sugar added" products, supplemented frozen yogurt products that have been fortified with added calcium or other nutrients, and lactose-free milk products. According to the most recent estimates, the local Tampa market has a population of 330,000 giving [BUSINESS NAME] a large market to target for its frozen yogurt products.[4] The median family income in Tampa is approximately $34,415, based on the last census estimate which implies that the majority of the population fits within the target market of middle to upper income families.

4.1.3 Marketing Objectives

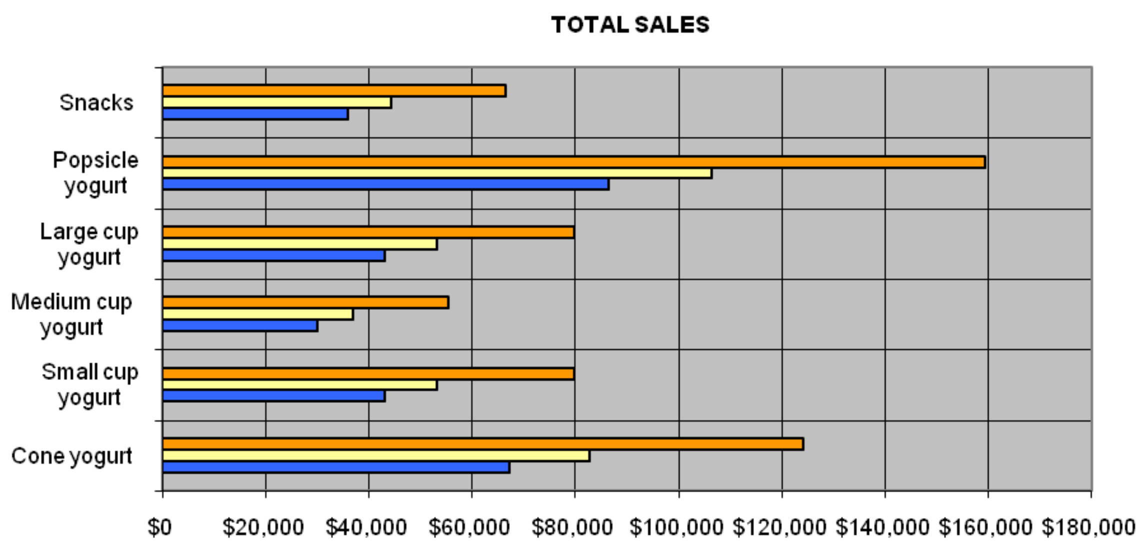
[BUSINESS NAME] will adhere to the following marketing objectives in designing its ongoing marketing and sales strategies:

- To bring in at least 800 people with each promotion
- Have 1,000 individuals sign up for its customer loyalty program the first 12 months of operations
- To meet first year sales projections for both revenue and product unit sales

Sales are forecast to exceed $300k the first year of operations based on forecasted demand. The following sales forecast provides the basis for [BUSINESS NAME] marketing objectives:

SALES FORECAST			
SALES	**Year 1**	**Year 2**	**Year 3**
RATIO %	**0.0%**	**23.0%**	**50.0%**
Cone yogurt	$67,200	$82,656	$123,984
Small cup yogurt	$43,200	$53,136	$79,704
Medium cup yogurt	$30,000	$36,900	$55,350
Large cup yogurt	$43,200	$53,136	$79,704
Popsicle yogurt	$86,400	$106,272	$159,408
Snacks	$36,000	$44,280	$66,420
TOTAL SALES	**$306,000**	**$376,380**	**$564,570**
DIRECT COST OF SALES	**Year 1**	**Year 2**	**Year 3**
RATIO %	**0.0%**	**10.0%**	**40.0%**
Cone yogurt	$28,800	$31,680	$44,352

Small cup yogurt	$14,400	$15,840	$22,176
Medium cup yogurt	$6,000	$6,600	$9,240
Large cup yogurt	$14,400	$15,840	$22,176
Popsicle yogurt	$21,600	$23,760	$33,264
Snacks	$7,200	$7,920	$11,088
SUB/DIRECT COST OF SALES	**$92,400**	**$101,640**	**$142,296**



4.2 Products/Services

[BUSINESS NAME] will purchase the highest quality frozen yogurt products from a local provider. [BUSINESS NAME] will sell and market both regular yogurts, as well as low fat yogurt products. Additionally, [BUSINESS NAME] will have the most flavors of any yogurt vendor in the area.

4.2.1 Pricing Strategy

The following table details [BUSINESS NAME] initial price menu. Prices are subject to change dependent upon suppliers and market events, and are based on an average of the various serving sizes and/or portions:

[BUSINESS NAME] Pricing Schedule	
Yogurt cones	$2.25

Yogurt cups	$2.35
Coffee by the cup	$1.25
Snack products	$3.00

4.2.2 Promotion Strategy

[BUSINESS NAME] will focus its initial marketing campaign on developing strong word of mouth advertising through a variety of initial marketing activities designed to create marketing buzz:

Grand Opening: The grand opening will last a week and will consist of a press release to the local radio stations and newspapers. Additionally, [BUSINESS NAME] will offer a $500 give-a-way, as well as a host of printed t-shirts for patrons who enter the location.

Customer Loyalty Program. Cherry's will provide customer loyalty cards to every patron that will be stamped each time a purchase is made. The customers will receive a frozen yogurt cone on their sixth visit. The customer loyalty program will provide [BUSINESS NAME] in gaining regular customers who tend to spend more in-store when redeeming free-product cards in the same manner that gift cards in other retail outlets generate higher sales as well as working with resellers of these cards.[5] There will also be a location on the customer loyalty card where the customer can fill out his or her email address.

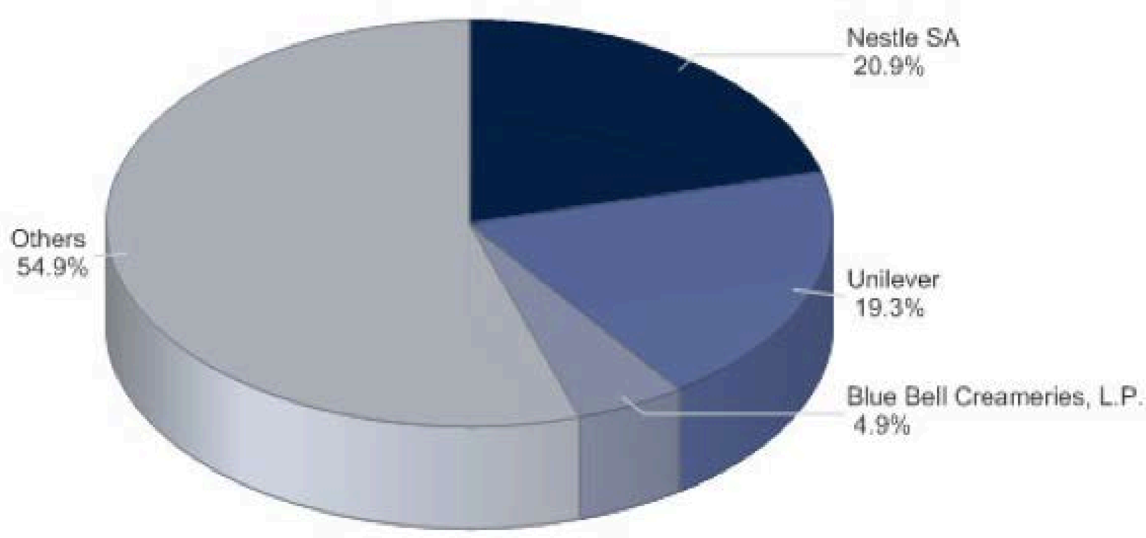
Promotional Budget	
Newspaper Advertisements	$6,000
Store Signage	$1,000
Grand Opening	$1,500
Public Relations (give-a-ways/samples)	$500
Total Budget	**$9,000**

4.2.3 Distribution/Placement Strategy

The distribution of [BUSINESS NAME] products will take place entirely from the single location that is selected for the operations site. This site will be at a site located centrally in the Tampa area that is close to the major freeways, near a major residential area, and adjacent to existing businesses.

4.3 Competitor Analysis

The frozen dessert industry in the U.S. is highly competitive but is dominated largely by multi-million dollar manufacturers that produce ice cream products primarily for retail distribution in supermarket/hypermarket distribution and there are virtually no mass producers of gelato products. The following table illustrates the market division among the largest frozen dessert manufacturers in the U.S. market:



Compared to ice cream, companies tend to be focused on fewer brands in this segment. Segment leader Dreyer's Grand Ice Cream Holdings (Nestlé S.A. Switzerland) featured its Slow Churned and Häagen-Dazs brands, while Unilever's main brand was a Ben & Jerry's line extension. Smaller players such as Turtle Mountain and Turkey Hill Dairy have emerged in the segment. In the case of Turtle Mountain, it is poised to overtake much larger Unilever if current sales patterns continue. It differentiates itself from others in the segment, as its products such as Purely Decadent are soy-based. Some 13% of consumers in Mintel's exclusive survey and another 13% of children under 18 have eaten these types of non-dairy ice cream products in the past six months (see Consumption of Frozen Desserts). The fact that children's percentages are equal to that of adults indicates a sub segment that may be poised for future growth.

The following competitor analysis examines the primary national competitor for an operation of [BUSINESS NAME] size. Although [BUSINESS NAME] is a small operation with a single location, it is competing against large national competitors rather than established localized competitors in the Tampa area, which is not dominated by a single frozen yogurt operator or even a single dominant frozen dessert operator:

Pinkberry's

Strengths:

- Pinkberry has a recently established brand identity based on healthy frozen yogurt products comprised of both traditional and novel flavors such as green tea.
- Pinkberry is founded on a modern or industrial design concept that is conducive to customer retention.

- *Weaknesses:*
- Pinkberry is still relatively small although its franchise format has spurred rapid growth.
- The company is limiting its own franchise growth as its website states that it is not currently accepting franchise applications.

Indirect competition for the yogurt industry would be desserts served at restaurants such as pies, cakes and Italian pastries.

Competitor Profile Matrix (CPM)		**[BUSINESS NAME]**		**Pinkberry**	
CRITICAL SUCCESS FACTORS	WEIGHT	RATING	SCORE	RATING	SCORE
Advertising	0.20	3	0.60	4	0.80
Product Quality	0.10	4	0.40	3	0.30
Price Competitiveness	0.10	3	0.30	2	0.20
Management	0.10	4	0.40	2	0.20

Financial Position	0.15	2	0.30	4	0.60
Customer Loyalty	0.10	2	0.20	3	0.30
Brand Identity	0.20	2	0.40	4	0.80
Market Share	0.05	1	0.05	4	0.20
TOTAL	1.00		2.65		3.40

4.4 SWOT Analysis

[BUSINESS NAME] primary market strengths are its focus on frozen yogurt products rather than attempting to establish itself in several major product lines. By focusing on a single primary product line, [BUSINESS NAME] is offering itself the most opportunity for success.

The primary weakness for [BUSINESS NAME] is its relative lack of market experience on the part of its owner and manager, [OWNER'S NAME]. While [OWNER'S NAME] has years of managerial experience, as well as human resource management skills, he lacks direct industry experience. This creates a potentially hazardous difficulty for him and his business should the market become more competitive over time.

The primary opportunity for [BUSINESS NAME] is the fact that Florida is a hot weather climate virtually year around. Although it does cool down in the winter months, this season is fairly short. Even during the winter months, it is not uncommon to see days with temperatures in the 60s and 70s in terms of degrees Fahrenheit.

Seasonality is a large threat in the ice cream and frozen yogurt industry, as during the winter month's retail ice cream shop sales tend to drop considerably. While it is believed that the weather in Florida will shield [BUSINESS NAME] from this seasonality to some degree, there is a threat that it will negatively impact sales. The other primary threat to [BUSINESS NAME] ongoing viability is the low-carbohydrate or low-fat trend in some segments of the market. Current health trends indicate that while some market segments are increasingly willing to pay for premium products, others are increasingly monitoring their carbohydrate and fat intake.[6] If [BUSINESS NAME] does not emphasize the use of its low fat yogurt products in all of its advertising and marketing collateral, it runs the risk of alienating its market.

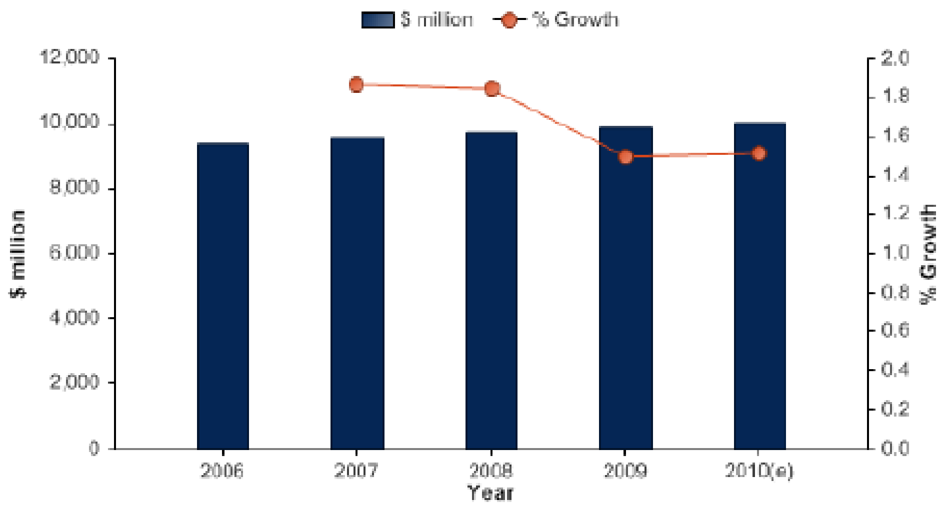
4.5 TOWS Strategy Development

The following TOWS matrix (threats, opportunities, weaknesses, strengths) reveals how [BUSINESS NAME] should base its forward strategies by maximizing strengths to take advantage of opportunities and minimize weaknesses in order to avoid market threats:

TOWS MATRIX	**STRENGTHS**	**WEAKNESSES**
OPPORTUNITES	Opportunity: health conscious public/Strength: naturally low fat products	Opportunity: growing population/Weakness: higher product fat content de-emphasized
THREATS	Threats: Increasing obesity rates/Strengths: fulfilling products & health conscious yogurt products	Competitor products & lower price points/Weaknesses: [BUSINESS NAME] cannot compete on price but must create value in service & quality metrics

4.6 Forward Strategy & Future Outlook

[BUSINESS NAME] will focus on growing its single location to profitability and use to establish brand recognition over the entire Tampa Bay region by measured revenue targets year on year. These measured growth targets ensure that the quality of service and frozen yogurt never drops, while still supporting the local community and increasing revenues and profits. Current research reveals that the ice cream market should continue expanding in terms of overall value or worth:



This type of project industry growth over the next three to five years, combined with the local population's projected growth and expansion, indicate that [BUSINESS NAME] will not only be successful, but that it will be able to establish itself before any serious competitive threat can enter the market and undermine its sales growth strategy.

V. Operational Plan

5.1 Production

[BUSINESS NAME] will not manufacture its own frozen yogurt products but rather will purchase them from a single local supplier. Thus, its product processes consist of storing, opening, and displaying products, as well as serving them and processing payments. Inventories will be ordered and received bi-weekly in order to avoid inventory buildup and to supply fresh products to [BUSINESS NAME] patrons.

5.2 Location

[BUSINESS NAME] has not yet selected a specific location but its location will be located near a large residential area, close to established businesses, and by a major freeway and thoroughfare.

5.3 Inventories

Inventories will consist primarily of supplies related to serving [BUSINESS NAME] products. These consist of cups, cones, and spoons, as well as storage bins for the product in the display freezers. Additionally, [BUSINESS NAME] will maintain a 3-day supply of its frozen yogurt products in order to ensure customer satisfaction metrics are maintained. Because the product supplier is local, these inventories can be replenished twice weekly.

5.4 Suppliers

The targeted supplier for the frozen yogurt products is DeConna Ice Cream, located at 4605 North Clark Ave., Tampa, Florida, 33614. DeConna has the production capacity to meet all of [BUSINESS NAME] potential supply needs.

5.5 Exit Strategies

[BUSINESS NAME] fully expects to stay operational and financially solvent. However, at times this is not a feasible reality due to market conditions or other unexpected events within the employment services industry. In such circumstances, the company will adhere to several strategies that will allow it to liquidate its business and business assets in a fashion that best suits the particular circumstances:

- Sale of Business to a 3rd party
- Liquidation of assets including industry contacts
- Bankruptcy through Chapter 13
- Simple closure of business

IV. Management and Organization

6.1 Company Structure & Ownership

[BUSINESS NAME] will be a sole proprietorship owned and managed by [OWNER'S NAME]. Additionally, he may seek another outside investor, but this is not absolutely necessary should he receive his funding request in the form of a small business loan.

6.2 Core Management Personnel

[OWNER'S NAME]: [BUSINESS NAME] will be owned and managed by [OWNER'S NAME], who is also the company's primary source of financial support.

Counter Supervisor: A counter supervisor will be hired in order to do the scheduling and management for the counter personnel and staff.

6.3 Roles & Responsibilities

[OWNER'S NAME]: [OWNER'S NAME] will handle all supplier and vendor relationships, as well as all the company's marketing strategy development and alliances.

Counter Supervisor: The counter supervisor will handle all of the scheduling of the part-time counter staff, as well as ongoing human resource issues related to discipline and training.

6.4 Salary Structure

The following table illustrates [BUSINESS NAME] personnel plan for the first three years of operations:

[BUSINESS NAME] PERSONNEL PLAN			
YEARS	**Year 1**	**Year 2**	**Year 3**
RATIO%	**0%**	**20%**	**22%**
Owner Manager	$18,000	$21,600	$25,920
Counter Supervisor	$10,800	$12,960	$15,552
Part-time staff	$7,200	$8,640	$10,368
Part-time staff	$7,800	$9,360	$11,232
Seasonal staff	$16,800	$20,160	$24,192
TOTAL PERSONNEL	6	7	9
TOTAL PAYROLL	**$60,600**	**$72,720**	**$87,264**

6.5 Key Success Factors

The following key success factors are critical to the company's ongoing and long-term success in its industry:

- Hiring talented and innovative employees to fill key roles within the organization
- Maintaining a strict adherence to the company's vision and mission statements

- Attaining first year sales objectives
- Meeting the company's three year revenue projection
- Executing the company's 12 month expansion strategy

VII. Personal Financial Statements

7.1 Personal Financial Statements

PERSONAL FINANCIAL STATEMENTS

SECTION 1 – INDIVIDUAL INFORMATION (Type or Print)	**SECTION 2- OTHER PARTY INFORMATION (Type or Print)**
Name	Name
Residence Address	Residence Address
City, State, Zip	City, State, Zip
Position or Occupation	Position or Occupation
Business Name	Business Name
Business Address	Business Address
City, State, Zip	City, State, Zip
Res. Phone Bus. Phone	Res. Phone Bus. Phone

SECTION 3 – STATEMENT OF FINANCIAL CONDITION AS OF ____, 20___________

ASSETS (Do not include Assets of doubtful value)	In Dollars (Omit Cents)		**Liabilities**	In Dollars (Omit Cents)	
Cash on hand and in banks			Notes payable to banks –		

			secured		
U.S. Gov't & Marketable Securities – see Schedule A			Notes payable to banks – unsecured		
Non-marketable Securities – see Schedule B			Due to brokers		
Securities held by broker in margin accounts			Amounts payable to others – secured		
Restricted or control stocks			Amounts payable to others - unsecured		
Real Estate owned as personal residence See Schedule C			Accounts and bills due		
			Unpaid income taxes and interest		
Real Estate owned for investment purposes See Schedule D (attached)			Real estate owned as personal residence Mortgages payable – see Schedule C		
Loans receivable			Real estate owned for investment purposes mortgages payable – see Schedule D		
Automobiles and other personal property					
Cash value life insurance – see Schedule E			Credit card/revolving debt		
Other assets – itemize			Other debts – itemized		
			TOTAL LIABILITIES		
TOTAL ASSETS			**NET WORTH = ASSETS – LIABILITIES**		
			TOTAL LIABILITIES & NET		

			WORTH		

SOURCES OF INCOME FOR YEAR ENDED______________________20_______	**PERSONAL INFORMATION**
Salary, bonuses & commissions $	Do you a will? ☐ No ☐Yes if yes, name of executor
Dividends	
Net real estate income	Are you a partner or officer in any other venture? If so describe
Other income (Alimony, child support, or separate maintenance Income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation)	
	Are you obligated to pay alimony child support or separate maintenance payments? If so, describe them
	Are any assets pledged other than as described on the schedules? If so, describe
TOTAL $	
CONTINGENT LIABILITIES	
Do you have any contingent liabilities? If so, describe them	Income tax settled through (date) __________________________
	Are you a defendant in any suits or legal actions?
As endorser, co-maker or guarantor $	Personal bank accounts carried at
On leases or contracts $	
Legal claims $	

Other special debt $	Have you ever declared bankruptcy, personal or otherwise? If so, describe
Amount of contested income tax liens $	

7.2 Details of Personal Financial Statements

SCHEDULE A – U.S. GOVERNMENTS AND MARKETABLE SECURITIES

Number of Shares of Face Value (Bonds)	Description	In Name Of	Are These Pledged?	Market Value

SCHEDULE B – NON-MARKETABLE SECURITIES

Number of Shares	Description	In Name Of	Are These Pledged?	Source of Value	Value

SCHEDULE C – REAL ESTATE OWNED

Address & Type Of Property	Title In Name Of	% Of Ownership	Date Acquired	Cost	Market Value	Mortgage Maturity	Mortgage Amount

SCHEDULE D – LIFE INSURANCE CARRIED, INCLUDING GROUP INSURANCE

Name of Insurance Company	Owner of Policy	Beneficiary	Face Amount	Policy Loans	Cash Surrender Value

SCHEDULE E – BANKS OR FINANCE COMPANIES WHERE CREDIT HAS BEEN OBTAINED

Name & Address of	Credit In The Name Of	Secured Or Unsecured	Original Date	High Credit	Current Balance

Lender					

The information contained in this statement is provided for the purpose of obtaining or maintaining a credit account, loan, small business loan or other financial transaction on behalf of the undersigned or persons, firms or corporations in whose behalf the undersigned may either severally or jointly with others, execute a guaranty in the issuer's favor. Each undersigned understands that the issuer of such financial support is relying on the information provided herein (including the designation made as to ownership of property) in deciding to grant or continue such financial support or oversight as is being requested. Each undersigned represents and warrants ***that the information provided is true and complete*** and that the issuer or provider may consider this statement as continuing to be true and correct until a written notice of a change is given to it by the undersigned. The issuer or provider is authorized to make all inquiries deemed necessary to verify the accuracy of the statements made herein, and to determine applicant's creditworthiness or financial health. Furthermore, the issuer/provider is authorized to answer questions about its financial experience with the undersigned party(s).

Signature (Individual) ________________________________

S.S. No. __________________________Date of Birth______

Signature (Other party)_______________________________

S.S. No. __________________________Date of Birth______

Date Signed _______________________20______________

VIII. Startup Expenses and Capitalization

8.1 Capitalization

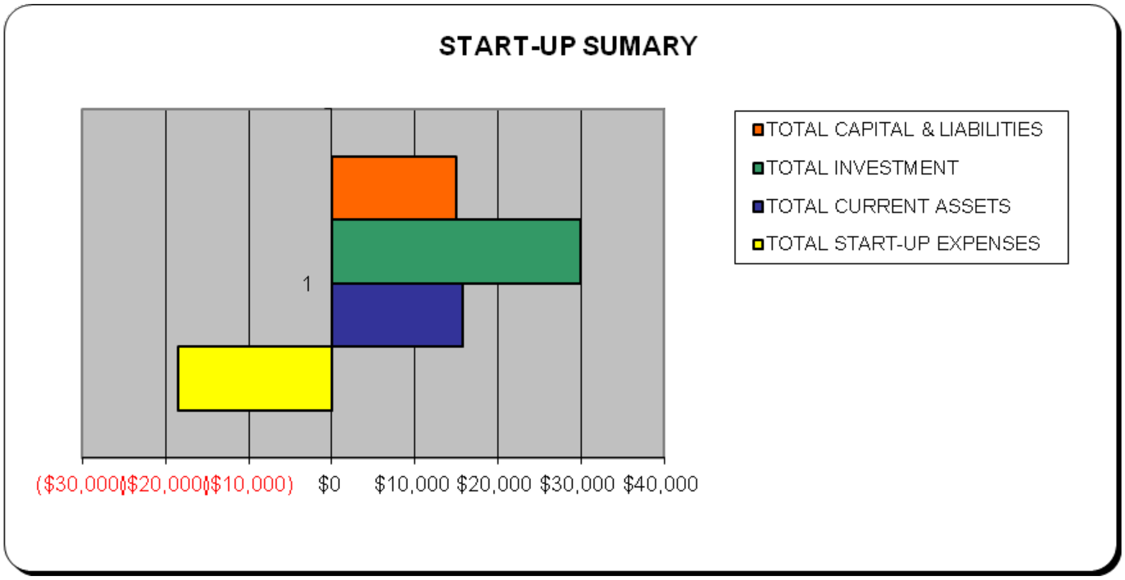
The company's capitalization will be provided by [OWNER'S NAME] in the form of an initial contribution of $50,000. Additionally, [OWNER'S NAME] will contribute $10,000 to be held in abeyance should the business environment cause [BUSINESS NAME] to require additional infusions of capital in order to remain solvent.

8.2 Startup Expenses

The following table illustrates [BUSINESS NAME] startup expenses and cost projections to opening:

[BUSINESS NAME] START-UP EXPENSES	
BUSINESS START YEAR	**Year 1**
OFFICE SUPPLY/PAPER/FAX PAPER/PRINTER INKS	$473
MARKETING/WEB/BUSINESS CARDS/BROCHURES/ADS	$1,305
EQUIPMENT/POS/HARDWARE/SOFTWARE/PHONES/DESK	$3,580
ARCHITECTURE/DECORATION/REMODELING	$2,143
OTHERS-LEGAL (PERMITS/TRADEMARKS/CORPS)	$870
RENT+SECURITY DEPOSIT	$1,500
INSURANCE	$300
OTHER A	$4,100
OTHER B	$700
OTHER C	$2,500
OTHER D	$1,000
FRANCHISE FEE (none)	$0
BUSINESS FEE TRANSFER	$0
TOTAL START-UP EXPENSES	**($18,471)**
Start-up Assets Needed	
Cash Balance on Starting Date	$8,700
Start-up Inventory	$6,079
Other Current Assets	$1,000
TOTAL CURRENT ASSETS	**$15,779**

Long-term Assets	$10,000
TOTAL ASSETS	**$25,779**
Total Requirements	$7,308
Funding & Investor	
INVESTOR 1	$30,000
INVESTOR 2	$0
OWNER 1	$0
OWNER 2	$0
BANK 1	$0
BANK 1	$0
TOTAL INVESTMENT	**$30,000**
Current Liabilities	
Accounts Payable	$1,000
Current Borrowing	$0
Other Current Liabilities	$0
CURRENT LIABILITIES	**$1,000**
Long-term Liabilities	$3,444
TOTAL LIABILITIES	**$3,444**
LOSS AT START-UP	**$18,471**
TOTAL CAPITAL	$11,529
TOTAL CAPITAL & LIABILITIES	$14,973



IX. Financial Plan

9.1 Primary Assumptions

Cash Sales: Projected gross sales will be based on the average of the monthly revenues of overall sales.

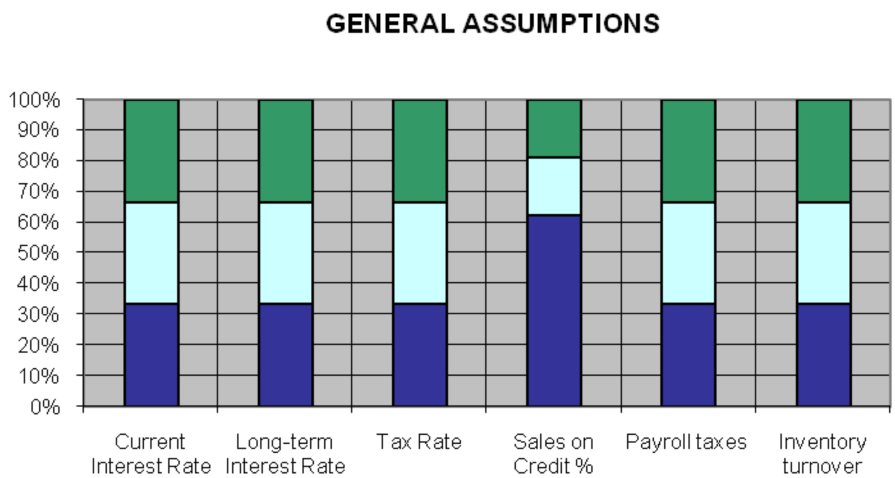
Other Income: This income is generated through the provision of frozen yogurt and related products.

Cost of Goods Sold: This figure is based on a figure of 35% of revenues, which is the industry corporate standard.

Payroll: This figure is based on the full-time owner-manager position, the counter supervisor and the part-time staff.

[BUSINESS NAME] GENERAL ASSUMPTIONS			
	Year 1	**Year 2**	**Year 3**
Plan Month	**1**	**2**	**3**
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%

Tax Rate	25.42%	25.00%	25.42%
Sales on Credit %	50.00%	15.00%	15.00%
Payroll taxes	12.00%	12.00%	12.00%
Inventory turnover	20.00%	20.00%	20.00%



9.2 Summary of Financial Results

1st Year Sales	Net Income	Cost of Sales	2nd Year Sales	3rd Year Sales
$306,000	$106,447	$92,400	$376,380	$564,570

9.3 3-Year Profit/Loss

This table details [BUSINESS NAME] expected profit and loss through the first three years of operations:

[BUSINESS NAME] SALES	**$306,000**	**$376,380**	**$564,570**
Direct Cost of Sales	$92,400	$101,640	$142,296
Other	$0	$0	$0
TOTAL COST OF SALES	**$92,400**	**$101,640**	**$142,296**

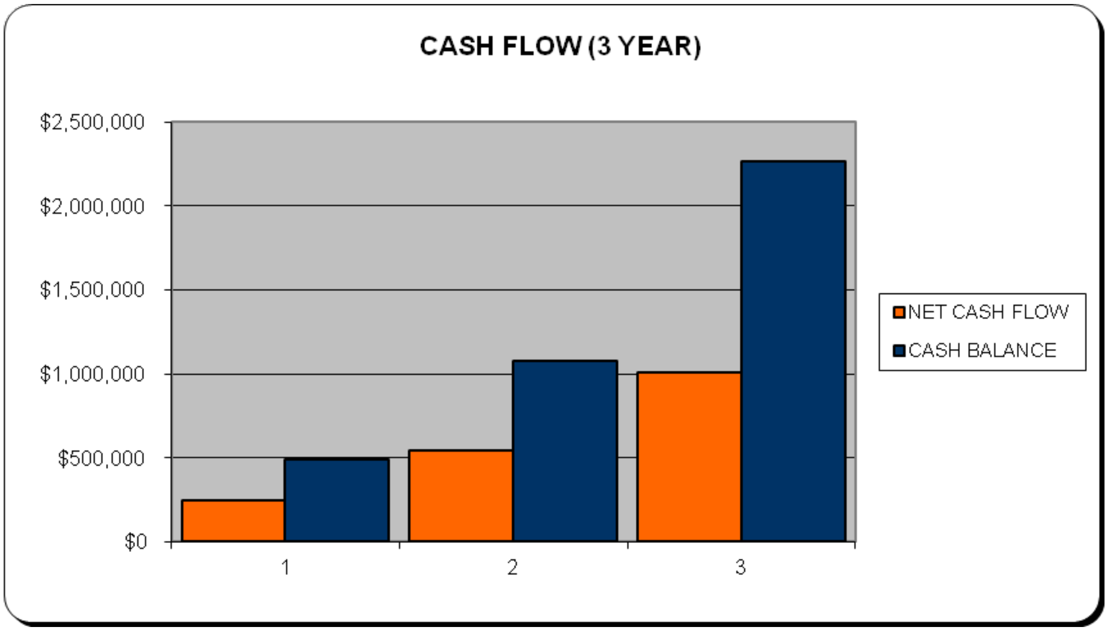
Gross Margin	$213,600	$274,740	$422,274
Gross Margin %	231.17%	270.31%	296.76%
EXPENSES:			
PAYROLL	**$60,600**	**$72,720**	**$87,264**
Sales and Marketing and Other Expenses	$3,000	$0	$0
Depreciation	$0	$0	$0
Leased Equipment	$0	$0	$0
Utilities	$0	$0	$0
Insurance	$0	$0	$0
Rent	$0	$0	$0
Payroll Taxes	$7,272	$8,726	$10,472
Other	$0	$0	$0
TOTAL OPERATING EXPENSES	**$70,872**	**$81,446**	**$97,736**
Profit Before Interest and Taxes	$142,728	$193,294	$324,538
Interest Expense	344	344	344
Taxes Incurred	$35,937	$47,979	$82,153
NET PROFIT	**$106,447**	**$144,970**	**$242,041**
NET PROFIT/SALES	**34.79%**	**38.52%**	**42.87%**

9.4 3 Year Profit Projection

The following table outlines the expected pro forma cash flows through the first three years of operations at [BUSINESS NAME]:

PRO FORMA CASH FLOW			
CASH FROM OPERATIONS	**Year 1**	**Year 2**	**Year 3**
Cash Sales	$153,000	$319,923	$479,885
Cash from Receivables	$153,000	$56,457	$84,686
SUBTOTAL CASH FROM OPERATIONS	**$306,000**	**$376,380**	**$564,570**
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	$30,000	$20,000	$22,222
Subtotal Cash Received	**$336,000**	**$396,380**	**$586,792**
EXPENDITURES FROM OPERATIONS	**Year 1**	**Year 2**	**Year 3**
Cash Spending (+Payroll)	$60,600	$72,720	$87,264
Payment of Accounts Payable	$30,000	$30,000	$30,000
SUBTOTAL SPENT ON OPERATIONS	**$90,600**	**$102,720**	**$117,264**
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	**$90,600**	**$102,720**	**$117,264**
NET CASH FLOW	$245,400	$539,060	$1,008,588
CASH BALANCE	**$490,800**	**$1,078,120**	**$2,262,576**

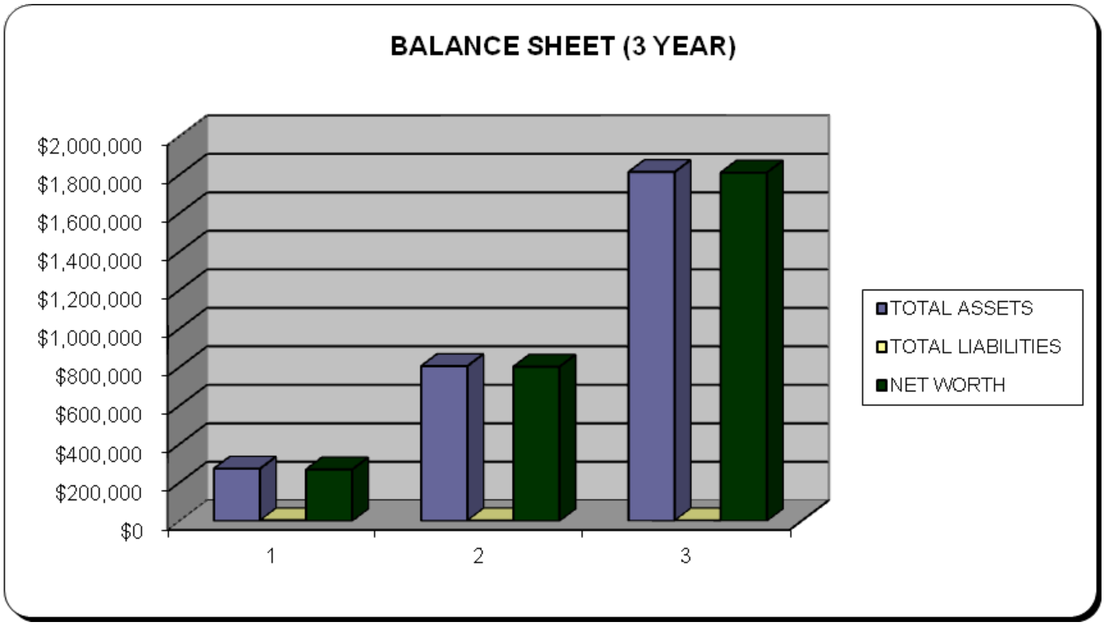


9.5 Opening Day Balance Sheet

The opening day balance sheet is an important metric because it details the financial health of the company upon opening. This detailed information of [BUSINESS NAME] is outlined below:

[BUSINESS NAME] ASSETS	**Year 1**
Cash	$245,400
Accounts Receivable	$10,000
Inventory	$6,079
Other Current Assets	$1,000
TOTAL CURRENT ASSETS	**$262,479**
Long-term Assets	$10,000
Accumulated Depreciation of assets	$0

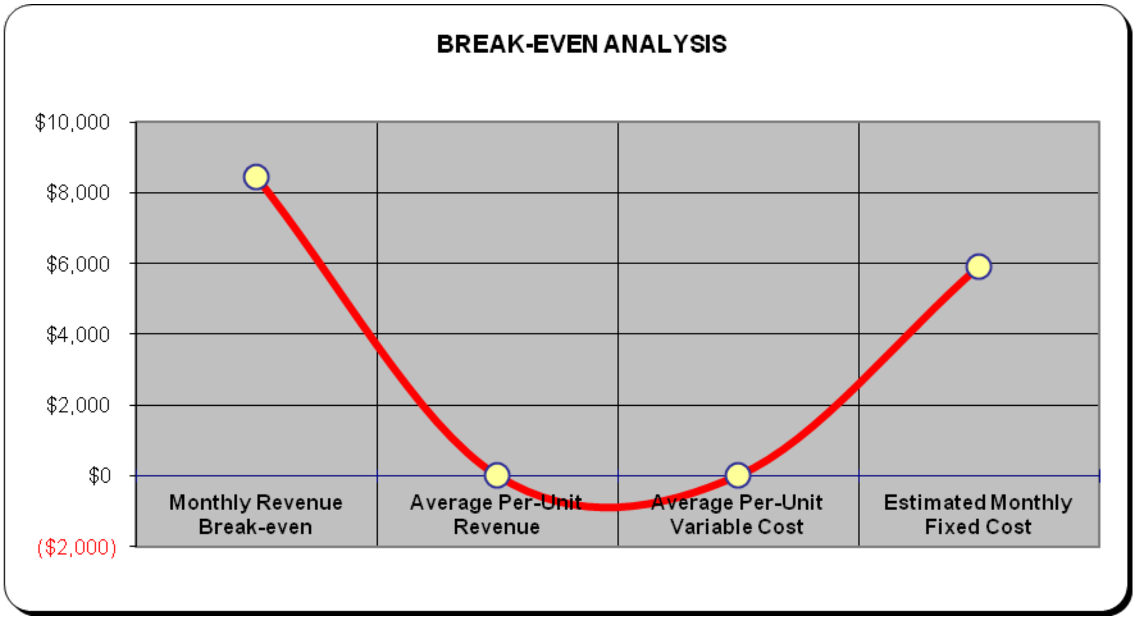
Total Long-term Assets	$10,000
TOTAL ASSETS	**$272,479**
Liabilities and Capital	
CURRENT LIABILITIES	
Accounts Payable	$1,000
Current Borrowing	$0
Other Current Liabilities	$0
SUBTOTAL CURRENT LIABILITIES	$1,000
Long-term Liabilities	$3,444
TOTAL LIABILITIES	**$4,444**
Paid-in Capital	$30,000
Retained Earnings	$131,588
Earnings	$106,447
Total Capital	**$268,035**
Total Liabilities and Capital	$272,479
NET WORTH	**$268,035**



9.6 Break Even Analysis

The breakeven analysis indicates the point at which [BUSINESS NAME] meets all its necessary expenses and begins to make a profit. This information is detailed below in the following breakeven analysis:

[BUSINESS NAME] BREAK-EVEN ANALYSIS:	
Monthly Units Break-even	1,266
Monthly Revenue Break-even	$8,437
ASSUMPTIONS:	
Average Per-Unit Revenue	$6.67
Average Per-Unit Variable Cost	$2.00
Estimated Monthly Fixed Cost	**$5,906**


BREAK-EVEN ANALYSIS
$10,000
$8,000
$6,000
$4,000
$2,000
$0
($2,000)
Monthly Revenue Break-even
Average Per-Unit Revenue
Average Per-Unit Variable Cost
Estimated Monthly Fixed Cost

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