How to Start a Jewelry 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:

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

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?

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

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.

Go to Top

3. Complete Jewelry Business Plan Template

Table of Contents

1.0 Executive Summary

[NAME]

[ADDRESS]

[CITY]

[STATE ZIP]

XXX-XXX-XXXX

XXX-XXX-XXXX

[EMAIL]

Introduction

[COMPANY NAME] aims to become a leading provider of jewelry products and services for its area, utilizing the owner's five years of experience within this industry.

Location

[COMPANY NAME] will be a sole-partnership owned 100% by [NAME] and will be located in Morgantown, WV – in the Suncrest Town Centre.

The Company

[NAME] will be the owner and manager of [COMPANY NAME], offering a variety of unique jewelry pieces as well as high quality repair and maintenance services, all available at competitive prices to the local community.

Our Services

[COMPANY NAME] will offer the following products and services:-

Jewelry & watches, etc. - 70%

Designer Handbags & Purses - 20%

Maintenance and Repair - 10%

The Market

[COMPANY NAME] has two distinct types of customers. Those who choose to buy jewelry for themselves (mainly female customers) and those who choose to buy it as a present for others (both male and female clients). There are also those who wish to utilize the repair and maintenance services the Company has to offer. The market will therefore focus on those above the age of 18, located specifically in Morgantown, WV as well as those in Uniontown, which is only a 45 minute drive from the Suncrest Town Centre.

Financial Considerations

The current financial plan for the [COMPANY NAME] will be to secure $245,000 in grant funding by the spring of 2011. This, alongside $30,000 of owner investment, will be utilized to purchase both short and long term assets such as jewelry cases, safes & security cameras, inventory as well as help cover the costs of accounting, marketing and a company vehicle, as outlined in the Milestones Table.

The major focus for grant funding is as follows:

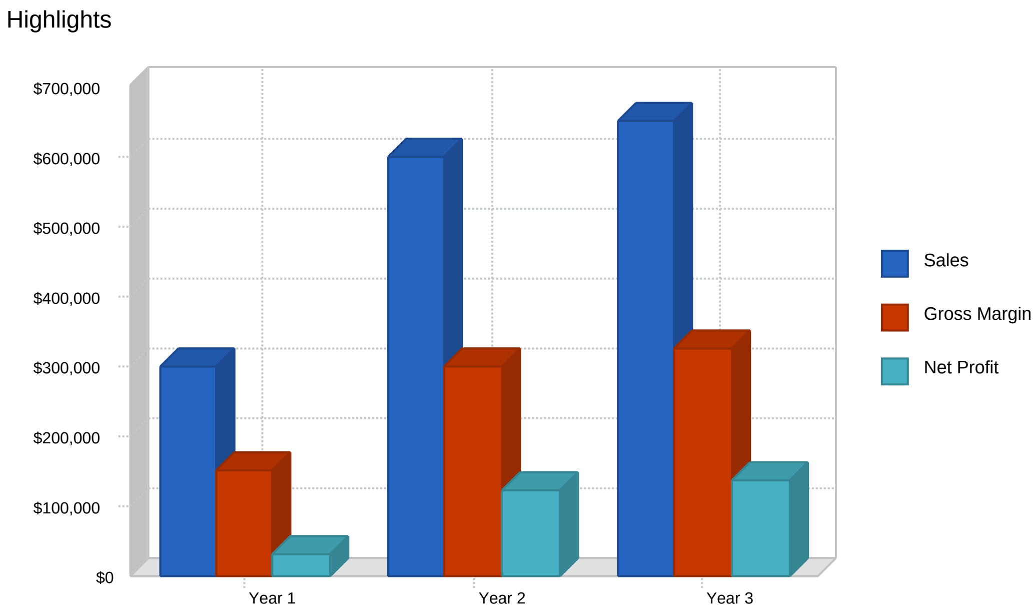
1. The [COMPANY NAME] is a 100% woman owned business.

2. Small boutique that carries outstandingly unique designs, not easily found elsewhere, offering customers a variety of options outside of big store names.

3. Purchased equipment will be the most energy efficient equipment available.

4. Hire employees; the Company will look to hire both minorities and the unemployed.

Chart: Highlights



1.1 Objectives

[COMPANY NAME] has several objectives it would like to fulfill. They are the following:

1. To become a recognized leader in the community for providing outstanding jewelry inventories and jewelry related services.
2. To aggressively expand during the first three years of operation.
3. To develop an online presence by developing a website with company information and advertising.
4. To operate the Business as environmentally friendly as possible.

1.2 Mission

The [COMPANY NAME]'s mission is to become the recognized leader in its target market for providing outstanding jewelry inventories and jewelry related services.

1.3 Keys to Success

[COMPANY NAME] aims to have several keys to success, including the following:-

1. Outstanding inventories and jewelry related services.

2. Effective marketing strategy.

3. Competitive pricing.

4. Location.

2.0 Company Summary

[NAME] will be the owner and manager of [COMPANY NAME], which aims to open its store up in the Suncrest Town Centre, Morgantown, WV. [NAME] has 5 years of jewelry store operations experience and will be bringing this knowledge to [COMPANY NAME].

2.1 Company Ownership

[NAME] will be the sole proprietor, owning 100% of the Business.

2.2 Start-up Summary

The [COMPANY NAME] aims to purchase business licenses etc, for $1,000 as well as initial office stationary for $1,000. The Company also aims to purchase a year's worth of insurance for $10,000 as well as a 5 year lease on the property for $30,000 per year. An office computer, printer and other software will be bought for $4,000 and a further $35,000 will cover 'other expenses' such as jewelry cases, displays and a safe.

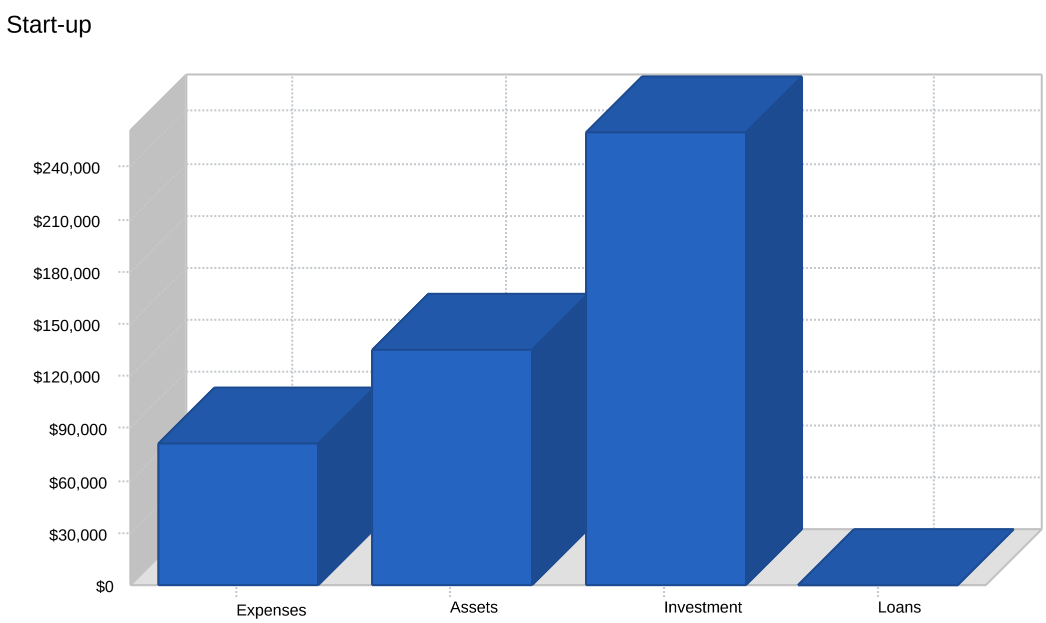
Initial Start-Up Assets not included in the Start-Up Expenses will include $15,000 as the cash required for in-store hand money.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	$1,000
Stationery etc.	$1,000
Insurance	$10,000
Rent	$30,000
Computer	$4,000
Other	$35,000
Total Start-up Expenses	$81,000

Start-up Assets	
Cash Required	$15,000
Start-up Inventory	$120,000
Other Current Assets	$0
Long-term Assets	$0
Total Assets	$135,000
Total Requirements	$216,000

Chart: Start-up



3.0 Products and Services

The primary revenue source for the business will come from the direct sale of jewelry inventories to the general public. These initial inventories will include watches, bracelets, rings, earrings, and other jewelry products that are in demand. These products will be made from the highest quality metals including sterling silver, gold, and platinum. The [COMPANY NAME] will also carry a number of jewelry products that feature precious stones such as diamonds, rubies, emeralds, sapphires, and other rare stones. Approximately 70% of the [COMPANY NAME]'s revenue will come from the sale of jewelry products. A secondary source of revenue for the business will come from the sale of designer purses and handbags. A third source of revenue will come from providing jewelry related services to its customer base. These services will include jewelry piece resizing, watch repairs, polishing, and other services commonly associated with jewelry maintenance. This is a very important source of revenue for the [COMPANY NAME] as the income generated from these services carries very high margins.

4.0 Market Analysis Summary

The market for jewelry consists of all female adult individuals, as well as some male individuals who require watch maintenance services and those who wish to purchase items for their female partners. Therefore, the market for this jewelry store is synonymous with the adult population of Morgantown, WV, in which the Suncrest Town Centre is located as well as Uniontown, PA a 45-minute ride from the store location – where the owner is based and can therefore spread the word. Furthermore, Morgantown, WV has been voted numerous times as one of the best cities to live in and will therefore attract many customers to come and visit for the day from the surrounding areas.

4.1 Market Segmentation

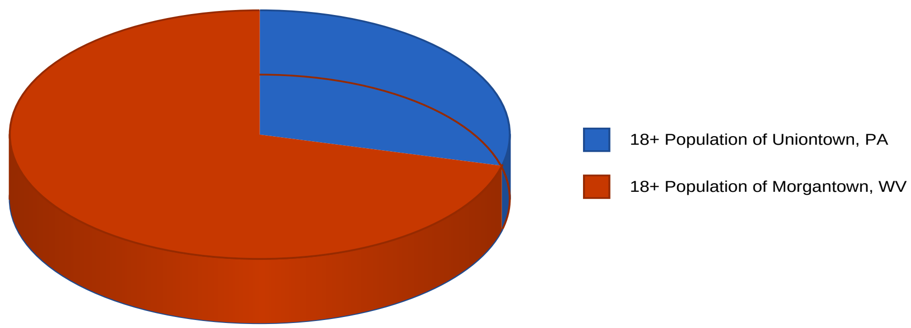
[COMPANY NAME] has several distinct groups of people who will shop at the store. These specifically include couples who are either looking for a romantic present, those who seek to maintain or repair their current items of jewelry, as well as those who are shopping for themselves for a special event or an everyday item, or those who are shopping for other family members or friends.

Table: Market Analysis

Market Analysis							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
18+ Population of Uniontown, PA	2%	12,422	12,670	12,923	13,181	13,445	2.00%
18+ Population of Morgantown, WV	5%	30,330	31,847	33,439	35,111	36,867	5.00%
Total	4.15%	42,752	44,517	46,362	48,292	50,312	4.15%

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

Paper advertising. [COMPANY NAME] aims to pursue the more conventional forms of advertising through local papers and other fashion publications in order to attract everyday customers.

Website. With the growing use of the Internet, the Web has become an indispensable tool. The [COMPANY NAME] therefore plans to have a full-service website that allows the visitor to view the store's current inventory, as well as obtain contact information. The Business will develop the site even further to allow customers to make purchases online.

Word of Mouth. [COMPANY NAME] will also plan to target its market by building up a solid reputation that will be spread to other potential customers via word of mouth.

4.3 Service Business Analysis

Competing jewelry businesses in the Morgantown area include - Kays Jewelers; Universal Jewelry; Elder Beerman; Piercing Pagoda; JC Penny's; Masman Jewelry; Jane V Jewelers. ElderBeerman, JC Penny's, and the Piercing Pagoda are all located in mall complexes, and are all well known brands. There are lessons that can be learned from their longevity in the business. Though, with a larger business regional items that are popular may be overlooked with a corporate brand, thus resulting in a loss of sales opportunities.

The remaining jewelry stores listed are singular, self-owned and operated businesses. Location, and a modern store design and layout will be the catalyst for the [COMPANY NAME]'s business growth.

4.3.1 Competition and Buying Patterns

The jewelry industry is composed of thousands upon thousands of people. Some work and distribute locally, others have national distribution systems set up. Some artists will design products for larger companies to manufacture; others will design and make the pieces themselves.

Competition takes the following forms:

- Artists creating designs that are then manufactured on a large scale and distributed nationally. The artists might be famous enough to have their own one-name studio that they create designs and the product is made and sold under the larger company's name. If the artist does not have national name recognition, the designers might belong to a firm that is hired to develop designs for a company who will manufacture and sell the product.
- A company that has their own designers in-house. In this case everything is done in-house, design, marketing and wholesaling. Another variation would be in-house designers, marketers and wholesalers with the manufacturing contracted out.
- Artists who design and make all of the pieces themselves, and then do the wholesaling or retailing themselves.
- The buying patterns of consumers fall into typically two types: gifts and impulse purchases. A gift purchase occurs when the buyer is looking for a gift for someone, sees the jewelry piece, and then purchases it. In this case the plan is to make a purchase, it is just not known what or where that purchase will be made. The other buying pattern is an impulse purchase. Someone will be shopping, they are not in need of anything, will see the item and have to have it, buying it on the spot. One last pattern that occurs less frequently is if someone was looking for an "accessory" that would match an outfit and happens to come across the piece of jewelry and buys it. Price is oftentimes the major influencing factors on whether or not someone will make any of the above purchases.

5.0 Web Plan Summary

The [COMPANY NAME] will develop a website, which will primarily feature information regarding the Company's mission, history and inventories as well as location details and hours of operation. There will also be a 'contact information' section, where more in depth inquires will be directed to the Company's phone number. The [COMPANY NAME]'s website will also serve as a basic catalog of offered jewelry pieces and services that will be provided.

5.1 Website Marketing Strategy

The website's marketing strategy will employ two distinct mechanisms:

- Search engine submission: This will be most useful to people who are unfamiliar with the [COMPANY NAME], but are looking for a local jewelry supplier. There will also be searches from customers who may already know about the Company, but are seeking additional information or wanting to browse inventory online.
- URL on all printed material: For every printed piece of material that [COMPANY NAME] will offer, the site's Web address will be listed, encouraging a visit to the site.

5.2 Development Requirements

The site will be developed upon receipt of grant funding. One person will be hired to build and maintain the site, keeping it up to date with the catalog of jewelry and services. Eventually, the site will also add an e-commerce function where customers will be able to place orders online and have items shipped directly to their homes.

6.0 Strategy and Implementation Summary

[COMPANY NAME] intends to implement the grant funding in the following ways:

Use	Funding
Deposits	$30,000
Working capital	$15,000
Store security	$10,000
Marketing	$10,000
Opening supplies	$20,000
Company vehicle	$20,000
Store improvements	$5,000
Inventory	$120,000
Accounting	$15,000
Total	**$245,000.00**

6.1 SWOT Analysis

The main strength of the [COMPANY NAME] lies in the experience the owner has accumulated over the past five years within the jewelry industry. The Company's current weakness, the lack of starting funds and working capital, can be overcome by the receipt of grant funding. Although there are certain threats from other already-established boutiques, the owner plans to overcome this by leasing a store in a central location to attract as many customers as possible as well as by offering more unique pieces of jewelry and affordable maintenance services. This will enable the Business to take advantage of current market opportunities, allowing it to double its sales by 2012.

6.1.1 Strengths

The [COMPANY NAME]'s major strength will lie primarily in the five years of experience the owner has within the jewelry industry. This high quality service coupled with affordable prices will further strengthen the Company's market position.

6.1.2 Weaknesses

[COMPANY NAME]'s current weakness arises from the fact that the Company is a start-up and therefore lacks both capital and infrastructure. The receipt of grant funding will help eliminate this weakness.

6.1.3 Opportunities

[COMPANY NAME]'s main opportunity lies in securing the grant funding which will enable the Company to purchase current and long-term assets. This will further allow the Business to firmly establish itself within the market by launching a major marketing campaign and purchase $120,000 worth of inventory, thus stimulating both sales and profits. [COMPANY NAME] also seeks to secure a property in a prime, central location that will attract numerous customers, in order to take advantage of those who pass-by and those who have researched into the store. As a result, [COMPANY NAME] will generate even more working capital and an increased cash flow for its consecutive years in business.

6.1.4 Threats

The main threat that faces [COMPANY NAME] would come from another downturn in the economy, which would reduce people's disposable income and their need for the Company's services and products. The other threat to the Business would stem from other present or emerging local competitors. However, the owners' long-time experience within this industry will help build customer loyalty, as the Company aims to provide a high quality service and unique products at affordable prices, not easily duplicated by others.

6.2 Competitive Edge

[COMPANY NAME]'s competitive edge is fairly simple. It is based upon selling more creative and unusual designs as well as a modern store design that cannot be easily found in larger, more established jewelry stores. Furthermore, [NAME]'s numerous years of experience within this industry have made her more in tune with customer’s needs and desires, giving the Company another edge over its competitors. This, alongside offering the Company's maintenance and repair services at affordable prices, will ensure that the [COMPANY NAME] takes a place at the forefront of its competition.

6.3 Marketing Strategy

[NAME] intends on using a number of marketing strategies that will allow the [COMPANY NAME] to easily attract both men and women within the target market. These strategies include traditional print advertisements, radio advertisements, and ads placed on search engines on the Internet. This internet based strategy is very important as many people seeking local retailers, such as jewelers, now use the Internet to conduct their preliminary searches. [COMPANY NAME] will register the Jewelry Store with online portals so that potential customers can easily reach the Business. The [COMPANY NAME] will also develop its own online website, which will feature information regarding the [COMPANY NAME]'s inventories, its location, and hours of operation. In the future, e-commerce functionality will be included in this website so that the [COMPANY NAME] can generate sales from outside of its brick and mortar retail location. [COMPANY NAME] will maintain a sizable amount of print and traditional advertising methods within local markets to promote the jewelry and jewelry services that the Company is offering.

6.4 Sales Strategy

[NAME] is currently sourcing a number of wholesalers and brand name jewelry distributors that will provide [COMPANY NAME] with its initial inventories of watches, bracelets, rings, earrings, and other jewelry products that are in demand. [NAME] is also sourcing a number of wholesalers of designer purses and handbags that will provide the products that are in demand. Jewelry maintenance services will also be a very important source of revenue for [COMPANY NAME] as the income generated from these services carries very high margins.

6.4.1 Sales Forecast

Approximately 70% of [COMPANY NAME]'s revenue will come from the sale of jewelry products, with the remaining 30% coming from service repair and maintenance of watches and other items. Cost of goods sold is estimated to be 50% of sales for the first two years, lowering to 46% in Year 3 due to increasing bulk purchase and more established relationships with vendors and clients.

Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Sales			
Sales	$300,833	$600,000	$650,000

Total Sales	$300,833	$600,000	$650,000
Direct Cost of Sales	Year 1	Year 2	Year 3
Cost of Goods Sold	$150,408	$300,000	$325,000
Subtotal Direct Cost of Sales	$150,408	$300,000	$325,000

Chart: Sales Monthly

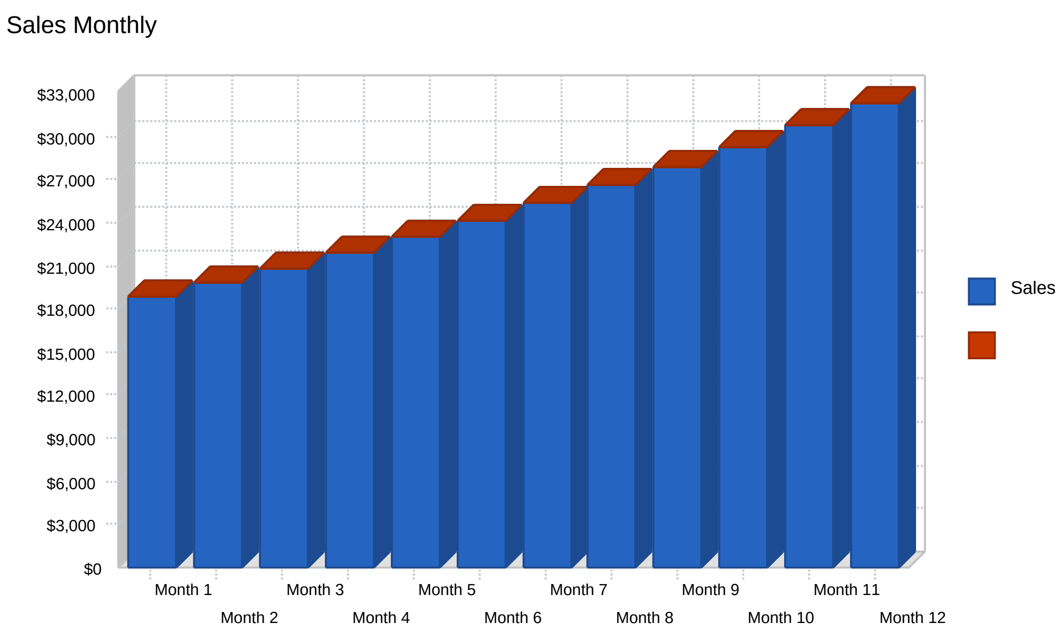
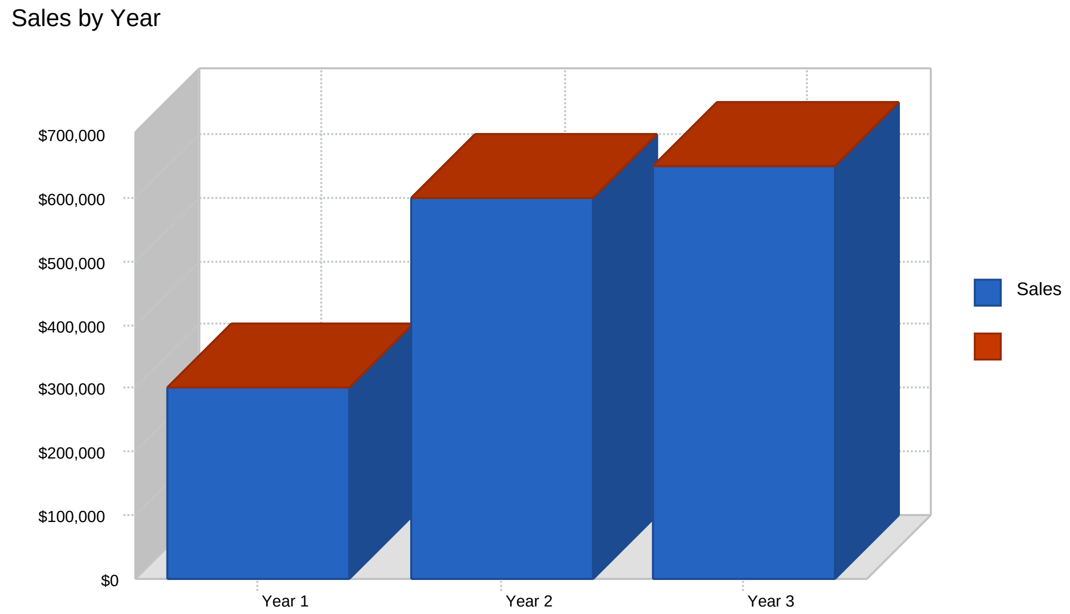


Chart: Sales by Year



6.5 Milestones

[COMPANY NAME]'s primary milestone is to secure $245,000 in grant funding which will enable it to put down deposits on the store property and pay leases for a total amount of $30,000. The Company then plans to purchase its initial inventory (for $120,000) as well as opening supplies and a Company vehicle. Upon securing the store property, it then aims to improve it and install security cameras, while initializing its marketing campaign.

Table: Milestones

Milestones			
Milestone	Budget	Manager	Department
Secure grant funding	$245,000	[NAME]	Financial
Pay initial lease and deposits	$30,000	[NAME]	Financial
Purchase opening supplies	$20,000	[NAME]	Inventory
Purchase inventory	$120,000	[NAME]	Inventory
Purchase company vehicle	$20,000	[NAME]	Transport
Set up store security	$10,000	[NAME]	Security
Start marketing campaign	$10,000	[NAME]	Advertising
Improve store	$5,000	[NAME]	Inventory
Totals	$460,000		

7.0 Management Summary

[NAME] has 5 years of experience within the jewelry industry and will perform the following duties: sales, marketing, management, coordination, prospecting, and customer service. Upon receipt of grant funding an employee will be hired to handle operations and will be earning $10 p/hour.

7.1 Personnel Plan

The detailed monthly personnel plan for the first year is included in the appendix. The annual personnel estimates are included here. [NAME] will not take a salary until the Company's bottom line is sustainably making a healthy profit. All full-time employees will receive a benefits package.

Table: Personnel

Personnel Plan			
	Year 1	Year 2	Year 3
Operations Manager	$19,200	$20,000	$20,750
Accountant	$15,000	$15,500	$16,000
Total People	3	3	3
Total Payroll	$34,200	$35,500	$36,750

8.0 Financial Plan

[COMPANY NAME]'s growth depends on the ability to take advantage of the existing opportunities identified in the SWOT analysis. $245,000 in grant funding will enable the business to take care of start-up costs, as well as $30,000 of the owner's own investment. By the end of the first year in business, [COMPANY NAME] intends to be a $300,000 a year business. Operating income should then be able to provide on-going funding and cash flow, producing steady growth and profits.

8.1 Start-up Funding

The owner has total funds in the amount of $30,000 available to put towards [COMPANY NAME] (of which $15,000 has been put aside as initial cash on hand for the store opening), and a further investment of $245,000 from grant funding will go towards the purchase of more long-term assets to further expand the Company. [COMPANY NAME] does not currently intend on taking out any loans, although this is dependent upon the receipt of grant funding.

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	$81,000
Start-up Assets to Fund	$135,000
Total Funding Required	$216,000
Assets	
Non-cash Assets from Start-up	$120,000
Cash Requirements from Start-up	$15,000
Additional Cash Raised	$44,000
Cash Balance on Starting Date	$59,000
Total Assets	$179,000
Liabilities and Capital	

Liabilities	
Current Borrowing	$0
Long-term Liabilities	$0
Accounts Payable (Outstanding Bills)	$0
Other Current Liabilities (interest-free)	$0
Total Liabilities	$0
Capital	
Planned Investment	
Owner	$15,000
Investor	$245,000
Additional Investment Requirement	$0
Total Planned Investment	$260,000
Loss at Start-up (Start-up Expenses)	($81,000)
Total Capital	$179,000
Total Capital and Liabilities	$179,000
Total Funding	$260,000

8.2 Important Assumptions

The Average Percent Variable Cost is 50%

Estimated Monthly Fixed Cost is $8,653

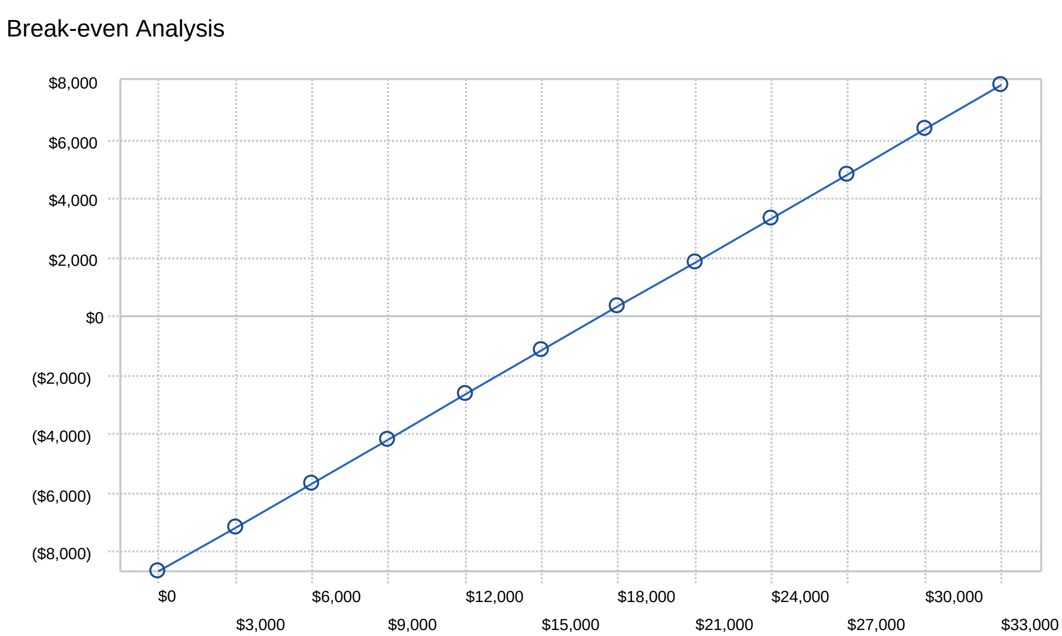
8.3 Break-even Analysis

The monthly revenue needed to break-even is $17,304

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$17,304
Assumptions:	
Average Percent Variable Cost	50%
Estimated Monthly Fixed Cost	$8,653

Chart: Break-even Analysis



8.4 Projected Profit and Loss

The profit and loss table for [COMPANY NAME] is based on an initial steady entry into the market, following by an increasing growth rate in sales. These numbers are dependent upon a recovering economy, the establishment of the Company's service and the receipt of $245,000 in grant funding, which will help cover its start-up expenses and inventories, alongside funding for advertising, expansion of markets and working capital. 5% of sales are allocated to 'other' expenses, which include auto/truck expenses, travel, legal fees as well as equipment and phone/fax services. [COMPANY NAME] is projecting to double its net profit to approximately 20% for 2012 onwards.

Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	$300,833	$600,000	$650,000
Direct Cost of Sales	$150,408	$300,000	$325,000
Other Costs of Sales	$0	$0	$0
Total Cost of Sales	$150,408	$300,000	$325,000
Gross Margin	$150,425	$300,000	$325,000
Gross Margin %	50.00%	50.00%	50.00%
Expenses			
Payroll	$34,200	$35,500	$36,750
Marketing/Promotion	$9,996	$11,000	$12,000
Depreciation	$0	$0	$0
Rent	$30,000	$31,000	$32,000
Utilities	$4,500	$4,750	$5,000
Insurance	$5,004	$5,200	$5,400
Payroll Taxes	$5,130	$5,325	$5,513
Other	$15,000	$30,000	$32,500

Total Operating Expenses	$103,830	$122,775	$129,163
Profit Before Interest and Taxes	$46,595	$177,225	$195,838
EBITDA	$46,595	$177,225	$195,838
Interest Expense	$0	$0	$0
Taxes Incurred	$13,978	$53,167	$58,751
Net Profit	$32,617	$124,058	$137,086
Net Profit/Sales	10.84%	20.68%	21.09%

Chart: Profit Monthly

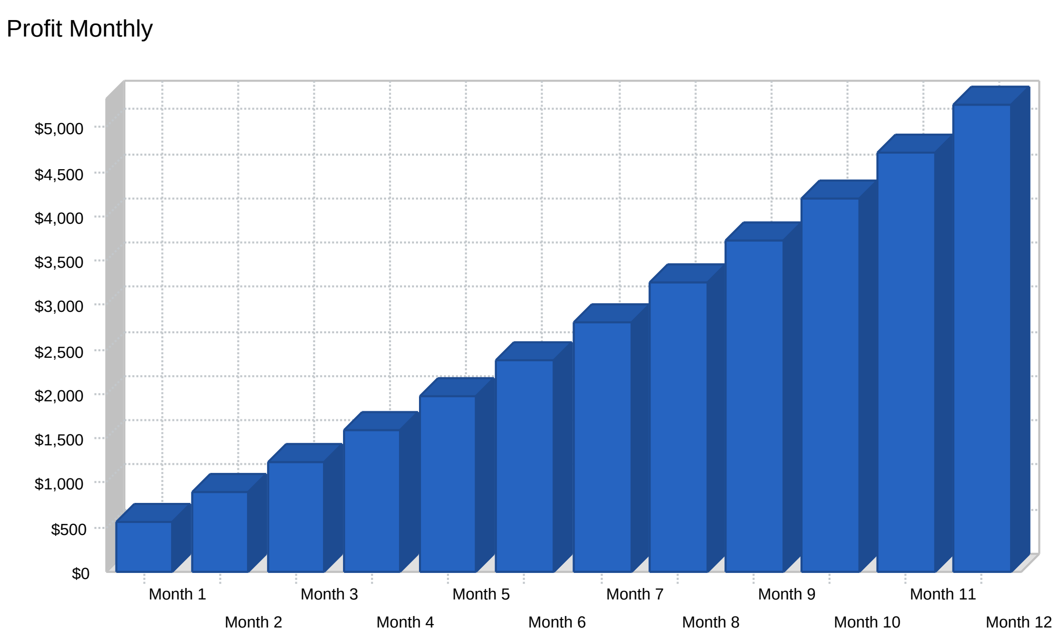


Chart: Profit Yearly

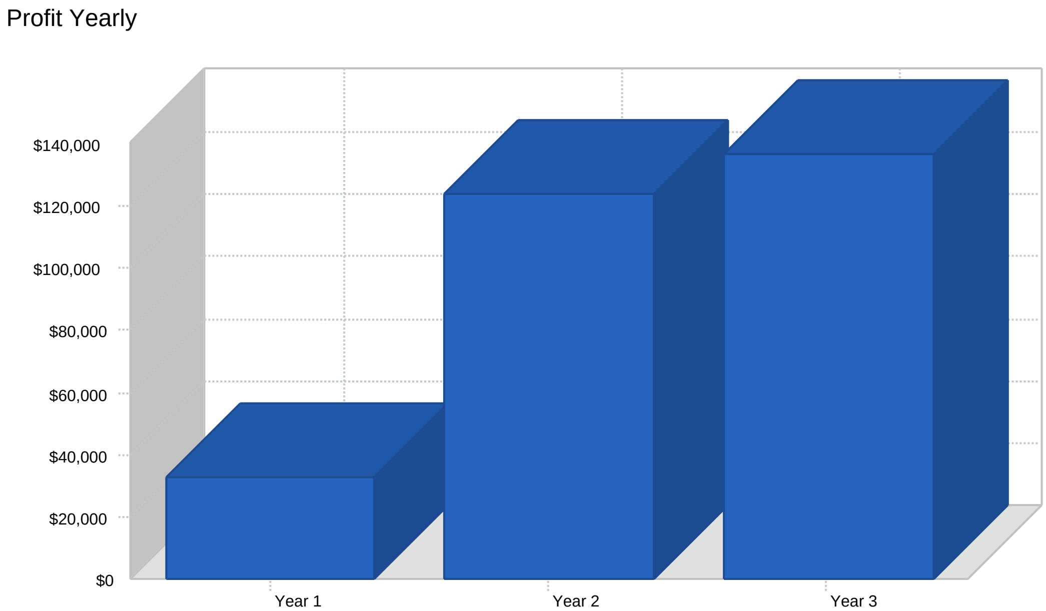


Chart: Gross Margin Monthly

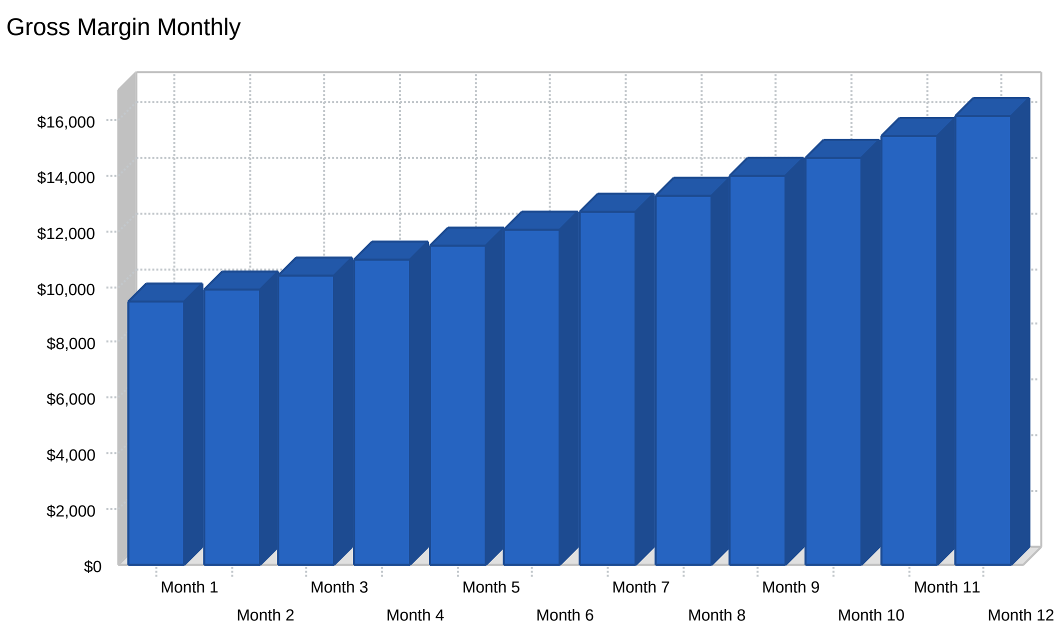
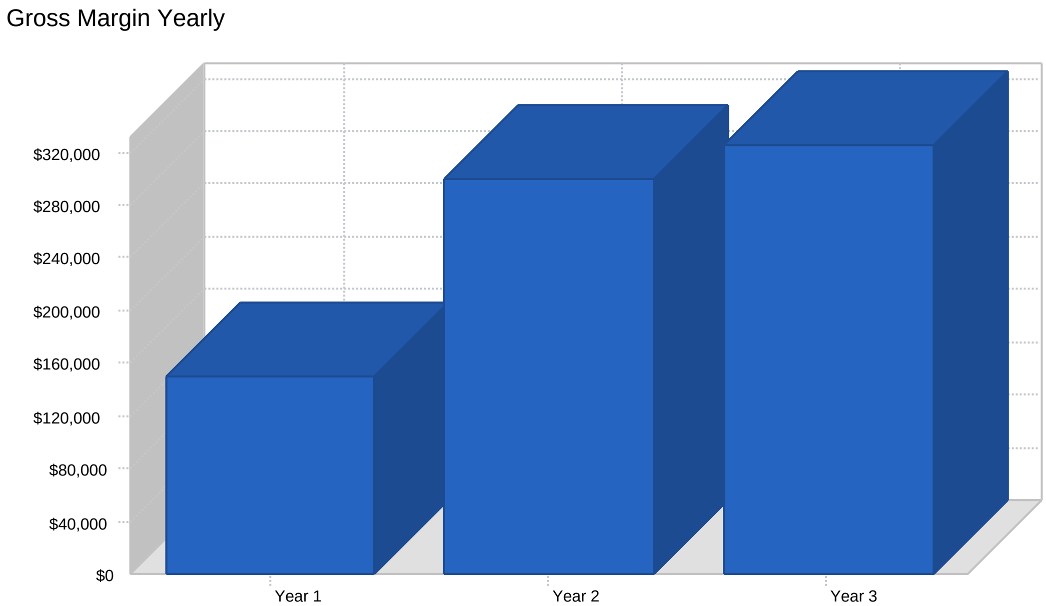


Chart: Gross Margin Yearly



8.5 Projected Cash Flow

In Month 4 of its set-up, [COMPANY NAME] received $245,000 in grant funding which enabled the Company to purchase current assets such as office supplies and improvements for a total of $45,000. The Business also invested a Company vehicle, its long-term asset worth $20,000.

The Company subsequently generated a positive cash flow in its first year of operations onwards.

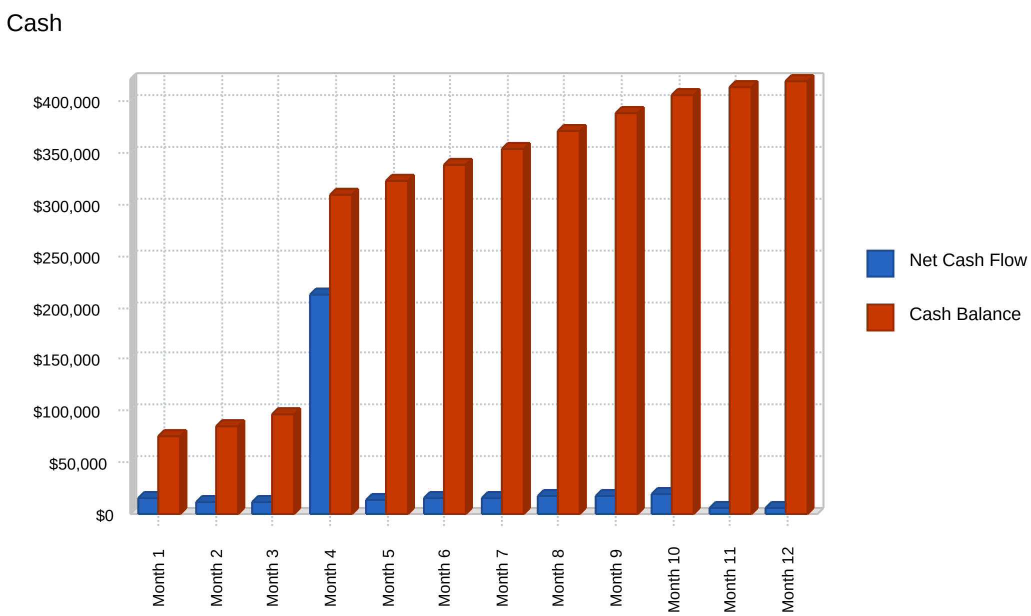
Table: Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	$300,833	$600,000	$650,000
Subtotal Cash from Operations	$300,833	$600,000	$650,000
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	$245,000	$0	$0
Subtotal Cash Received	$545,833	$600,000	$650,000
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	$34,200	$35,500	$36,750
Bill Payments	$106,024	$608,001	$409,281
Subtotal Spent on Operations	$140,224	$643,501	$446,031
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	$25,000	$0	$0
Purchase Long-term Assets	$20,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$185,224	$643,501	$446,031

Net Cash Flow	$360,609	($43,501)	$203,969
Cash Balance	$419,609	$376,108	$580,077

Chart: Cash



8.6 Projected Balance Sheet

In 2011, [COMPANY NAME] received grant funding in the amount of $245,000 to help purchase start-up assets as well as current and long-term assets. As a result, the Company was able to establish a high net-worth in the first year of operation, and sustain this in 2012 onwards.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			

Cash	$419,609	$376,108	$580,077
Inventory	$16,162	$211,851	$124,653
Other Current Assets	$25,000	$25,000	$25,000
Total Current Assets	$460,771	$612,959	$729,730
Long-term Assets			
Long-term Assets	$20,000	$20,000	$20,000
Accumulated Depreciation	$0	$0	$0
Total Long-term Assets	$20,000	$20,000	$20,000
Total Assets	$480,771	$632,959	$749,730
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	$24,155	$52,285	$31,970
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$24,155	$52,285	$31,970
Long-term Liabilities	$0	$0	$0
Total Liabilities	$24,155	$52,285	$31,970
Paid-in Capital	$505,000	$505,000	$505,000
Retained Earnings	($81,000)	($48,384)	$75,674
Earnings	$32,617	$124,058	$137,086
Total Capital	$456,617	$580,674	$717,760
Total Liabilities and Capital	$480,771	$632,959	$749,730

Net Worth	$456,617	$580,674	$717,760

8.7 Business Ratios

Industry profile ratios based on ’Jewelry Stores', using Annual Sales figures of less than $500,000, are shown for comparison. There may be some discrepancies however, due to the fact that [COMPANY NAME] projects sales to be above $500,000 for Years 2 and 3, onwards.

Table: Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	99.45%	8.33%	-1.35%
Percent of Total Assets				
Inventory	3.36%	33.47%	16.63%	30.05%
Other Current Assets	5.20%	3.95%	3.33%	32.89%
Total Current Assets	95.84%	96.84%	97.33%	86.76%
Long-term Assets	4.16%	3.16%	2.67%	13.24%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	5.02%	8.26%	4.26%	45.01%
Long-term Liabilities	0.00%	0.00%	0.00%	49.07%
Total Liabilities	5.02%	8.26%	4.26%	94.08%
Net Worth	94.98%	91.74%	95.74%	5.92%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	50.00%	50.00%	50.00%	33.62%

Selling, General & Administrative Expenses	39.16%	29.32%	28.91%	13.25%
Advertising Expenses	3.32%	1.83%	1.85%	0.71%
Profit Before Interest and Taxes	15.49%	29.54%	30.13%	3.97%
Main Ratios				
Current	19.08	11.72	22.83	1.75
Quick	18.41	7.67	18.93	1.08
Total Debt to Total Assets	5.02%	8.26%	4.26%	94.08%
Pre-tax Return on Net Worth	10.20%	30.52%	27.28%	324.51%
Pre-tax Return on Assets	9.69%	28.00%	26.12%	19.22%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	10.84%	20.68%	21.09%	n.a
Return on Equity	7.14%	21.36%	19.10%	n.a
Activity Ratios				
Inventory Turnover	2.82	2.63	1.93	n.a
Accounts Payable Turnover	5.39	12.17	12.17	n.a
Payment Days	27	22	40	n.a
Total Asset Turnover	0.63	0.95	0.87	n.a
Debt Ratios				
Debt to Net Worth	0.05	0.09	0.04	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

Liquidity Ratios				
Net Working Capital	$436,617	$560,674	$697,760	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	1.60	1.05	1.15	n.a
Current Debt/Total Assets	5%	8%	4%	n.a
Acid Test	18.41	7.67	18.93	n.a
Sales/Net Worth	0.66	1.03	0.91	n.a
Dividend Payout	0.00	0.00	0.00	n.a

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