

# How to Start a Law Firm Business

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## Table of Contents

[1. Determining the Feasibility of Your New Business](#)

[2. Starting Your Business Step by Step](#)

[3. Complete Law Firm Business Plan Template](#)

## 1. Determining the Feasibility of Your New Business

### A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

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

### **Preliminary Analysis**

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

### **General Personal Considerations**

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

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

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

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

### **Specific Personal Considerations**

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

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

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

#### General Project Description

1. Briefly describe the business you want to enter.

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

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3. Describe who will use your products/services

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4. Why would someone buy your product/service?

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

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6. List your product/services suppliers.

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7. List your major competitors - those who sell or provide like products/services.

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8. List the labor and staff you require to provide your products/services. \_\_\_\_\_

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## **B. Requirements For Success**

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

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

### **Major Flaws**

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

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

## **C. Desired Income**

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

1. How much income do you desire?

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2. Are you prepared to earn less income in the first 1-3 years?

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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 than 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?

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

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

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

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

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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.

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

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**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	<hr/> 759,016	100.00
Cost of goods sold	589,392	77.65
Gross profit on sales	<hr/> 169,624	<hr/> 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	<hr/> 125,204	<hr/> 16.50
Operating profit	44,220	5.85
Extraordinary expenses	1,200	0.16
Net profit before taxes	<hr/> 43,220	<hr/> 5.69
taxes	19,542	2.57
Net profit after taxes	<hr/> 23,678	<hr/> 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?

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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?

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

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10. Can you appeal to the entire market?

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

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## **F. Competition**

1. Who are your major competitors?

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2. What are the major strengths of each?

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3. What are the major weaknesses of each?

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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?

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

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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?

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## **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?

[Go to Top](#)

## **2. Starting Your Business Step by Step**

### **A. Things to Consider Before You Start**

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

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

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

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

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

### **What's in this for Me?**

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

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

(1) The first, and most important, benefit is that a plan gives you a path to follow. A plan makes the future what you want it to be. A plan with goals and action steps allows you to guide your business through turbulent economic seas and into harbors of your choice. The alternative is drifting into "any old port in a storm."

(2) A plan makes it easy to let your banker in on the action. By reading, or hearing, the details of your plan he will have real insight into your situation if he is to lend you money.

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

(4) A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities, and situation that seem to be advantageous to your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

### **Why am I in Business?**

Many enterprising people are drawn into starting their own business by the possibilities of making money and being their own boss. But the long hours, hard work, and responsibilities of being the boss quickly dispel and preconceived glamour.

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

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

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

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### **What business am I in?**

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

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

Consider this example, also. Joe Riley had a small radio and TV store. He thought of his business as a retail store though he also serviced and repaired anything he sold. As his suburb

grew, appliance stores emerged and cut heavily into his sales. However, there was an increased call for quality repair work.

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

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

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## **How to Plan Your Marketing**

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

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

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

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

### **Section One - Determining the Sales Potential**

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

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

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

In selecting an area to serve, consider the following:

Population and its growth potential

Income, age, occupation of population

Number of competitive services in and around your proposed location

Local ordinances and zoning regulations

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

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

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

Will the customer come to your place of business?

How much space do you need?

Will you want to expand later on?

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

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service call?

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

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

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

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

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

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

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

I plan to locate in \_\_\_\_\_ because:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

Will you rent? \_\_\_\_\_ What are the terms of the lease?

\_\_\_\_\_

\_\_\_\_\_

Is the building attractive? \_\_\_\_\_ In good repair? \_\_\_\_\_

Will it need remodeling? \_\_\_\_\_ Cost of remodeling? \_\_\_\_\_

What services does the landlord provide?

\_\_\_\_\_

\_\_\_\_\_

What is the competition in the area you have picked?

The number of firms that handle my service \_\_\_\_\_

Does the area appear to be saturated? \_\_\_\_\_

How many of these firms look prosperous? \_\_\_\_\_

Do they have any apparent advantages over you? \_\_\_\_\_

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

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

Can you find out why they failed? \_\_\_\_\_

How many new services opened up in the last year? \_\_\_\_\_

How much do your competitors charge for your service? \_\_\_\_\_

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

List the reasons for your opinion here:



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## **Section Two - Attracting Customers**

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

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

### **Image**

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

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

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

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### **Pricing**

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

- (1) Materials and supplies
- (2) Labor and operating expenses
- (3) Planned profit
- (4) Competition

Further along in this Guide you will have the opportunity to figure out the specifics of materials, supplies, labor, and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will not only be fair to the customer, but also fair to yourself. This means that not only must you cover all expenses but also allow enough margin to pay yourself a salary.

One other thing to consider. Will you offer credit? \_\_\_\_\_ Most businesses use a credit card system. These credit costs have to come from somewhere. Plan for them. If you use a credit card system, what will it cost you? \_\_\_\_\_

Can you add to your prices to absorb this cost?

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

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

### **Customer Service Policies**

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

List the services that your competitors provide to customers:

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Now list the services that you will provide your customers:

### **Service / Estimated Cost**

_____	_____
_____	_____
_____	_____
_____	_____

### **Planning Your Advertising Activities**

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

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

The strong points about my service business are:

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

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

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

The customer profile for my business is

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

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

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

Form of Advertising	Size of Audience	Frequency of Use	Cost of A Single Ad	Estimated Cost
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
			Total	<hr/>

When you have a figure on what your advertising for the next 12 months will cost, check it against one of the operating ratios (expenses as a percentage of sales) which trade associations and other organizations gather. If your estimated cost for advertising is

substantially higher than this average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining comes down to: How much can I afford to spend and still do the job that needs to be done?

### **Section Three - Selling to Customers**

To complete your work on marketing, you need to think about what you want to happen after you get a customer. Your goal is to provide your service, satisfy customers, and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he was satisfied by his previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.

Based on this description and the dollar amount of business you indicated that you intend to do this year, fill in the following workblocks.

### **Fixtures and Equipment**

No matter whether or not customers will come to your place of business, there will be certain equipment and furniture you will need in your place of business which will allow you to perform your service.

### **Parts and Material**

You will probably need some kind of parts or material to provide your service.

I plan to buy parts and material from:

---

Before you make any supply arrangements, examine the supplier's obsolescence policy. This can be a vital factor in service parts purchasing. You also look at the supplier's warranty policy.

Now that you have determined the parts and materials you'll need, you should think about the type of stock control system you'll use. A stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, (3) what has been used. (Some trade associations and suppliers provide systems to members and customers.)

When you have decided on a system for stock control, estimate its cost. My system for stock control will cost me \_\_\_\_\_ for the first year.

### **Overhead**

List the overhead items which will be needed. Examples are: rent, utilities, office help, insurance, interest, telephone, postage, accountant, payroll taxes, and licenses or other local

taxes. If you plan to hire others to help you manage, their salaries should be listed as overhead.

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## **Getting the Work Done**

An important step in setting up your business is to find and hire capable employees. Then you must train them to work together to get the job done. Obviously, organization is needed if your business is to produce what you expect it to produce, namely profits.

Organization is essential because you as the owner-manager cannot do all the work. As your organization grows, you have to delegate work, responsibility and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business.

As an additional aid in determining both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation such as "worker #1", Remember that a name may appear more than once.

### **Activity / Name**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

## **How Much Money Will You Need**

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investment, the major source of money is the sale of your services. What dollar volume of business do you expect to do in the next 12 months? \_\_\_\_\_

### **Expenses**

In connection with your annual dollar volume of business, you need to think about expenses. If, for example you plan to do 100,000 in business, what will it cost you to do this amount of servicing? And even more important, what will be left over as profit at the end of the year? Never lose sight of the fact that profit is your pay. Even if you pay yourself a salary for living expenses, your business must make a profit if it is to continue year after year and pay back the money you invested in it.

The following workblock is designed to help you make a quick estimate of your expenses. To use this formula, you need to get only one figure - the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.

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

### Start-Up Costs

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

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

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

### Break Down Your Expenses

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

### Matching Money and Expenses

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

A cash forecast is a management tool which can eliminate much of the anxiety that can plague you if your business goes through lean months. Use a worksheet, "Estimated Cash Forecast",

or ask your accountant to use it to estimate the amounts of cash you expect to flow through your business during the next 12 months.

### **Is Additional Money needed?**

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

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

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

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

### **Control and Feedback**

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

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

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

### **Stock Control**

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

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

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

## **Sales**

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

## **Disbursements**

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

## **Break-Even Analysis**

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

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

The formula is:

Break-even point (in sales dollars) =

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

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



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

### Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable better to learn it now than to realize 6 months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for one year. If any of your cost items are too high or too low, change them. You can write your changes in the white spaces above or below your original entries on that worksheet. When you finish making your adjustments, you will have a Revised projected statement of sales and expenses for 12 months.

With your revised figures work out a revised break-even point. Whether the new break-even point looks good or bad, take one or more precaution. Show your plan to someone who has not been involved in working out the details.

Your banker, or other advisor outside of your business may see weaknesses that failed to appear as you pored over the details of your plan. They may put a finger on strong points which your plan should emphasize.

### Put Your Plan into Action

When your plan is as near on target as possible, you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a pleasant dream that evaporates over the breakfast coffee.

A successful owner-manager does not stop after he has gathered information and drawn up a plan, as you have done in working through this Guide. He begins to use his plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action.

What needs to be done will depend on your situation. For example, if your business plan calls for an increase in sales, one action to be done will be providing funds for this expansion.

Have you more money to put into this business?

Do you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms.

If you are starting a new business, one action step may be to get a loan for fixtures, employee salaries, and other expenses. Another action step will be to find and hire capable employees.

In the spaces that follow, list things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time. To put my plan into action, I must do the following:

### **Action / Completion Date**


### **Keeping Your Plan Up To Date**

Once you put your plan into action, look out for changes. They can cripple the best made business plan if the owner-manager lets them.

Stay on top of changing conditions and adjust your business plan accordingly.

Sometimes the change is made within your company. For example, several of your employees quit their jobs. Sometimes the change is with customers: for example, their desires and tastes shift. Sometimes the change is technological as when raw materials are put on the market introducing the need for new processes and procedures.

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

- (1) Be alert to the changes that come in your company, line of business, market, and customers.
- (2) Check your plan against these changes.
- (3) Determine what revisions, if any, are needed in your plan.

The method you use to keep your plan current so that your business can weather the forces of the market place is up to you. Read the trade papers and magazines for your line of business. Another suggestion concerns your time. Set some time - two hours, three hours, whatever is necessary-to review your plan periodically. Once each month, or every other month, go over your plan to see whether it needs adjusting. If revisions are needed, make them and put them into action.

[Go to Top](#)

## **3. Complete Law Firm Business Plan Template**

### **Table of Contents**

1.0 Executive Summary. ....	29
1.1 Objectives .....	31

1.2 Mission .....	31
1.3 Keys to Success.....	33
2.0 Company Summary.....	33
2.1 Company Ownership.....	33
2.2 Start-up Summary .....	33
3.0 Services .....	36
<i>Education Receivables</i> .....	38
<i>Judgment Enforcement</i> .....	39
<i>Commercial Debt Collections</i> .....	39
Consumer Debt Collections.....	39
4.0 Market Analysis Summary.....	39
4.1 Market Segmentation .....	43
4.2 Target Market Segment Strategy .....	44
4.3 Service Business Analysis .....	45
4.3.1 Competition and Patterns of Selection .....	47
5.1 SWOT Analysis .....	47
5.1.1 Strengths.....	47
5.1.2 Weaknesses.....	48
5.1.3 Opportunities.....	49
5.1.4 Threats .....	49
5.2 Competitive Edge .....	49
5.3 Marketing Strategy .....	49
5.4 Revenue Strategy.....	49
5.4.1 Revenue Forecast.....	49
5.5 Milestones .....	52
Table: Milestones .....	52
6.0 Management Summary .....	53
6.1 Personnel Plan.....	53

Table: Personnel .....	53
7.0 Financial Plan.....	53
7.1 Start-up Funding.....	54
7.2 Important Assumptions.....	56
7.2 Important Assumptions.....	56
7.3 Break-even Analysis.....	56
Table: Break-even Analysis.....	56
7.4 Projected Profit and Loss .....	57
7.5 Projected Cash Flow .....	61
7.6 Projected Balance Sheet.....	64
7.7 Business Ratios.....	66
7.7 Business Ratios.....	66
Table: Ratios .....	66

## 1.0 Executive Summary

### Introduction

**COMPANY NAME** is a law firm specializing in creditor's rights/debt collections, real estate, restaurant/hospitality, and outsourced general counsel services. The firm will be primarily specializing in creditor's rights and debt collections. The potential in the creditor's rights area especially is quite unique and exciting because the Company will be specializing in niche areas of debt collections, such as Education Receivables, specialty areas within the healthcare industry and other industries such as Bail Bonds, Private Investigators debt collections and Auto Deficiencies, among others. This business plan contains a detailed list of other verticals which are potential areas of business for **COMPANY NAME**. **COMPANY NAME** will hire domain experts within a particular vertical for business development purposes. In the Education Receivable arena, certain established business development people control a large portion of the business available and hiring these people will provide a shortcut for **COMPANY NAME** to establish itself in this particular niche which has a total of 2,197,188 loans currently in default and business available for collection which totals approximately \$7.7B with an average loan of \$3500.

**COMPANY NAME** has also identified the need in the collection industry for a regional and national roll up. While this plan does not address that opportunity, **COMPANY NAME** believes that with the right financial and strategic backing, a roll up of the industry could be accomplished as there exists hundreds of collection agencies which are mostly "mom and pop" agencies which are profitable and could be more profitable with universal technology and human resources synergies. **COMPANY NAME** could combine them, thereby leveraging the technology and efficiencies of a corporate nucleus across the board.

Currently, **COMPANY NAME** leases office space within an Executive suite operation with 1000 offices throughout the United States which is beneficial for **COMPANY NAME** in order to utilize other offices in other locales when developing business. **COMPANY NAME plans** to purchase a small office building on the Westside of Los Angeles for its corporate office so that it will also own hard assets along with the service business. However, the need to purchase the real estate is not immediate.

While **COMPANY NAME** recently opened offices in September of 2010, much progress has already been achieved as the Company attended a California Bail Bonds Association convention in Las Vegas on October 17th-19th where **COMPANY NAME** was the only vendor which was a collection law firm or debt collection agency presenting services to this niche market. The Company has already realized business from this convention and the Auto Deficiency field which **COMPANY NAME** has targeted. Because of **COMPANY NAME's** very experienced personnel, the most sophisticated technology and the personal client services, **COMPANY NAME** will distinguish it from other collection agencies or law firms.

**COMPANY NAME** intends to make charitable contributions throughout the year to causes it deems worthy and intends to create an annual charitable event for a worthy cause.

## **Management**

The business is managed by **OWNER'S NAME** and the debt collection operations will be managed by **[INSERT NAME]**. **COMPANY NAME** has identified a Director of Business Development with a substantial book of business, 3 additional experienced and seasoned collectors and a Legal Assistant/Office Manager to round out the initial staff. Additionally, **COMPANY NAME** has a litigation attorney who will handle all initial litigation at a very favorable rate to **COMPANY NAME**. As **COMPANY NAME 's** needs increase, additional hiring will occur.

*[INSERT COMPANY AND OWNER'S BIO]*

## **FINANCIAL OBJECTIVE**

The purpose of this business plan is to attain \$250,000 in investor and/or lender funding to hire business development personnel (one of which has a book of business of in excess of \$1.2M in the Education Receivable arena), additional collectors, additional software and training, more computers and office equipment, marketing and promotions and further licensing in all 50 states for collections.

### *1.1 Objectives*

The Company's objective is to create a first rate, technologically superior, personal service oriented, full-service debt collection and litigation firm that will quickly rise above the other companies and law firms through experienced personnel, state of the art technology and flexible business models which are adaptable and nimble.

Goals include:

- A significant amount of market share for the size of **COMPANY NAME** in the first year.
- An increase of at least 150% in gross margins within the second year of operation
- An increase in the market share by a minimum of 50-80%% for each of our first five years.

### *1.2 Mission*

The mission of **COMPANY NAME** is to provide top-quality, technologically savvy debt collection and litigation services. The Company will seek to provide these services in the

timeliest manner and with an ongoing comprehensive quality control program to provide repeat business and customer satisfaction. The Company's principal officer sees each contract as an agreement not between a business and its customers, but between partners that wish to create a close and mutually beneficial long-term relationship. This will help to provide greater long-term profits through referrals and repeat business.



### 1.3 Keys to Success

Keys to success for the Company will include:

1. Focus on niche industries and be the dominant player in each industry (i.e. Education Receivables)
2. Maintain a first rate, quality reputation in the industry.
3. Obtain excellent results.
4. Superior client services (i.e. Four Seasons Hotels)
5. Flexibility and adaptability,

### 2.0 Company Summary

**COMPANY NAME** is a law firm specializing in creditor's rights/debt collections, real estate, restaurant/hospitality, and outsourced general counsel services. The firm will be opening a new division, **[INSERT NAME]**, specializing in creditor's rights and debt collections. The potential in the creditor's rights area especially is quite unique and exciting because the Company will be specializing in niche areas of debt collections, such as Educational Loans and smaller industries such as Bail Bonds and Private Investigators debt collections. Although the Company is enthusiastic about these mostly overlooked niche markets, their services will be available to all types of organizations and verticals nationwide.

#### 2.1 Company Ownership

**COMPANY NAME** is solely owned by **OWNER'S NAME** and the new division is a Limited Liability Company in the State of California to be owned primarily by **OWNER'S NAME** with a minority portion set aside for key management personnel.

#### 2.2 Start-up Summary

Total start-up expenses include \$10,000 for legal and collection software, \$16,000 for computers and office equipment, \$30,000 for marketing and promotional expenses, \$50-87,000 for licensing the companies in all 50 states, and \$100,000 for several months of salaries for the initial starting staff, which includes the Director of Business Development, Director of Operations, two Collector and Asset Recovery Specialists and one Administrative Legal Assistant.

Table: Start-up

Start-up	

Requirements	
Start-up Expenses	
Legal Software	\$10,000
Computer Equipment	\$16,000
Starting Salaries	\$100,000
Starting Marketing and Promotion	\$40,000
Licensing in all 50 States	\$84,000
Total Start-up Expenses	\$250,000

Start-up Assets		
Cash Required		\$0
Other Current Assets		\$0
Long-term Assets		\$0
Total Assets		\$0
Total Requirements		\$250,000

### 3.0 Services

**COMPANY NAME** will offer comprehensive collection and financial recovery services for both mainstream and niche market companies.

Some of the other industries that the Company will be providing collection services to but are not limited to:

#### **Construction**

- Material Suppliers
- Subcontractors
- Lumber
- Plumbing
- Electrical
- Contractors

#### **Retail Business**

- Department Chains
- Auto Dealers
- Airlines
- Restaurants
- Clothing Stores
- Mortuaries
- Hotels/Hospitality
- Rental Companies
- Advertising Agencies/Marketing Companies

#### **Medical Professions**

1. Dentists
2. Doctors
3. Hospitals
4. Clinics

5. Medical Supply Companies
6. Family and Marriage Therapists

**Commercial**

- Manufacturers
- Wholesalers
- Newspapers

## **Professional Services**

- Attorneys
- Automobile Dealers
- Banks
- Publishing Companies
- Insurance Companies
- Property Management
- Public Utilities
- Oil Companies
- Credit Unions
- Accountants
- Radio Stations
- Television Stations

## **Specialized Niche Industries Already Penetrated**

- Education Receivables
- Bail Bonds
- Private Investigators
- Auto Deficiencies

Although the Company will offer services to all industries in need, **COMPANY NAME** is excited about the growth opportunity in serving clients in the Specialized Niche Industries section, as research shows that these are highly underserved markets.

### *Education Receivables*

**COMPANY NAME 's** personnel have a deep understanding and a wealth of experience in the Education Receivable arena. The Company works with Universities, Colleges, Schools and all different Educational Institutions to insure that they receive full payment on all types of educational loans. **COMPANY NAME's** personnel have worked with both large and small institutions and have a thorough understanding of the Education Receivable process, from collections and litigation, to post judgment recoveries. The Company tailors solutions to the client's specific needs.

### *Judgment Enforcement*

After a judgment is obtained in California, or domesticated from another state or country to California, **COMPANY NAME** assists the judgment-creditor in a concerted effort to recover the funds so that the judgment is satisfied. The Company will record the Judgment is reconciled so that it will be public record and attach against any real property owned by the debtor. **COMPANY NAME** performs asset searches and utilizes collection techniques to satisfy the judgment.

### *Commercial Debt Collections*

Commercial claims entail business transactions which may include a business to business transaction, services rendered, the sale of goods or real property transactions. **COMPANY NAME** attempts to resolve claims through pre-litigation negotiation or the Company can litigate through trial and, if necessary, on appeal. The Company represents clients in all industries, seeking collections on both large and smaller amounts.

### *Consumer Debt Collections*

The Company also handles consumer debt collections and the personnel have experience and maintain an up to date knowledge of the Fair Debt Collection Practices Act, California's Rosenthal Act and the Fair Credit Reporting Act. **COMPANY NAME** provides services to holders of consumer debt, whether it is a bank, purchaser of debt or any other entity which holds consumer debt. The Company's personnel have skip-tracing capabilities and other tools at their disposal for purposes of maximizing recovery for clients. **COMPANY NAME** focuses on pre-litigation collections in order to quickly assist clients in recovering their funds and will litigate those matters which cannot be resolved amicably.

### *4.0 Market Analysis Summary*

While collection agencies and law firms can do some similar things when it comes to collections, each collects debt differently and the combination of a law firm and collection agency, or just a law firm is a large differentiator when it comes to selecting how a debt will be collected. Contact from a law firm has more impact than contact from a collection agency.

When a business needs help collecting on its receivables, it has two choices after it has exhausted any in house efforts: it can turn the receivables over to a collection agency or it can turn them over to an attorney. There are a few factors that affect this decision.

Size of balances - Typically, collection law firms will not work on anything less than \$1,000 while collection agencies will. However, **COMPANY NAME** will work on any size balance since the way to develop business in many cases is not to establish hard and fast rules. Small clients become large clients. Many collection agencies have "small balance collectors" who will make telephone calls to debtors for balances as small as \$25. A collection law firm usually has a staff of collectors. This department is very similar to a collection agency. However, **COMPANY NAME** has software and

technology which can replace the need for small balance collectors as the tasks are accomplished electronically over the internet obviating the need for certain collectors.

The debt collection arsenal - Collection agencies can write letters and make telephone calls to the debtors. A collection law firm can do these things plus far more. The collection law firm can file suit, obtain a judgment and then reduce that judgment to cash.

Fees - One pays a premium to use a collection agency as the agency has to make money on the account as well as the attorney to whom the agency refers the debt for collection. Agencies fees vary between 35%-50%.

Frequently, an agency will charge its customer fees based upon the age of the account that is turned over for collection. Moreover, an agency will then charge an additional fee to its customer if the agency has to turn the debt over to a law firm. In order for the agency and the law firm to both make money, the client usually has to agree to pay a combined fee of about 50%.

Law firms usually charge a set fee percentage between 25% to 33%, depending on the size of debt. .

**Debts placed directly with law firms are sued upon far quicker those placed with collection agencies.** Agencies pay their collectors on a commission basis. However, if the collector refers a debt to a law firm, the collector earns a far smaller, if any, commission, on the debt. Thus, there is usually no incentive for a collector to take a debt out of his queue and refer it out to an attorney for collection. Unless the agency is well managed, debts could sit in an agency collector's queue for several months or even years.

A law firm generally takes a debt on a contingency basis. The firm does not earn a fee until it collects your money. In this case, a law firm is almost always faster at collecting a debt than a collection agency.

## **EDUCATION LOAN COLLECTIONS**

The Department of Education currently contracts with several collection agencies to administer many of the collection activities of accounts. All accounts which fail to establish and adhere to a repayment arrangement are subject to assignment to a collection agency by the Department's Debt Collection Service. Those accounts assigned to a collection agency are assessed additional collection costs. The United States is filing a slew of civil lawsuits this month in federal court in Chicago against people who received government student loans, as long ago as the 1980s, and have failed to repay the funds.

The U.S. Department of Justice contracts with private law firms to bring the cases and has recently renewed a contract that could lead to the filing of as many as 20 new cases per week for the first few months of this year. The government notified the clerk of the



U.S. District Court for the Northern District of Illinois at the beginning of the year that those cases may be flowing in for the next few months, said Randall Samborn, a spokesman for the U.S. Attorney's Office for the Northern District of Illinois.

"The government pursues recovery of money it's owed," Samborn said. "Unfortunately, student loan defaults are a voluminous source of litigation."

*Source - The National Law Journal*

## **UNPAID BAIL BOND COLLECTIONS**

Local governments from Connecticut to California are owed tens of millions of dollars from bail bonds that were forfeited after criminal defendants failed to appear for court dates, government records show. This also holds true for collections on unpaid bail bonds where people have appeared for court dates, stood for trial and still cannot pay after the trial is over. This sector also holds an abundance of unpaid debt.

Prosecutors and veteran bail bondsmen say the problem is caused in part by overburdened courts that do not pursue many of the roughly 10,000 criminal defendants who skip bond each year. But they say amounts owed to local governments appear to have jumped during the past five years largely because of dramatic changes in the bail bond industry.

Commercial bondsmen help arrestees win release in return for a non-refundable fee, often 10% of the bail set by the court. Bondsmen and their insurance companies guarantee to pay the local government the full amount of the bail if the freed defendant fails to show up for his next court hearing. Before writing bonds, bondsmen usually want defendants to show they have a job, own property or have other community ties that suggest they will not flee.

But in recent years, industry veterans say, new companies in the bail bond industry have exploited lax oversight by local governments to write bonds for increasing numbers of high-risk defendants, including illegal immigrants and those who have skipped bond before. Seven insurance companies have declared bankruptcy rather than pay forfeited bonds after defendants failed to appear. Industry observers say the new agents largely have abandoned pursuing such defendants, leaving the task of recapturing the defendants to local authorities.

Precisely how much local governments are owed in unpaid bond forfeitures is unclear; record-keeping is inconsistent throughout the nation's bail bond system. California prosecutors, for example, say that some courts in their state don't keep track of unpaid forfeitures.

But anecdotal evidence from across the nation indicates that "the (dollar) numbers are astounding," says Alan Henry, director of the Pretrial Services Resource Center, a group in Washington, D.C., that studies bail trends. The criminal justice system "has allowed commercial bonding to become a very lucrative business with very little accountability." Unpaid bond forfeitures are piling up nationwide:

- In California, Los Angeles County alone is owed about \$25 million, the district attorney's office says. Unpaid defaults in Orange, Riverside and Fresno counties total an additional \$3 million.
- In New Jersey, unpaid forfeitures totaled more than \$39 million as of last month, the state insurance department says.
- North Carolina was owed more than \$9 million, and Connecticut was owed more than \$12 million in November 2003, officials in those states say.
- Nevada, Pennsylvania, South Carolina and Virginia had losses in the millions from unpaid bonds, says a December 2003 study by New Jersey's insurance commissioner.

Unpaid forfeitures deprive local governments of money and force them to use their own resources to arrest criminal suspects and bring them to court. In Davidson County, N.C., officials began to press bondsmen to pay their forfeitures after local schools complained. In North Carolina, payments on forfeited bail bonds help finance public education.

The forfeitures also can allow potentially dangerous defendants to avoid justice. Carlos Hernandez, convicted of homicide in Los Angeles in 2003, was released pending sentencing on a \$1.5 million bond for which he paid "little or nothing" because the bondsman wasn't concerned about the flight risk, says Bill Woods, a deputy district attorney there. Hernandez fled to his native Mexico. The insurer has not paid the bond.

Some industry spokesmen say the problem with forfeitures is relatively small. Albert Ramirez, director of the Golden State Bail Agents Association, says the amount of unpaid forfeitures in Los Angeles, for example, is about 2% of the total amount of bail bonds written there in the past three years — an acceptable loss rate, he says.

*Source - USA TODAY, Author: Richard Willing*

#### 4.1 Market Segmentation

**COMPANY NAME** is comprised of debt collection specialists who each have at least 15-20 years of experience. Our specialists approach each matter on an individualized basis so that proper attention is provided to each case.

**COMPANY NAME** fully intends to service the debt collection industry in a variety of capacities for a countless number of industries across the United States. However, **COMPANY NAME**'s also has identified a high potential of rapid revenue growth in specialized niche and underserved groups. These categories include but are not limited to Education Loans, HealthCare Debts, Bail Bond Debts and Private Investigator Debts. To better understand the size and breakdown of the prospective cases/files refer to the following chart as a percentage view.

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	2010	2011	2012	2013	2014	CAGR
Education Receivables	17%	2,197,188	2,570,710	3,007,731	3,519,045	4,117,283	17.00%
Bail Bonds	5%	14,000	14,700	15,435	16,207	17,017	5.00%
Medical	5%	665,500	698,775	733,714	770,400	808,920	5.00%
Private Investigators	5%	60,000	63,000	66,150	69,458	72,931	5.00%
Commercial	5%	46,400	48,720	51,156	53,714	56,400	5.00%
Judgment	5%	256,354	269,172	282,631	296,763	311,601	5.00%

Building Trades	5%	855,737	898,524	943,450	990,623	1,040,154	5.00%
Retail	5%	550,000	577,500	606,375	636,694	668,529	5.00%
Service Industries	5%	626,558	657,886	690,780	725,319	761,585	5.00%
Total	10.48 %	5,271,737	5,798,987	6,397,422	7,078,223	7,854,420	10.48 %

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#### 4.2 Target Market Segment Strategy

The pricing for contingency work is fairly industry standard, however, **COMPANY NAME** is nimble and can be flexible with pricing as the Company is small with reasonable overhead.

**COMPANY NAME** will be going to conventions of niche industries currently underserved (Bail Bonds, California Association of Marriage, Family Therapist and Counselors, California Association of Private Investigators etc.). The Company has contacts with business development people with deep contacts and inroads into the Education Receivable arena. **COMPANY NAME** will utilize other industry networking conventions such as the ACA, CAC and other trade associations. The Company will use Google online advertising but will not need to rely on it primarily. Also, word of mouth and references from past and present clients will generate business. Finally, **COMPANY NAME** already has law firms and attorneys interested in marketing the Company's unique offerings to their own clients.

Referral marketing is one of the key types of marketing strategy utilized. Another is forming future partnerships with major organizations that are hubs of each group and offering the Company's specialized services. Maintaining and further enhancing its reputation in the community is crucial to gaining additional market share of this target market.

These will be ongoing efforts and the costs are in the financials.

#### *4.3 Service Business Analysis*

According to the May 2009 report issued by the Joint Economic Committee of the U.S. Congress, entitled *Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery*, May 2009:

- "As household wealth has declined in the downturn, more American families are facing financial distress due to high debt burdens. In 2007, before the recession began, 14.7 percent of U.S. families had debt exceeding 40 percent of their income."
- "A growing share of consumers' disposable income, which largely determines consumer spending, is being diverted to service credit card debt rather than to help economic recovery. As of March 2009, U.S. revolving consumer debt, made up almost entirely of credit card debt, was about \$950 Billion. In the fourth quarter of 2008, 13.9 percent of consumer disposable income went to service this debt." From the American Bankruptcy Institute: • October 2009 bankruptcy filings represented a 27.9 percent increase over those in the same month last year. • In 2008, personal bankruptcy rates were up almost 30 percent -- the highest since the new bankruptcy law took effect in 2005.

The 2009 Financial Literacy Survey conducted by the National Foundation for Credit Counseling indicates that:

- 26 percent of Americans said that they do not pay all of their bills on time. Among African-Americans, this number is 51 percent.
- Over the last 12 months, 15 percent of American adults were late paying one of their credit cards and 8 percent of them did not make a payment at all.
- More than 6 percent of American adults, or 13 million people, reported that their household maintained credit card balances of at least \$10,000 from month to month. Six percent also indicated that they had debts in collection, were seriously considering bankruptcy, or had filed within the past three years. **The Debt Collection Industry Is Booming**

The Bureau of Labor Statistics (BLS) anticipates that between now and 2106; the debt collection industry will experience a 23% rate of growth, a much faster rate than the average for all industries. According to the BLS, much of the increased demand for debt collection services will come from doctors' offices, hospitals and government agencies, including the IRS.

While the value of many publicly-traded companies is falling in today's slowed economy, publicly-traded debt collection agencies are becoming great investments. At the same time, the number of debt collection companies is growing, in part because more and more consumers are falling behind on their debts and also because new technology is making it profitable for even very small home-based entrepreneurs to get into the debt collection business. As a result, according to Smart Money Magazine, the number of debt collectors has doubled since the early 1990s and the revenue generated by debt collection agencies has tripled to \$15 billion. Last year agencies recovered nearly \$40 billion in debt, or \$133 for every man, woman and child in the U.S. A PriceWaterhouseCoopers survey provides additional evidence that debt collection agencies are thriving. The study revealed that in 2005 alone, U.S. businesses sent a whopping \$141 billion in delinquent consumer debt to collections and that debt collection agencies collected \$51 billion in past due debt, keeping close to 25% of that as profit.

Here is a dramatic example that illustrates just how much money there is to be made from collecting consumer debts. According to the Boston Globe, Norfolk, Virginia-based Portfolio Recovery Associates (PRA) purchased 658 debt portfolios with a face value of \$16.4 billion over the last decade. The company paid just \$415.4 million for the bad debt or about 2.5 cents for each dollar of that debt. It then collected an average of 7.5 cents per dollar on the past due debt. Initially the profits realized by PRA were relatively small, but as the debt collection business grew and a growing number of creditors sold their debts to companies like PRA, the company began to thrive, turning a profit of \$36.8 million in 2005. Those pennies added up!

In a search for even higher profits, some US debt collection companies have begun farming out their collection calls to companies located in India. The problem with this development for consumers is that the India-based debt collectors may not always speak clear English or understand what consumers are telling them about their debts nor may they the debt collectors be completely up-to-speed when it comes to the details of the federal Fair Debt Collection Practices Act or any applicable state laws that apply to debt collection.

As a result of changes in the debt collection industry, many municipalities are now finding it cost-effective to turn over consumers' past due parking and library fines to collection agencies. Also, Mom and Pop businesses now find it easier to locate debt collection agencies they can afford to work with.

Debt collection lawsuits are on the rise. According to WebRecon, a record breaking 12,000 debt collection lawsuits are expected to be filed in 2010, up from 9,300 in 2009 and 4,400 in 2007.

*Source - DebtCollectionAnswers.com*

#### 4.3.1 Competition and Patterns of Selection

**OWNER'S NAME** has spent much of his career providing legal and business services in the corporate, real estate and restaurant/hospitality areas. **OWNER'S NAME** has conducted research for various areas of law and business being underserved and discovered that Education Receivables and niche markets like Bail Bond industries are being overlooked by law firms who have focused more on retail and consumer debt collections. **OWNER'S NAME** has found located excellent individuals in the debt collections arena and between these highly experienced individuals; **COMPANY NAME** is very well equipped to handle both the Education Receivable field and niche markets.

Collection industry studies show that using debt collection agencies/law firms as soon as possible helps clients collect more accounts before they age past the point of recovery. By selecting one of the recommended debt collection agencies/law firms, clients can get their money before becomes a bad debt write-off. It is very important to mention that the tighter and shorter clients' internal debt collection process and the faster they assign the accounts to debt collection agencies/law firms, the more money they will collect.

Collection Attorneys can make the difference in the most difficult cases where there are assets that can be collected. If you want the option to sue your debtor, **COMPANY NAME**'s debt collection agency services can assist in court in extreme situations.

The demand for **COMPANY NAME**'s services continues in good times and bad times. The Company has other areas of law which will be garnering business to enhance revenues.

#### 5.1 SWOT Analysis

The SWOT analysis provides an opportunity to examine the internal strengths and weaknesses **COMPANY NAME** must address. It also allows an avenue to examine the opportunities presented to **COMPANY NAME** as well as potential threats.

##### 5.1.1 Strengths

- **Knowledgeable and responsive staff.** **COMPANY NAME** has gone to great lengths to locate people with a passion for getting the job done while providing their excellent expertise.
- **Up-scale service.** The Company will provide a polished service with more detailed services than an average law firm and collection agency through sophisticated technology and software and innovative methods of collection. **COMPANY NAME** can provide legal debt recovery services on a nationwide scale and associate with local counsel as the need arises.
- **Clear vision of the market need.** The Company knows the industry and the technology. **COMPANY NAME** knows how to build the service that will bring the two together.

- **Relationships.** Bringing on board business development personnel with excellent collectors will insure that barriers to entry are established in the specialized areas of practice.

#### 5.1.2 Weaknesses

- **A dependence on quickly changing technology.** The technology of software changes rapidly. Product lifecycles are measured in months, not years. **COMPANY NAME** needs to keep up with the technology because a lot of the experience is technology. Since **COMPANY NAME** has recently started, it has the advantage of securing the state of the art technology and software for the debt collection business.
- **Cost factor associated with keeping state-of-the-art hardware.** Keeping up with the technology of computers is an expensive undertaking. **COMPANY NAME** needs to balance technology needs with the other needs of the business. Profits in **COMPANY NAME** will be reinvested into the business to maintain quality and superior levels of technology.
- **Starting from the beginning.** **COMPANY NAME** does not currently have the built in business that other firms and collection agencies have as of yet; however by focusing on the underserved niche client groups such as education and bail bonds, there is plenty of business to go around. By hiring established personnel with established contacts, **COMPANY NAME** will short circuit the process of a startup. In addition, by organizing a large network of "mom and pop" collection agencies under one umbrella, the Company will again have the advantage as it will have access to the business contacts the collection agencies already possess and it will leverage its technology and efficiencies over a larger group of businesses although this strategy is further down the road..



### 5.1.3 Opportunities

- Growing market with a significant percentage of the Company's target market still not knowing they exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend reach.
- Changes in collection trends can initiate more clients needing help, and therefore, generating revenue.
- Increasing revenue opportunities beyond the standard collection agency target area including by helping the industries that are currently mostly overlooked.
- Internet potential for selling services to other markets.
- Creating an "umbrella" to house several smaller collection agencies in the country that will represent **COMPANY NAME** in this arena.

### 5.1.4 Threats

- Competition from a national collection agency; however, there is enough business for all companies in this arena.
- Continued price pressure due to competition or the weakening market reducing contribution margins; however, these margins have existed and pricing is not the major issue deciding where business goes, results are what matters most.

## 5.2 Competitive Edge

The following subtopic will present the revenue strategy, marketing strategy, pricing strategy, customer projections and promotion strategy. To see comparison and current pricing refer to topic 7.11 and 7.12 for projections and pro forma comparisons.

## 5.3 Marketing Strategy

The following sections detail the marketing strategy for **COMPANY NAME**.

## 5.4 Revenue Strategy

The revenue forecast monthly summary is included in the appendix. The annual revenue projections are included here in Table 5.2.

### 5.4.1 Revenue Forecast

The revenue projections are shown in the table below. Please note that there are no direct Cost of Goods Sold totals, as the expenses to operate the business are detailed in the Personnel and Profit and Loss sections of this plan.

See Revenue Strategy.

Table: Revenue Forecast

<i>Revenue Forecast</i>			
	FY 2011	FY 2012	FY 2013
Revenue			
Debt Collection	\$1,015,000	\$2,500,000	\$4,500,000
Real Estate	\$79,581	\$81,968	\$84,427
Restaurant and Hospitality	\$19,895	\$20,492	\$21,107
General Counsel Services	\$119,384	\$122,966	\$126,654
Total Revenue	\$1,233,860	\$2,725,426	\$4,732,188
Direct Cost of Revenue	FY 2011	FY 2012	FY 2013
Cost of Goods Sold	\$0	\$0	\$0
Cost of Goods Sold	\$0	\$0	\$0
Subtotal Direct Cost of Revenue	\$0	\$0	\$0



## 5.5 Milestones

Detailed milestones are shown in the following table and chart. The related budgets are included with the expenses shown in the projected Profit and Loss statement, which is in the financial analysis that comes in Chapter 7 of this plan.

Table: Milestones

<b>Milestones</b>					
Milestone	Start Date	End Date	Budget	Manager	Department
Attend Pertinent Trade Shows	11/16/2010	11/15/2011	\$10,000	INSERT NAME	Owner
Acquire Legal Software	11/16/2010	12/16/2010	\$10,000	INSERT NAME	Owner
Salaries for Employees	12/1/2010	3/1/2011	\$100,000	INSERT NAME	Owner
Acquire Computer Equipment	12/1/2010	12/31/2010	\$16,000	INSERT NAME	Owner
Totals			\$136,000		

## 6.0 Management Summary

The initial management team is comprised of **OWNER'S NAME**, **[INSERT NAME]** and up to six other employees, four of which have already been identified and will be hired imminently. As the Company grows, **COMPANY NAME** will hire additional personnel as needed.

### 6.1 Personnel Plan

As the Personnel Plan shows, the company expects to make gradual investments in personnel over the next three years, always keeping in mind the number of clients in need of service.

Since operations commenced in September, **OWNER'S NAME** have been operating the business and other initial personnel include a Director of Business Development, two Collectors and one Administrative Assistant.

Table: Personnel

<b>Personnel Plan</b>			
	FY 2011	FY 2012	FY 2013
Director of Development	\$78,000	\$80,340	\$82,750
Director of Operations/Paralegal	\$60,000	\$61,800	\$63,654
Collectors/Asset Recovery	\$36,000	\$37,080	\$38,192
Administrative Legal Assistant	\$36,000	\$37,080	\$38,192
Owner's Withdrawal	\$157,500	\$162,225	\$167,092
Total People	6	7	8
Total Payroll	\$367,500	\$378,525	\$389,880

## 7.0 Financial Plan

**COMPANY NAME** expects to realize \$250,000 of investor/debt capital. As the business will be operating with much of the same equipment, office furniture and supplies as **COMPANY NAME**, this provides the bulk of the current financing required.

### 7.1 Start-up Funding

**COMPANY NAME** start-up costs are detailed above, in the Start-up Table.

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$250,000
Start-up Assets to Fund	\$0
Total Funding Required	\$250,000
Assets	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$0
Total Assets	\$0
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	\$0
Investor	\$0
Additional Investment Requirement	\$250,000
Total Planned Investment	\$250,000
Loss at Start-up (Start-up Expenses)	(\$250,000)
Total Capital	\$0
Total Capital and Liabilities	\$0
Total Funding	\$250,000

7.2 Important Assumptions

The following table shows the General Assumptions for COMPANY NAME.

7.3 Break-even Analysis

The Break-even Analysis is based on the average of the first-year figures for total revenue and by operating expenses. These are presented as per-unit revenue, per-unit cost and fixed costs. These conservative assumptions make for a more accurate estimate of real risk.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$43,192
Assumptions:	
Average Percent Variable Cost	0%
Estimated Monthly Fixed Cost	\$43,192



#### 7.4 Projected Profit and Loss

As the Profit and Loss table shows, the Company expects to continue its steady growth in profitability over the next three years of operations.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>			
	FY 2011	FY 2012	FY 2013
Revenue	\$1,233,860	\$2,725,426	\$4,732,188
Direct Cost of Revenue	\$0	\$0	\$0
Other Costs of Revenue	\$0	\$0	\$0
Total Cost of Revenue	\$0	\$0	\$0
Gross Margin	\$1,233,860	\$2,725,426	\$4,732,188
Gross Margin %	100.00%	100.00%	100.00%
Expenses			
Payroll	\$367,500	\$378,525	\$462,928
Marketing/Promotion	\$6,000	\$12,000	\$36,000
Depreciation	\$0	\$0	\$0
Outside Services	\$8,000	\$8,240	\$9,064
Office Supplies	\$7,000	\$10,500	\$12,500
Car Delivery and Travel	\$15,800	\$27,500	\$35,500
Accounting and Legal	\$6,000	\$10,500	\$12,500
Rent	\$17,600	\$35,000	\$48,000
Telephone	\$3,000	\$10,500	\$12,500
Insurance	\$11,700	\$20,500	\$28,500

Health Insurance	\$23,200	\$28,500	\$21,500
Travel, Entertainment and Convention	\$45,500	\$65,000	\$70,000
Subscriptions and Dues	\$7,000	\$8,000	\$8,800
Total Operating Expenses	\$518,300	\$614,765	\$757,792
Profit Before Interest and Taxes	\$715,560	\$2,110,661	\$3,974,396
EBITDA	\$715,560	\$2,110,661	\$3,974,396
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$214,668	\$633,198	\$1,192,319
Net Profit	\$500,892	\$1,477,463	\$2,782,077
Net Profit/Revenue	40.60%	54.21%	58.79%





### 7.5 Projected Cash Flow

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support operations.

Table: Cash Flow

<i>Pro Forma Cash Flow</i>			
	FY 2011	FY 2012	FY 2013
Cash Received			
Cash from Operations			
Cash Revenue	\$1,233,860	\$2,725,426	\$4,732,188
Subtotal Cash from Operations	\$1,233,860	\$2,725,426	\$4,732,188
Additional Cash Received			
Revenue 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
Revenue of Other Current Assets	\$0	\$0	\$0
Revenue of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$250,000	\$0	\$0
Subtotal Cash Received	\$1,483,860	\$2,725,426	\$4,732,188
Expenditures	FY 2011	FY 2012	FY 2013
Expenditures from Operations			

Cash Spending	\$367,500	\$378,525	\$462,928
Bill Payments	\$328,768	\$834,678	\$1,436,409
Subtotal Spent on Operations	\$696,268	\$1,213,203	\$1,899,337
Additional Cash Spent			
Revenue 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	\$113,000	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$809,268	\$1,213,203	\$1,899,337
Net Cash Flow	\$674,592	\$1,512,223	\$2,832,851
Cash Balance	\$674,592	\$2,186,815	\$5,019,666



## 7.6 Projected Balance Sheet

The balance sheet shows healthy growth of net worth, and strong financial position. The monthly estimates are included in the appendix.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>			
	FY 2011	FY 2012	FY 2013
Assets			
Current Assets			
Cash	\$1,062,592	\$2,574,815	\$5,407,666
Other Current Assets	\$113,000	\$113,000	\$113,000
Total Current Assets	\$1,175,592	\$2,687,815	\$5,520,666
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$1,175,592	\$2,687,815	\$5,520,666
Liabilities and Capital	FY 2011	FY 2012	FY 2013
Current Liabilities			
Accounts Payable	\$36,700	\$71,461	\$122,234
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$36,700	\$71,461	\$122,234



Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$36,700	\$71,461	\$122,234
Paid-in Capital	\$888,000	\$888,000	\$888,000
Retained Earnings	(\$250,000)	\$250,892	\$1,728,355
Earnings	\$500,892	\$1,477,463	\$2,782,077
Total Capital	\$1,138,892	\$2,616,355	\$5,398,432
Total Liabilities and Capital	\$1,175,592	\$2,687,815	\$5,520,666
Net Worth	\$1,138,892	\$2,616,355	\$5,398,432

## 7.7 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7322, Collection Agencies and Services, are shown for comparison.

Table: Ratios

<b>Ratio Analysis</b>				
	FY 2011	FY 2012	FY 2013	Industry Profile
Revenue Growth	0.00%	3.00%	3.00%	7.70%
Percent of Total Assets				
Other Current Assets	0.99%	0.53%	0.36%	49.05%
Total Current Assets	100.00%	100.00%	100.00%	78.06%
Long-term Assets	0.00%	0.00%	0.00%	21.94%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	4.45%	1.85%	1.28%	35.51%
Long-term Liabilities	0.00%	0.00%	0.00%	12.14%
Total Liabilities	4.45%	1.85%	1.28%	47.65%
Net Worth	95.55%	98.15%	98.72%	52.35%
Percent of Revenue				
Revenue	100.00%	100.00%	100.00%	100.00%
Gross Margin	100.00%	100.00%	100.00%	100.00%
Selling, General & Administrative Expenses	37.28%	37.28%	37.27%	77.16%
Advertising Expenses	0.12%	0.12%	0.11%	1.71%

Profit Before Interest and Taxes	89.60%	89.61%	89.61%	2.84%
Main Ratios				
Current	22.45	53.95	77.94	1.66
Quick	22.45	53.95	77.94	1.31
Total Debt to Total Assets	4.45%	1.85%	1.28%	60.58%
Pre-tax Return on Net Worth	129.03%	68.85%	47.39%	14.75%
Pre-tax Return on Assets	123.29%	67.58%	46.78%	5.81%

Additional Ratios	FY 2011	FY 2012	FY 2013	
Net Profit Margin	62.72%	62.72%	62.73%	n.a
Return on Equity	90.32%	48.20%	33.17%	n.a
Activity Ratios				
Accounts Payable Turnover	9.24	12.17	12.17	n.a
Payment Days	27	34	30	n.a
Total Asset Turnover	1.38	0.75	0.52	n.a
Debt Ratios				
Debt to Net Worth	0.05	0.02	0.01	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$3,461,918	\$6,682,768	\$10,000,371	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Revenue	0.73	1.33	1.92	n.a
Current Debt/Total Assets	4%	2%	1%	n.a
Acid Test	22.45	53.95	77.94	n.a
Revenue/Net Worth	1.44	0.77	0.53	n.a
Dividend Payout	0.00	0.00	0.00	n.a

[Go to Top](#)

