How to Start a Printing Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

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

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

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

**Preliminary Analysis**

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

**General Personal Considerations**

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

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

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

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

   ______________
   ______________

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

   ______________

3. Describe who will use your products/services

   ______________

4. Why would someone buy your product/service?

   ______________

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

   ______________

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

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

B. Requirements For Success

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

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

Major Flaws

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

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

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.
1. How much income do you desire? 
_______________

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

3. What minimum income do you require? 
_______________

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

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

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

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

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

D. Preliminary Income Statement

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

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

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks.
Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

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

_____________

2. What is the average cost of goods sold percentage of sales?

_____________

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

_____________

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

_____________

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

_____________

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

_____________

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

_____________

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

_____________
**ANY BUSINESS, INC.**

Condensed Hypothetical Income Statement
For year ending December 31

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

**E. Market Analysis**

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

**Population**

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

2. What is the population of these areas?
   __________________

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

4. What is the average family size?
   __________________

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

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

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

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

10. Can you appeal to the entire market?

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

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:
   - Price structure?
   - Product lines (quality, breadth, width)?
Location?

_______________

Promotional activities?

_______________

Sources of supply?

_______________

Image from a consumer's viewpoint?

_______________

5. Do you know of any new competitors?

_______________

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

_______________

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

_______________

8. If so, why?

_______________

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

_______________

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

_______________

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

_______________

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

_______________

13. Can you compete with your competition?

_______________
G. Sales

1. Determine the total sales volume in your market area.

2. How accurate do you think your forecast of total sales is?

3. Did you base your forecast on concrete data?

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

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

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

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

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

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

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

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?
12. Have you been optimistic or pessimistic in your forecast of sales? ______________
13. Do you need to hire an expert to refine the sales forecast? ______________
14. Are you willing to hire an expert to refine the sales forecast? ______________

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

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

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

**J. Venture Feasibility**

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

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

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

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

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

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

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it crops up later on. If you leave out or ignore enough items, your business is headed for disaster.
Keep in mind too, that your final goal is to put your plan into action. More will be said about this near the end of this Guide.

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

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

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

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

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

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

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

**Why am I in Business?**

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

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

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

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

____________

____________
What business am I in?

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

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

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

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

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

How to Plan Your Marketing

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

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

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

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

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

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

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

In selecting an area to serve, consider the following:

Population and its growth potential
Income, age, occupation of population
Number of competitive services in and around your proposed location
Local ordinances and zoning regulations
Type of trading area (commercial, industrial, residential, seasonal)

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

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

Will the customer come to your place of business?
How much space do you need?
Will you want to expand later on?
Do you need any special features required in lighting, heating, ventilation?
Is parking available?
Is public transportation available?
Is the location conducive to drop-in customers?
Will you pick up and deliver?
Will travel time be excessive?
Will you prorate travel time to service call?
Would a location close to an expressway or main artery cut down on travel time?
If you choose a remote location, will savings in rent off-set the inconvenience?
If you choose a remote location, will you have to pay as much as you save in rent for advertising to make your service known?

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

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

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

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

I plan to locate in ___________ because:

____________
____________
____________

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

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

____________
____________

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

____________
____________

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

____________
____________

Is the building attractive? _________ In good repair? _________

Will it need remodeling? _________ Cost of remodeling? _________

What services does the landlord provide?

____________
____________
What is the competition in the area you have picked?
The number of firms that handle my service _________
Does the area appear to be saturated? _________
How many of these firms look prosperous? _________
Do they have any apparent advantages over you? _________
How many look as though they're barely getting by? _________
How many similar services went out of business in the area last year? _________
Can you find out why they failed? _________
How many new services opened up in the last year? _________
How much do your competitors charge for your service? _________
Which firm or firms in the area will be your biggest competition? _________
List the reasons for your opinion here:

________________

________________

Section Two - Attracting Customers

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

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

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service, the cleanliness of the floors, the manner in which they are treated, and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt, courteous service before and after the sale will help make satisfied customers your best form of advertising.
Thus, you can control your image. Whatever image you seek to develop. It should be concrete enough to promote in your advertising. For example, "service with a smile" is an often used image.

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

____________________
____________________

Pricing

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

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

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

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

Can you add to your prices to absorb this cost?

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

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

Customer Service Policies

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

List the services that your competitors provide to customers:
Now list the services that you will provide your customers:

<table>
<thead>
<tr>
<th>Service / Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>________________________</td>
</tr>
<tr>
<td>________________________</td>
</tr>
<tr>
<td>________________________</td>
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<tr>
<td>________________________</td>
</tr>
</tbody>
</table>

Planning Your Advertising Activities

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

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

The strong points about my service business are:

______________________

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

______________________

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

______________________

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

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

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

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

<table>
<thead>
<tr>
<th>Form of Advertising</th>
<th>Size of Audience</th>
<th>Frequency of Use</th>
<th>Cost of A Single Ad</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When you have a figure on what your advertising for the next 12 months will cost, check it against one of the operating ratios (expenses as a percentage of sales) which trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining comes down to: How much can I afford to spend and still do the job that needs to be done?

**Section Three - Selling to Customers**

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

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

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.
Based on this description and the dollar amount of business you indicated that you intend to do this year, fill in the following workblocks.

**Fixtures and Equipment**

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

**Parts and Material**

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

I plan to buy parts and material from:

____________________

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

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

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

**Overhead**

List the overhead items which will be needed. Examples are: rent, utilities, office help, insurance, interest, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help you manage, their salaries should be listed as overhead.

____________________

**Getting the Work Done**

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

Organization is essential because you as the owner-manager cannot do all the work. As your organization grows, you have to delegate work, responsibility and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business.
As an additional aid in determining both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation such as "worker #1", Remember that a name may appear more than once.

**Activity / Name**

__________________________
__________________________
__________________________
__________________________
__________________________

**How Much Money Will You Need**

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

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

**Expenses**

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

The following workblock is designed to help you make a quick estimate of your expenses. To use this formula, you need to get only one figure - the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.
Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this fact in mind as you work on the "Expenses" section, and on other financial aspects of your plan.

**Break Down Your Expenses**

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

**Matching Money and Expenses**

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

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

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

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

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

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

Control and Feedback

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

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

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

Stock Control

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

In a business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been used.
In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. You will also have costs such as the cost of purchasing, the cost of keeping control records, and the cost of receiving and storing your inventory.

**Sales**

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

**Disbursements**

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

**Break-Even Analysis**

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

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

The formula is:

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

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.
Is Your Plan Workable?

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

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

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

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

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

Put Your Plan into Action

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

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

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

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

Have you more money to put into this business?

Do you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms.
If you are starting a new business, one action step may be to get a loan for fixtures, employee salaries, and other expenses. Another action step will be to find and hire capable employees.

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

**Action / Completion Date**

____________ ____________
____________ ____________
____________ ____________
____________ ____________
____________ ____________
____________ ____________

**Keeping Your Plan Up To Date**

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

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

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

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

(1) Be alert to the changes that come in your company, line of business, market, and customers.

(2) Check your plan against these changes.

(3) Determine what revisions, if any, are needed in your plan.

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

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**3. Complete Printing Business Plan Template**
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1.0 Executive Summary

**COMPANY NAME** is a 100% woman privately owned and operated S Corporation with well established relationships in the rapidly-growing Tri-Valley region of San Francisco's East Bay. It was incorporated in 2004. **COMPANY NAME** was founded by **INSERT NAME** and fully operated by **INSERT NAMES** who is established as Vice President of Sales and Acquisitions.

Located in the rapidly-growing Tri-Valley region of San Francisco's East Bay, Dublin is located at the crossroads of I-580 and I-680. Dublin is 14.01 square miles in size and currently has an approximate population of 41,907 (and growing).

Dublin has a mild climate and a positive attitude toward commercial, industrial and residential growth. **COMPANY NAME** already does well in the area and even nationwide and overseas due to the company’s availability and presence online.

In the early 1990s, **INSERT NAME** launched his career in the printing industry with a sales position at a regional auto sales publication. Over the next few years, he made great professional strides, continuing his career with the #1 rated local daily newspaper. In 1995, he took the next step in his career as a sales representative with one of the premier, high-end printers in the country, Lithographix. **INSERT NAME** spent the next decade working for various high-end commercial printers, learning the industry, increasing his printing knowledge, and building relationships. His growing list of clients learned that his experience and expertise were second to none. In early 2004, these customers began expressing their desire to have Mike manage ALL of their printing needs, not just the high-end projects. There was a need in the marketplace to have a company that could facilitate all levels of printing. And so, in the fall of 2004, in response to these client demands, **INSERT NAME**, launched **COMPANY NAME**.

**INSERT NAME** has over 12 years of marketing and sales experience across a broad spectrum of business types. She has worked as a marketing manager for the Clayton, CA office of Better Homes Realty; as a product marketing manager for Premenos, an EDI software developer; as a marketing manager at Net Wireless, where she directed all collateral and direct mail efforts; as an account executive at AT&T’s cable accounts division; and most recently as a sales representative at All American Label. Her in-depth understanding of marketing and sales needs across various business platforms leaves her uniquely qualified to help clients strategize and fulfill their own promotional needs.
1.1 Objectives

1. To generate generous annual sales by the third year of this plan.

2. To establish a tiered client hierarchy:
   - 20% long term, established customers
   - 60% customers with ongoing irregular and periodic needs
   - 20% new customers with unestablished needs.

3. To hire permanent employees and eliminate the need for independent contractors, providing more job stability to the area.

4. To establish business and sell services in the greater Northern and Southern California areas.

5. To be a true one-stop operation by being able to accommodate all of a customer's printing needs from consulting and design assistance to printing, binding, and distribution. Our goal is to eliminate the need for our customers to source any printing outside of our scope.

6. To promote an awareness of green technology and eco-friendly product and publication and so as to support sales and income goals through aggressive marketing and telephone contact. This awareness will come from both marketing and word-of-mouth referrals.

1.2 Mission
COMPANY NAME is a printing solutions provider dedicated to offering a single source for all printing needs with a priority on earning and maintaining our customer's trust. COMPANY NAME will maintain a consistent and reasonable margin while providing customers with a fair price and exceptional service in the United States and abroad. The company will also maintain a friendly, fair, and creative work environment that respects new ideas and hard work.

With the demise of the newspaper industry many advertisers are seeking ways to reach each consumer in the market place without major expenses of direct mail and postage costs. COMPANY NAME has created a solution, the PRODUCT NAME. [INSERT PRODUCT FUNCTION]. Customers are able to pick and choose market zone coverage by zip codes and receive a cost effective way to reach consumers in their desired demographic areas.

COSTCO Business Value Book, COMPANY NAME and their advertising team has been chosen to produce the quarterly COSTCO BVB book for the Livermore / Pleasanton market. Many other Costco's are now considering COMPANY NAME to produce the very same advertising vehicle for their warehouse’s.

Both of these vehicles allow our sales force to cross sell into all vehicles and build relationships for our design, print and collateral capabilities.

1.3 Keys to Success

The keys to the success of COMPANY NAME are:

- Maintaining a reputable and untarnished reputation in the industry.
- Quality care of individual and business customers.
- Competitive pricing.
- Offering eco friendly alternatives to clientele.

2.0 Company Summary

COMPANY NAME is a 100% woman privately owned and operated S Corporation with well established relationships in the rapidly-growing Tri-Valley region of San Francisco's East Bay. It was incorporated in 2004, but was conceived and begun in 1996. COMPANY NAME was founded by INSERT NAME and fully operated by INSERT NAMES, who is established as Vice President of Sales and Acquisitions.

Located in the rapidly-growing Tri-Valley region of San Francisco's East Bay, Dublin is located at the crossroads of I-580 and I-680. Dublin is 14.01 square miles in size and currently has an approximate population of 41,907 (and growing).

Dublin has a mild climate and a positive attitude toward commercial, industrial and residential growth. Touch Plate, Inc. already does well in the area and even nationwide and overseas due to the company's availability and presence availability online.
2.1 Company Ownership

COMPANY NAME is a privately-held California S-Corporation. INSERT NAME the company's founder, is the President and Operations Manager. INSERT NAME is the Vice President of Sales and Acquisitions. INSERT NAME will be handling the marketing, sales and commercial print volume.
2.2 Company History

**COMPANY NAME** was incorporated in February of 2004 by INSERT NAME. The company has been 100% female owned and operated since the date of incorporation.

As the printing industry's time is waning, **COMPANY NAME** is already merging into the advertising and publishing industries with the company publication **PRODUCT NAME**, which focuses on an eco friendly yet modern way of lifestyle and business.

Although 92% of the company's sales are Northern California based, **COMPANY NAME** does have a healthy amount of clientele in other parts of the country and abroad.

Table: Past Performance

<table>
<thead>
<tr>
<th>Past Performance</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,063,976</td>
<td>$936,713</td>
<td>$594,077</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$1,063,976</td>
<td>$936,713</td>
<td>$594,077</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$1,036,136</td>
<td>$851,427</td>
<td>$591,948</td>
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</table>

Balance Sheet

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
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<td>Other Current Assets</td>
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<td>Total Current Assets</td>
<td>$12,110</td>
<td>$37,687</td>
<td>$55,747</td>
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</table>

<table>
<thead>
<tr>
<th>Long-term Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>$0</td>
<td>$0</td>
<td>$39,916</td>
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<tr>
<td></td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Total Long-term Assets</strong></td>
<td>$0</td>
<td>$0</td>
<td>($39,916)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$12,110</td>
<td>$37,687</td>
<td>$15,831</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$0</td>
<td>$0</td>
<td>($1,962)</td>
</tr>
<tr>
<td>Current Borrowing</td>
<td>($23,066)</td>
<td>($37,784)</td>
<td>$4,361</td>
</tr>
<tr>
<td>Other Current Liabilities (interest free)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>($23,066)</td>
<td>($37,784)</td>
<td>$2,399</td>
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<tr>
<td><strong>Long-term Liabilities</strong></td>
<td>$16,747</td>
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<td><strong>Total Liabilities</strong></td>
<td>($6,319)</td>
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<tr>
<td><strong>Paid-in Capital</strong></td>
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<td>$0</td>
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<tr>
<td><strong>Retained Earnings</strong></td>
<td>($161,344)</td>
<td>($201,388)</td>
<td>($294,588)</td>
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<tr>
<td><strong>Earnings</strong></td>
<td>$179,773</td>
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<td><strong>Total Capital</strong></td>
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<td><strong>Total Capital and Liabilities</strong></td>
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<td>$37,687</td>
<td>$15,831</td>
</tr>
<tr>
<td><strong>Other Inputs</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Payment Days</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
COMPANY NAME provides custom solutions for business printing needs. COMPANY NAME is a service for customers that are looking for a one-stop solution for all of their printing needs. The company provides them with an overall cost savings through strategy of job specific solution sales. COMPANY NAME solutions focus on the needs of the customer, the time frame for the project and the overall scope of work. With well established vendor partners, COMPANY NAME can accommodate any job size with solutions tailored to the specific need and can further reduce costs by aggregating and allocating among the various sources. Products and services include:

SERVICES:

• Consultation
• Printing needs analysis and recommendations
• Inventory management and storage
• Graphic design
• Corporate image
• Copy writing
• Pickup and delivery
• Electronic communication and file management
• Bindery, including cutting, folding, stitching, die cutting, foil stamping embossing
PRODUCTS:

- Identity packages
- High-end collateral print
- Grand format
- Business forms including multi-part and carbonless
- Door Hangers
- Brochures
- Mailers
- Fliers
- Packaging
- Catalogs
- Coupons
- Labels (wine and soft packaging)
- Annual reports
- Specialty and promotional items including silk screening, embroidery and advertising specialties

4.0 Market Analysis Summary

The market for printing is worth an estimated $168 billion nationwide according to the 2009 Printing Industry of America (PIA) report and projected to grow an average of 5% per year. The 2010 print markets will mirror the growing but slowing economy. Total US print shipments should grow around 5% to approximately $171 billion. This rate of growth in print shipments is slightly below the growth in total US economic output not adjusted for inflation, reflecting the transition of the printing industry from a growth industry to a mature industry. However, this should allow plenty of opportunity for printers with an additional $8.2 billion in printing shipments. Approximately 2% of the growth in print shipments is expected to reflect price increases, leaving around 3% real growth.

Dublin is a suburban city of the East (San Francisco) Bay region of Alameda County, California, United States. It is located along the north side of Interstate 580 at the intersection with Interstate 680, roughly 10 miles (16 km) east of Hayward, 6 miles (9.7 km) west of Livermore and 25 miles (40 km) north of San Jose. The nearest major metropolitan area is that of Oakland, approximately 25 miles (40 km) to the west-northwest on Interstate 580. Because of this, Dublin is known as a "crossroads" of the
Bay Area. The population was more than 46,000 according to the state of California's 2008 estimates and by 2030 it will grow to 75,900. Dublin is home to the headquarters of Sybase, Inc and Arlen Ness, and is home to major financial services, Washington Mutual Bank and Franklin Resources.

As of 2010 there were 50,000 people, 9,325 households, and 6,508 families residing in the city. The population density was 2,381.3 people per square mile (919.2/km²). There are about 9,872 housing units at an average density of 784.3/sq mi (302.7/km²). The racial makeup of the city was 62.30% White, 10% Black or African American, 0.50% Native American, 10.20% Asian, 0.30% Pacific Islander, 5.26% from other races, and 3.88% from two or more races. 13.50% of the population was Hispanic or Latino of any race.

There were 9,325 households out of which 35.4% had children under the age of 18 living with them, 56.9% were married couples living together, 9.1% had a female householder with no husband present, and 30.2% were non-families. 21.3% of all households were made up of individuals and 2.8% had someone living alone who was 65 years of age or older. The average household size was 2.65 and the average family size was 3.13.

In the city the population was spread out with 21.0% under the age of 18, 9.3% from 18 to 24, 44.1% from 25 to 44, 21.0% from 45 to 64, and 4.6% who were 65 years of age or older. The median age was 34 years. For every 100 females there were 111.2 males. For every 100 females age 18 and over, there were 112.4 males.

The average income for a household in the city is $101,550. Males had a median income of $77,605 versus $48,116 for females. The per capita income for the city was $29,451. About 1.9% of families and 2.9% of the population were below the poverty line, including 3.2% of those under age 18 and 3.2% of that age 65 or over.

Across the world, over 45 trillion pages (2005 figure) are printed annually. In 2006 there were approximately 30,700 printing companies in the United States, accounting for $112 billion, according to the 2006 U.S. Industry & Market Outlook by Barnes Reports. Print jobs that move through the Internet made up 12.5% of the total U.S. printing market last year, according to research firm InfoTrend/CAP Ventures.

**COMPANY NAME** most important group of potential customers is executives in larger corporations. These are marketing managers, general managers, and sales managers, sometimes charged with international focus and sometimes charged with market or even specific channel focus. They do not want to waste their time or risk their money looking for bargain information or questionable expertise. **COMPANY NAME** understands their target market and will use several tools to keep the company focused on that market.

4.1 Market Segmentation

The printing industry is separated into the following market segments with the following anticipated growth:
COMPANY NAME handles all business printing needs, the company's focus and expertise will be towards the larger scale, full color promotional and marketing pieces and moving into advertising and publication industries. The ability to source more effectively and job specifically allows COMPANY NAME to offer a much more competitive rate for each individual circumstance. The company's ideal product focus will be providing its advertisement customers with all of their printing needs as well. Customers for this product include, marketing and advertising firms, manufacturing, retail, and restaurant.
### Market Analysis

<table>
<thead>
<tr>
<th>Potential Customers</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern California Customers</td>
<td>5%</td>
<td>678,210</td>
<td>712,121</td>
<td>747,727</td>
<td>785,113</td>
<td>824,369</td>
</tr>
<tr>
<td>U.S.A. Domestic Customers Other and Overseas</td>
<td>3%</td>
<td>117,949</td>
<td>121,487</td>
<td>125,132</td>
<td>128,886</td>
<td>132,753</td>
</tr>
<tr>
<td>Total</td>
<td>4.71%</td>
<td>796,159</td>
<td>833,608</td>
<td>872,859</td>
<td>913,999</td>
<td>957,122</td>
</tr>
</tbody>
</table>

#### 4.2 Target Market Segment Strategy

There is already a sense of segment strategy in the way we define COMPANY NAME target markets. The company is choosing to compete in the small to medium size business segment which we define as 10 to 200 employees with sales ranging from $250,000 to $5 million and printing expenditures of between $5,000 and $30,000.
COMPANY NAME is not averse to doing business outside the domestic United States range; however, the marketing and sales efforts are directed within the State of California. COMPANY NAME believes that this segment of the market would not always use an advertising/marketing agency yet would need the services of a printer instead of doing their own in-house work.

The company's strategy revolves around "partnering" with clients. The smaller customer is likely to produce their own printed materials and larger customers tend to use the services of an agency. Medium size companies have the need for more professionally produced printing while not having the established budget to substantiate hiring an agency. The goal is to provide an exceptional level of service while saving the company's customers money.

4.3 Industry Analysis

The printing industry operates in an environment where a myriad of forces work on costs, prices, product demand and supply. Paper prices, electricity costs, labor conditions, and capital costs impact the bottom line, while changes in new printing technologies, emerging advertising media, new ways of conducting business, and the strengths of the print buying industries all impact the top line. Although there has been a softening of the economy in general, the printing industry is not as discretionary as other market segments.

4.3.1 Competition and Buying Patterns

In printing, cost and service are the two key areas. Sales efforts within the industry are generally sparse. Most quick and small commercial printers rely on Yellow Pages advertising and referrals in lieu of a direct sales effort; most are not truly full service printers; most rely on name recognition. Touch Plate, Inc. also feels that 80% of customers are willing to try alternative sources for their printing needs because there is a general lack of quality service to support the continued patronage of existing clientele.

As a service-centric business, COMPANY NAME will strive to maintain existing customers with high quality service while educating them in additional services and products. Printing in general is not sales-centric as it is a necessary business expense. Therefore, most printers rely on customers coming to them. By going to the customer and/or businesses, COMPANY NAME can capture a lion's share of the existing printing purchases.

5.0 Strategy and Implementation Summary

Emphasize service
COMPANY NAME will differentiate themselves with SERVICES! The company will establish the business offering as a clear and viable alternative for its' target market.

Build a relationship-oriented business
Build long-term relationships with customers, not single-visit deals. Become their
printing and supply destination of choice. Make them understand the value of the relationship.

Focus on target markets

**COMPANY NAME** needs to focus the company's offerings on specific population groups as the key market segment **COMPANY NAME** should own.

5.1 Competitive Edge

**COMPANY NAME** strongest advantages are consultative philosophy and purchase methodology. **COMPANY NAME** comes to the market with 18 years of printing knowledge. Additionally, the company has years of experience with computer technology which will integrate with the company's business model to enhance and streamline the company's capabilities. **COMPANY NAME** focus on customer service is the company's foundation. The goal is to reduce the number of customers who are willing to try someone else from the industry standard 80% to zero.

5.2 Marketing Strategy

As mentioned in the previous section, it is important to the marketing strategy to develop an attractive image to the trade. This can be done in a number of ways:

1. **Advertising.** **COMPANY NAME** plans to launch an advertising campaign, including print and billboards, to increase visibility of the company and attract more sales.

2. **Cross-Promotion.** By merging into the advertising and publishing industries, **COMPANY NAME** and also sell printing services to its advertising clientele.

3. **Participation in Tradeshows.** Another image-building marketing ploy is participating in tradeshows. **COMPANY NAME** will increase the company's visibility within the industry by participating in both small and large tradeshows.

5.3 Sales Strategy

The first element for **COMPANY NAME** sales team is to get an onsite appointment. The salesmen will develop a rapport with the customer by taking a genuine interest in them and their business needs. Next **COMPANY NAME** addresses current and future printing needs, develop a customized solution and present that in a clear format as quickly as possible. Finally, the company follows up on all opportunities in a regimented manner.

Furthermore, **COMPANY NAME** will continue to seek new contacts through local chamber memberships, seminars, business associations and referrals. The sales strategy for **COMPANY NAME** is designed to both maximize and maintain existing relationships while continually looking for new opportunities.

5.3.1 Sales Forecast

The new marketing strategy for **COMPANY NAME** should increase sales only slightly in the first few months, due to the extensive efforts that will be put forth to build and coordinate the company's operations. **COMPANY NAME** has arrived at the target sales
figures by adding these new customers and their business volumes to the numbers from previous years' history, and also growing the business printing needs of the existing clients. The company sees a projection of higher growth in the next three years than is project in this table, but due to the slow recovery of the economy, this is a conservative sales forecast.

Table: Sales Forecast

<table>
<thead>
<tr>
<th>Sales Forecast</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing Services</td>
<td>$1,058,650</td>
<td>$1,164,515</td>
<td>$1,280,967</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$1,058,650</td>
<td>$1,164,515</td>
<td>$1,280,967</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct Cost of Sales</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing Expenses</td>
<td>$391,438</td>
<td>$403,181</td>
<td>$415,276</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Subtotal Direct Cost of Sales</td>
<td>$391,438</td>
<td>$403,181</td>
<td>$415,276</td>
</tr>
</tbody>
</table>
5.4 Milestones

The accompanying table lists important program milestones with dates for each. The milestone schedule indicates our emphasis on planning for implementation.

What the table doesn’t show is the commitment behind it. The business plan for COMPANY NAME includes complete provisions for plan-vs.-actual analysis, and we will be holding monthly follow-up meetings to discuss the variance and course corrections.

Table: Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Start Date</th>
<th>End Date</th>
<th>Budget</th>
<th>Manager</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment Expense</td>
<td>6/1/2010</td>
<td>10/1/2010</td>
<td>$24,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>6/1/2010</td>
<td>12/31/2010</td>
<td>$120,000</td>
<td>VP Sales and Marketing</td>
<td></td>
</tr>
<tr>
<td>Phone and Fax</td>
<td>6/1/2010</td>
<td>10/1/2010</td>
<td>$79,200</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Medical and Dental Insurance</td>
<td>6/1/2010</td>
<td>12/31/2010</td>
<td>$84,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>6/1/2010</td>
<td>11/1/2010</td>
<td>$24,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>6/1/2010</td>
<td>6/1/2011</td>
<td>$45,600</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>6/1/2010</td>
<td>10/31/2010</td>
<td>$34,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td>6/1/2010</td>
<td>10/1/2010</td>
<td>$12,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>6/1/2010</td>
<td>12/31/2010</td>
<td>$36,000</td>
<td>Owner</td>
<td></td>
</tr>
<tr>
<td>Website</td>
<td>6/1/2010</td>
<td>12/31/2010</td>
<td>$10,000</td>
<td>VP Sales and Marketing</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>6/1/2010</td>
<td>6/1/2011</td>
<td>$20,000</td>
<td>Owner/VP</td>
<td></td>
</tr>
<tr>
<td>Auto/Truck Expense</td>
<td>6/1/2010</td>
<td>11/1/2010</td>
<td>$48,000</td>
<td>Owner</td>
<td></td>
</tr>
</tbody>
</table>
6.0 Management Summary

**COMPANY NAME** is structured to be a two person operation, consisting of the Owner/Manager and VP of Sales and Marketing. There is an immediate plan to hire formal employees; however, the nature of the current business climate has the company working with many subcontractors to match specific jobs.

6.1 Personnel Plan

The detailed monthly personnel plan for the first year is included in the appendix. The annual personnel estimates are included here.
### Personnel Plan

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owner</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>VP of Sales and Marketing</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>$221,951</td>
<td>$228,610</td>
<td>$235,468</td>
</tr>
<tr>
<td><strong>Total People</strong></td>
<td>7</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Payroll</strong></td>
<td>$221,951</td>
<td>$228,610</td>
<td>$235,468</td>
</tr>
</tbody>
</table>

#### 7.0 Financial Plan

* **COMPANY NAME** wants to finance growth through increasing sales and enlarging the customer base.

* Initial funding for the marketing effort will be crucial to long-term success.

* The most important factor in the company's case is low overhead and high margin.

* **COMPANY NAME** will attempt to maintain pre-paid and COD business to further strengthen the company's cash position in the long run.

#### 7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table. The key underlying assumptions are:

* **COMPANY NAME** assumes an immediate increase in sales.

* The company assumes a constant growth in its long-term customer base.

* **COMPANY NAME** assumes continued influx of new customers with the aggressive marketing and sales strategies.

* The company assumes that the printing industry will continue to show resilience against global economic factors as a non-discretionary commodity.

#### 7.2 Break-even Analysis
The break-even analysis shows what **COMPANY NAME** requires in sales per month to break even. The company's sales forecast is in line with this projection and exceeds it rapidly. Furthermore, **COMPANY NAME** anticipates an ability to regularly acquire new clientele each and every month.
<table>
<thead>
<tr>
<th><strong>Break-even Analysis</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Revenue Break-even</strong></td>
<td>$46,090</td>
</tr>
<tr>
<td>Assumptions:</td>
<td></td>
</tr>
<tr>
<td><strong>Average Percent Variable Cost</strong></td>
<td>37%</td>
</tr>
<tr>
<td><strong>Estimated Monthly Fixed Cost</strong></td>
<td>$29,048</td>
</tr>
</tbody>
</table>
7.3 Projected Profit and Loss

**COMPANY NAME** expects to ramp up the sales conservatively in order to achieve the company's desired long-term profit estimates.

Table: Profit and Loss

<table>
<thead>
<tr>
<th>Pro Forma Profit and Loss</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,058,650</td>
<td>$1,164,515</td>
<td>$1,280,967</td>
</tr>
<tr>
<td>Direct Cost of Sales</td>
<td>$391,438</td>
<td>$403,181</td>
<td>$415,276</td>
</tr>
<tr>
<td>Other Production Expenses</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Cost of Sales</td>
<td>$391,438</td>
<td>$403,181</td>
<td>$415,276</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$667,212</td>
<td>$761,334</td>
<td>$865,691</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>63.02%</td>
<td>65.38%</td>
<td>67.58%</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>$221,951</td>
<td>$228,610</td>
<td>$235,468</td>
</tr>
<tr>
<td>Sales and Marketing and Other Expenses</td>
<td>$70,955</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Auto/Truck Expenses</td>
<td>$25,056</td>
<td>$25,808</td>
<td>$26,582</td>
</tr>
<tr>
<td>Insurance</td>
<td>$7,608</td>
<td>$7,836</td>
<td>$8,071</td>
</tr>
<tr>
<td>Taxes</td>
<td>$11,400</td>
<td>$11,742</td>
<td>$12,094</td>
</tr>
<tr>
<td>Office Operations/Utilities</td>
<td>$11,604</td>
<td>$11,952</td>
<td>$12,311</td>
</tr>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$348,574</td>
<td>$285,948</td>
<td>$294,526</td>
</tr>
<tr>
<td>Profit Before Interest and Taxes</td>
<td>$318,638</td>
<td>$475,386</td>
<td>$571,165</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$318,638</td>
<td>$475,386</td>
<td>$571,165</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$549</td>
<td>$349</td>
<td>$349</td>
</tr>
<tr>
<td>Taxes Incurred</td>
<td>$95,427</td>
<td>$142,511</td>
<td>$171,245</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$222,662</td>
<td>$332,526</td>
<td>$399,571</td>
</tr>
<tr>
<td>Net Profit/Sales</td>
<td>21.03%</td>
<td>28.55%</td>
<td>31.19%</td>
</tr>
</tbody>
</table>
7.4 Projected Cash Flow

With the current projections and expected margins, COMPANY NAME projects no additional need for future investment or borrowing. Cash flow and cash balance should both increase steadily through the lifecycle of the business eliminating the need for further or ongoing funding.

Table: Cash Flow

<table>
<thead>
<tr>
<th>Pro Forma Cash Flow</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Sales</td>
<td>$1,058,650</td>
<td>$1,164,515</td>
<td>$1,280,967</td>
</tr>
<tr>
<td>Subtotal Cash from Operations</td>
<td>$1,058,650</td>
<td>$1,164,515</td>
<td>$1,280,967</td>
</tr>
<tr>
<td>Additional Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax, VAT, HST/GST Received</td>
<td>$87,339</td>
<td>$96,072</td>
<td>$105,680</td>
</tr>
<tr>
<td>New Current Borrowing</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Other Liabilities (interest-free)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Long-term Liabilities</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Other Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Long-term Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Investment Received</td>
<td>$1,200,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Subtotal Cash Received</td>
<td>$2,345,989</td>
<td>$1,260,587</td>
<td>$1,386,647</td>
</tr>
<tr>
<td>Expenditures</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Expenditures from Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Spending</td>
<td>$221,951</td>
<td>$228,610</td>
<td>$235,468</td>
</tr>
<tr>
<td>Bill Payments</td>
<td>$546,855</td>
<td>$619,007</td>
<td>$642,431</td>
</tr>
<tr>
<td><strong>Subtotal Spent on Operations</strong></td>
<td>$768,806</td>
<td>$847,617</td>
<td>$877,899</td>
</tr>
<tr>
<td><strong>Additional Cash Spent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Tax, VAT, HST/GST Paid Out</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Principal Repayment of Current Borrowing</td>
<td>$4,356</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other Liabilities Principal Repayment</td>
<td>$3,312</td>
<td>$3,312</td>
<td>$3,312</td>
</tr>
<tr>
<td>Long-term Liabilities Principal Repayment</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Purchase Other Current Assets</td>
<td>$58,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Purchase Long-term Assets</td>
<td>$48,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Dividends</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Subtotal Cash Spent</strong></td>
<td>$882,474</td>
<td>$850,929</td>
<td>$881,211</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>$1,463,515</td>
<td>$409,659</td>
<td>$505,436</td>
</tr>
<tr>
<td><strong>Cash Balance</strong></td>
<td>$1,464,350</td>
<td>$1,874,009</td>
<td>$2,379,445</td>
</tr>
</tbody>
</table>
7.5 Projected Balance Sheet

The following table shows the projected Balance Sheet for COMPANY NAME.

Table: Balance Sheet

<table>
<thead>
<tr>
<th>Pro Forma Balance Sheet</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,464,350</td>
<td>$1,874,009</td>
<td>$2,379,445</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$112,912</td>
<td>$112,912</td>
<td>$112,912</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$1,577,262</td>
<td>$1,986,921</td>
<td>$2,492,357</td>
</tr>
<tr>
<td><strong>Long-term Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>$48,000</td>
<td>$48,000</td>
<td>$48,000</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>$39,916</td>
<td>$39,916</td>
<td>$39,916</td>
</tr>
<tr>
<td>Total Long-term Assets</td>
<td>$8,084</td>
<td>$8,084</td>
<td>$8,084</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,585,346</td>
<td>$1,995,005</td>
<td>$2,500,441</td>
</tr>
<tr>
<td><strong>Liabilities and Capital</strong></td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>2023</td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$65,220</td>
<td>$49,593</td>
<td>$53,090</td>
</tr>
<tr>
<td>Current Borrowing</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
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<tr>
<td>Other Current Liabilities</td>
<td>$84,027</td>
<td>$176,787</td>
<td>$279,155</td>
</tr>
<tr>
<td>Subtotal Current Liabilities</td>
<td>$149,252</td>
<td>$226,385</td>
<td>$332,250</td>
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<tr>
<td>Long-term Liabilities</td>
<td>$4,361</td>
<td>$4,361</td>
<td>$4,361</td>
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<tr>
<td>Total Liabilities</td>
<td>$153,613</td>
<td>$230,746</td>
<td>$336,611</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>$9,071</td>
<td>$231,733</td>
<td>$564,259</td>
</tr>
<tr>
<td>Earnings</td>
<td>$222,662</td>
<td>$332,526</td>
<td>$399,571</td>
</tr>
<tr>
<td>Total Capital</td>
<td>$1,431,733</td>
<td>$1,764,259</td>
<td>$2,163,830</td>
</tr>
<tr>
<td>Total Liabilities and Capital</td>
<td>$1,585,346</td>
<td>$1,995,005</td>
<td>$2,500,441</td>
</tr>
<tr>
<td>Net Worth</td>
<td>$1,431,733</td>
<td>$1,764,259</td>
<td>$2,163,830</td>
</tr>
</tbody>
</table>
7.6 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification, Other Commercial Printing Companies, are shown for comparison.

Table: Ratios

<table>
<thead>
<tr>
<th>Ratio Analysis</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Industry Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>78.20%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>6.28%</td>
</tr>
<tr>
<td>Percent of Total Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>7.12%</td>
<td>5.66%</td>
<td>4.52%</td>
<td>28.29%</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>99.49%</td>
<td>99.59%</td>
<td>99.68%</td>
<td>67.52%</td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>0.51%</td>
<td>0.41%</td>
<td>0.32%</td>
<td>32.48%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>0.28%</td>
<td>0.22%</td>
<td>0.17%</td>
<td>21.19%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>9.69%</td>
<td>11.57%</td>
<td>13.46%</td>
<td>50.50%</td>
</tr>
<tr>
<td>Net Worth</td>
<td>90.31%</td>
<td>88.43%</td>
<td>86.54%</td>
<td>49.50%</td>
</tr>
<tr>
<td>Percent of Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>63.02%</td>
<td>65.38%</td>
<td>67.58%</td>
<td>33.06%</td>
</tr>
<tr>
<td>Selling, General &amp; Administrative Expenses</td>
<td>45.74%</td>
<td>38.57%</td>
<td>33.23%</td>
<td>11.62%</td>
</tr>
<tr>
<td>Advertising Expenses</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>0.73%</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Profit Before Interest and Taxes</td>
<td>30.10%</td>
<td>40.82%</td>
<td>44.59%</td>
<td>2.12%</td>
</tr>
<tr>
<td>Main Ratios</td>
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<tr>
<td>Current</td>
<td>10.57</td>
<td>8.78</td>
<td>7.50</td>
<td>1.90</td>
</tr>
<tr>
<td>Quick</td>
<td>10.57</td>
<td>8.78</td>
<td>7.50</td>
<td>1.42</td>
</tr>
<tr>
<td>Total Debt to Total Assets</td>
<td>9.69%</td>
<td>11.57%</td>
<td>13.46%</td>
<td>58.52%</td>
</tr>
<tr>
<td>Pre-tax Return on Net Worth</td>
<td>22.22%</td>
<td>26.93%</td>
<td>26.38%</td>
<td>10.67%</td>
</tr>
<tr>
<td>Pre-tax Return on Assets</td>
<td>20.06%</td>
<td>23.81%</td>
<td>22.83%</td>
<td>4.43%</td>
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<tr>
<td>Additional Ratios</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>21.03%</td>
<td>28.55%</td>
<td>31.19%</td>
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<tr>
<td>Return on Equity</td>
<td>15.55%</td>
<td>18.85%</td>
<td>18.47%</td>
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<tr>
<td>Activity Ratios</td>
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<tr>
<td>Accounts Payable Turnover</td>
<td>9.41</td>
<td>12.17</td>
<td>12.17</td>
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<tr>
<td>Payment Days</td>
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<td>35</td>
<td>29</td>
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<tr>
<td>Total Asset Turnover</td>
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<td>0.58</td>
<td>0.51</td>
<td>n.a</td>
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<tr>
<td>Debt Ratios</td>
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</tr>
<tr>
<td>Debt to Net Worth</td>
<td>0.11</td>
<td>0.13</td>
<td>0.16</td>
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<tr>
<td>Current Liab. to Liab.</td>
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<td>0.98</td>
<td>0.99</td>
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<tr>
<td>Liquidity Ratios</td>
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</tr>
<tr>
<td>Net Working Capital</td>
<td>$1,428,010</td>
<td>$1,760,536</td>
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<td>Interest Coverage</td>
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<td>1,360.66</td>
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<tr>
<td>-------------------</td>
<td>--------</td>
<td>----------</td>
<td>----------</td>
<td>-----</td>
</tr>
<tr>
<td>Additional Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets to Sales</td>
<td>1.50</td>
<td>1.71</td>
<td>1.95</td>
<td>n.a</td>
</tr>
<tr>
<td>Current Debt/Total Assets</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
<td>n.a</td>
</tr>
<tr>
<td>Acid Test</td>
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<td>8.78</td>
<td>7.50</td>
<td>n.a</td>
</tr>
<tr>
<td>Sales/Net Worth</td>
<td>0.74</td>
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<td>0.59</td>
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</tr>
<tr>
<td>Dividend Payout</td>
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<td>0.00</td>
<td>0.00</td>
<td>n.a</td>
</tr>
</tbody>
</table>