How to Start a Real Estate Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

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

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

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

Preliminary Analysis

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

General Personal Considerations

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

1. Do you like to make your own decisions?

2. Do you enjoy competition?

3. Do you have will power and self-discipline?

4. Do you plan ahead?

5. Do you get things done on time?

6. Can you take advise from others?

7. Are you adaptable to changing conditions?

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

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?

9. Do you have the physical stamina to handle a business?

10. Do you have the emotional strength to withstand the strain?

11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

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

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

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

General Project Description

1. Briefly describe the business you want to enter.

____

____

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

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

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

____

6. List your product/services suppliers.

____

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

____

____

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

____

B. Requirements For Success

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

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

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

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

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

1. How much income do you desire?

____

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

____

3. What minimum income do you require?

____

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

____

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

____

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

____

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

____

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

D. Preliminary Income Statement

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

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

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

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

____

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

____

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

____

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

____

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

____

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

____

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

____

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

____

ANY BUSINESS, INC.

Condensed Hypothetical Income Statement
For year ending December 31

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

E. Market Analysis

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

Population

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

____

2. What is the population of these areas?

____

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

4. What is the average family size?

____

5. What is the age distribution?

____

6. What is the per capita income?

____

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

____

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

____

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

____

10. Can you appeal to the entire market?

____

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

____

F. Competition

1. Who are your major competitors?

____

2. What are the major strengths of each?

____

3. What are the major weaknesses of each?

____

4. Are you familiar with the following factors concerning your competitors:

Price structure?

____

Product lines (quality, breadth, width)?

____

Location?

____

Promotional activities?

____

Sources of supply?

____

Image from a consumer's viewpoint?

____

5. Do you know of any new competitors?

____

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

____

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

____

8. If so, why?

____

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

____

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

____

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

____

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

____

13. Can you compete with your competition?

____

G. Sales

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

____

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

____

3. Did you base your forecast on concrete data?

____

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

____

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

____

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

____

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

____

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

____

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

____

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

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales? _______________

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

H. Supply

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

I. Expenses

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

Miscellaneous

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

J. Venture Feasibility

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

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2. Starting Your Business Step by Step

A. Things to Consider Before You Start

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

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

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

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

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

What's in this for Me?

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

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

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

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

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

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

Why am I in Business?

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

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

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

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

____

____

____

What business am I in?

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

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

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

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

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

How to Plan Your Marketing

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

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

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

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

Section One - Determining the Sales Potential

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

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

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

In selecting an area to serve, consider the following:

Population and its growth potential

Income, age, occupation of population

Number of competitive services in and around your proposed location

Local ordinances and zoning regulations

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

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

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

Will the customer come to your place of business?

How much space do you need?

Will you want to expand later on?

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

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service call?

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

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

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

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

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

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

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

I plan to locate in ___________ because:

____

____

____

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

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

____

____

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

____

____

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

____

____

Is the building attractive? _________ In good repair? _________

Will it need remodeling? __________ Cost of remodeling? __________

What services does the landlord provide?

____

____

What is the competition in the area you have picked?

The number of firms that handle my service _________

Does the area appear to be saturated? _________

How many of these firms look prosperous? _________

Do they have any apparent advantages over you? _________

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

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

Can you find out why they failed? _________

How many new services opened up in the last year? _________

How much do your competitors charge for your service? _________

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

List the reasons for your opinion here:

Section Two - Attracting Customers

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

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

Image

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

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

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

Pricing

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

(1) Materials and supplies

(2) Labor and operating expenses

(3) Planned profit

(4) Competition

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

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

Can you add to your prices to absorb this cost?

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

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

Customer Service Policies

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

List the services that your competitors provide to customers:

____

____

____

Now list the services that you will provide your customers:

Service / Estimated Cost

_______________ _______________

_______________ _______________

_______________ _______________

_______________ _______________

Planning Your Advertising Activities

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

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

The strong points about my service business are:

____

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

____

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

____

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

The customer profile for my business is

____

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

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

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

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

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

Section Three - Selling to Customers

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

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

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

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

Fixtures and Equipment

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

Parts and Material

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

I plan to buy parts and material from:

____

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

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

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

Overhead

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

____

Getting the Work Done

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

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

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

Activity / Name

_____________ _______________

_____________ _______________

_____________ _______________

_____________ _______________

_____________ _______________

How Much Money Will You Need

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

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

Expenses

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

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

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

Start-Up Costs

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

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

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

Break Down Your Expenses

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

Matching Money and Expenses

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

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

Is Additional Money needed?

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

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

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

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

Control and Feedback

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

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

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

Stock Control

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

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

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

Sales

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

Disbursements

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

Break-Even Analysis

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

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

The formula is:

Break-even point (in sales dollars) =

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

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

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

Is Your Plan Workable?

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

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

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

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

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

Put Your Plan into Action

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

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

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

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

Have you more money to put into this business?

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

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

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

Action / Completion Date

____________ ____________

____________ ____________

____________ ____________

____________ ____________

____________ ____________

Keeping Your Plan Up To Date

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

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

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

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

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

(2) Check your plan against these changes.

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

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

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3. Complete Real Estate Business Plan Template

Table of Contents

1.0 Executive Summary

Introduction:

[COMPANY NAME] is a well-established real estate sales office in the greater metropolitan area of Austin, Texas. Part of the [COMPANY NAME] Real Estate group, this multi-faceted firm sells both residential properties and land over a five-county target market area which includes some of the most prestigious neighborhoods in the Austin/ Round Rock metro area. Although the recession of the past few years has resulted in a 40% decrease in market sales, both [NAME] were able to weather the storm and not only be some of the few who survived, but actually thrived and won market awards. They have a defined vision for the company and anticipate explosive growth as the market makes it return.

The Company:

[COMPANY NAME] is owned by full-time, licensed real estate partners and married couple [NAME]. As a company, they provide professional, confidential and personalized service for both home buyers and sellers, and have a successful track record in both sales and customer satisfaction.

In addition, [NAME] has earned certification as a Home Stager and a GREEN Designation from the National Association of Realtors. [COMPANY NAME] was one of the first real estate offices in the Austin market to earn this prestigious designation.

Both partners have the philosophy of making a sincere commitment to each client served and their personal demeanor often results in forming long-lasting relationships with many of the clients they serve.

The Owners:

[NAME] have been raising their three wonderful children in Austin since 2001, when they settled down into the area permanently. Through all of their business activities, they have taken the personal time to engage and become versed in all the activities, arts and sports available in their city.

A graduate of Texas Christian University, [NAME] is a high achiever with years of excellence in the business world. He had 13 years of experience in the field of Broadcasting; and worked his way up to VP and General Manager of the local CBS Television Station, KEYE. He then parlayed his savvy business skills and extensive background in negotiating, into forming his own Real Estate business. He's a man who never gives up and does what it takes. He is also down to earth and very personable.

[NAME] stays involved with the community where he has coached in the Round Rock Youth Baseball Leagues for years, and now is the "Director of Coaching" for the Westlake Youth Lacrosse League and he is also on the Board. [NAME] is known as “The godfather of youth lacrosse” in the school district in which he resides. He was coach of the first youth team that fielded only twelve players. Currently the youth program has over two hundred participants. When not working (which is not often because he's a bit of a workaholic) one can most likely find him on the Golf Course with son Ryan.

[NAME] graduated from Arizona State University with a Bachelor of Arts in Communications and utilized her blend of savvy business skills, creative flair, environmental awareness, and interpersonal aptitude into one of the top real estate marketing firms in Phoenix before moving to Texas. Also actively involved in the community, [NAME] makes time for kayaking the lake with their children, playing piano or guitar, balancing her center with yoga classes, or taking the time to add to her ever-expanding book of poetry.

The Services:

[COMPANY NAME] provides comprehensive Listing and Buyer services for all residential properties and land in the greater Austin Metropolitan area. In addition, they are currently expanding into the "short sale" market. A short sale is when a homeowner has to sell their home and the market value of the home is worth less then what is owed to the bank. With the current economic conditions this has become an emerging market.

[COMPANY NAME] has become very astute at acquiring offers on these properties, negotiating directly with the bank to convince them to accept market value offers, and release the home owner from any long term obligation to the bank. This critical service helps distressed sellers get control of their lives and avoid foreclosure. Because of the vast amount of short sales homes in the current inventory there is also opportunities to acquire some of these short sales, fix the interior, and resell them to homebuyers.

The group also promotes GREEN real estate products and was one of the first real estate offices in Austin, Texas to receive a GREEN designation from the National Association of Realtors. The company is actively involved in providing both home buyers and sellers with education on what features can increase energy efficiency, building concepts that promote "reduce and reuse", as well as environmental health concerns to promote use of low VOC products, etc.

The Market:

Austin was selected as the No. 2 Best Big City in "Best Places to Live" by Money magazine in 2006, and rose in rank to No. 3 in 2009. It was also noted as the "Greenest City in America" by MSN on their CityView Page. According to Travel & Leisure magazine, Austin ranks No. 1 on the list of cities with the best people, referring to the personalities and attributes of the citizens. Austin was also voted America's #1 College Town by the Travel Channel, as well as ranked the fifth-safest city to live in, with fewer than five murders per 100,000 people annually. A 2009 article by Forbes Magazine determined that Austin was the least stressful large metro area.

The Austin metropolitan area is ranked 38th nationally as the largest region and the City of Austin is ranked 16th. Growth rates the Greater Austin Region have been extraordinary over the years. The 1990's saw a 48% increase in population, with the metropolitan population of Austin increasing to over 1.5 million by 2006. The growth has been averaging at about three percent annually since the 2000 Census and has been recorded as high as 54% in some segments of the area.

Financial Consideration:

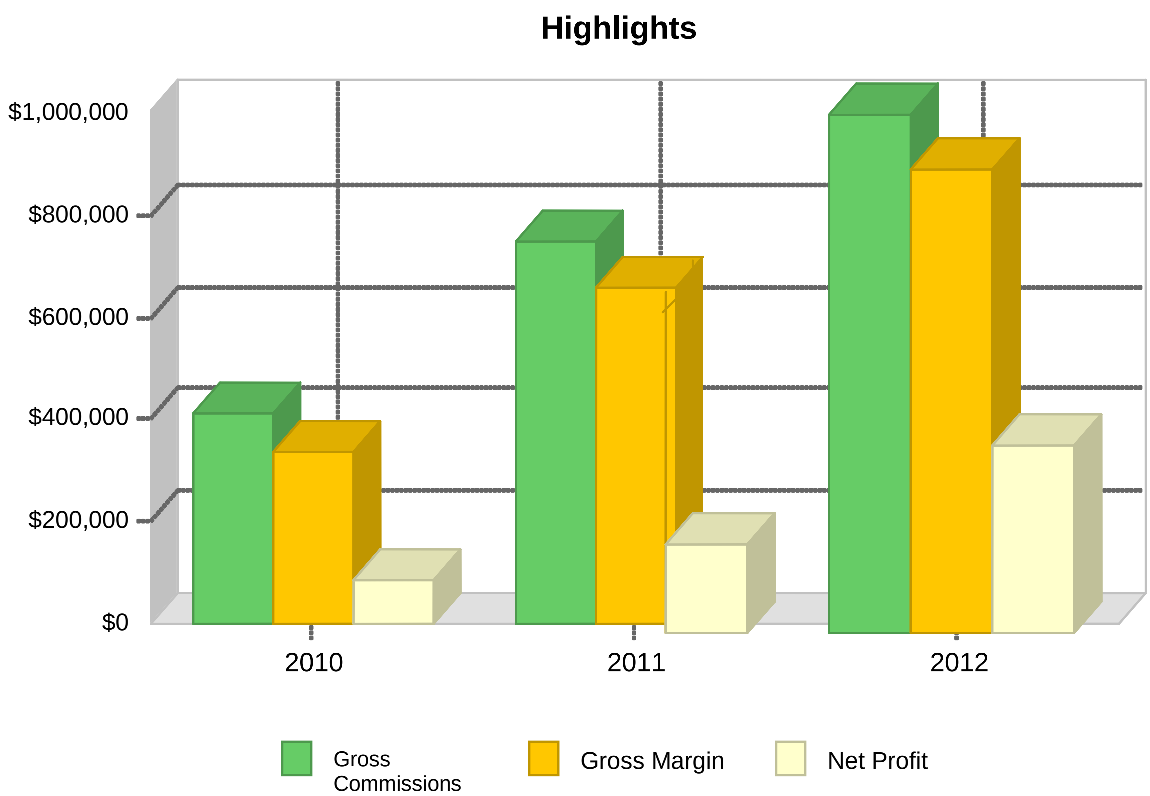
The Financial Plan for [COMPANY NAME] is to expand the business, penetrate the target areas in their market and lead the city in traditional and "green" sales, achieving their ultimate goal to be the number one real estate sales office in the Austin area.

The first thing critical to this family-owned community business is receiving grant funding to allow them the necessary upgrades and optimization of the business. This includes the website, visibility and name branding in targeted neighborhoods, hiring essential personnel, and having business debt relief. All of these activities will support [NAME] efforts to capitalize on Green industries and the short sale market.

This will help the group achieve its goal of having their office known throughout the city as “the best” in terms of listings in the most desirable places, state-of-the-art-real estate search-and-find technology, and by offering the best personalized Texas-style-hospitality-based customer service possible.

[COMPANY NAME] is seeking grant funding in the amount of $450,000 to supplement sales revenues to fund the needed growth, expansion, debt relief and hiring key personnel and is outlined in Section 5.0 Strategy and Implementation and Section 5.5 Milestones.

Chart: Highlights



1.1 Objectives

The objectives of [COMPANY NAME], Inc. are as follows:

- Over $1 million in gross commissions within the next three years
- Achieve a "Top 10" ranking in the city of Austin for Real Estate Sales
- Operate the business with GREEN principles and encourage clientele through example and education to do the same
- To penetrate and optimize revenues in the short sale market
- Build a sustainable base of repeat business that feeds on itself through close client relationships as an alternative to a dehumanized and disconnected culture

1.2 Mission

The philosophy of [COMPANY NAME] is to provide their clients with state of the art buyer/seller tools while rendering the absolute best customer service available in the industry.

[NAME] are passionate about taking their business to the next level; they take a tremendous amount of pride in what they do. They personally assist their clients in the buying or selling process. This spirit permeates throughout their company as their clients embark on making one of the biggest financial commitments of their lives. Their team is “hands on and focused” to insure no detail is missed.

1.3 Keys to Success

[COMPANY NAME] identifies a few keys to success as follows:
Ranked #13 by the Austin Business Journal for Total Real Estate sales production for 2009

- Triple Gold winner at [COMPANY NAME] 2009 and other awards since 2006
- One of the First Certified realtors with an NAR GREEN Designation in Austin
- Family business with strong business and personal ties to the Austin area

2.0 Company Summary

[COMPANY NAME] is located at [ADDRESS] in [CITY, STATE]. They operate a full service listing and buying service for residential property and land sales. The couple moved to Austin and established [COMPANY NAME] in 2001 with both [NAME] licensed as realtors.

The company has achieved accolades and status over the years, and has been consistently ranked on the Top 20 producing real estate offices by the Austin Board of Realtors (there are over 10,000 agents in the market). Although sales have been steady, [NAME] are ready to take their company to the next level by expanding their company resources to offer both seller and buyers more exposure and opportunities to show their listings to the target market made up of nearly one million residents. [COMPANY NAME] was one of the first to earn the National Association of Realtors GREEN designation in the city of Austin.

[COMPANY NAME] is working towards achieving the “Number One” ranked real estate office in Austin and will achieve their goals by expanding the business, reducing the business debt and adding the necessary components needed to help the company meet and achieve all planned goals and objectives.

2.1 Company Ownership

[COMPANY NAME] is an S-corporation that was formed in 2003 and is owned by [NAME]. The business is located in the greater Austin metropolitan area of Travis County, Texas.

2.2 Company History

[NAME] opened [COMPANY NAME] Real Estate Company in Austin in 2003, and have continued to provide a profit even during the hard economic times. After the area home values declined and foreclosures went up, this couple has still proven to be on the top of the real estate field in the Austin area.

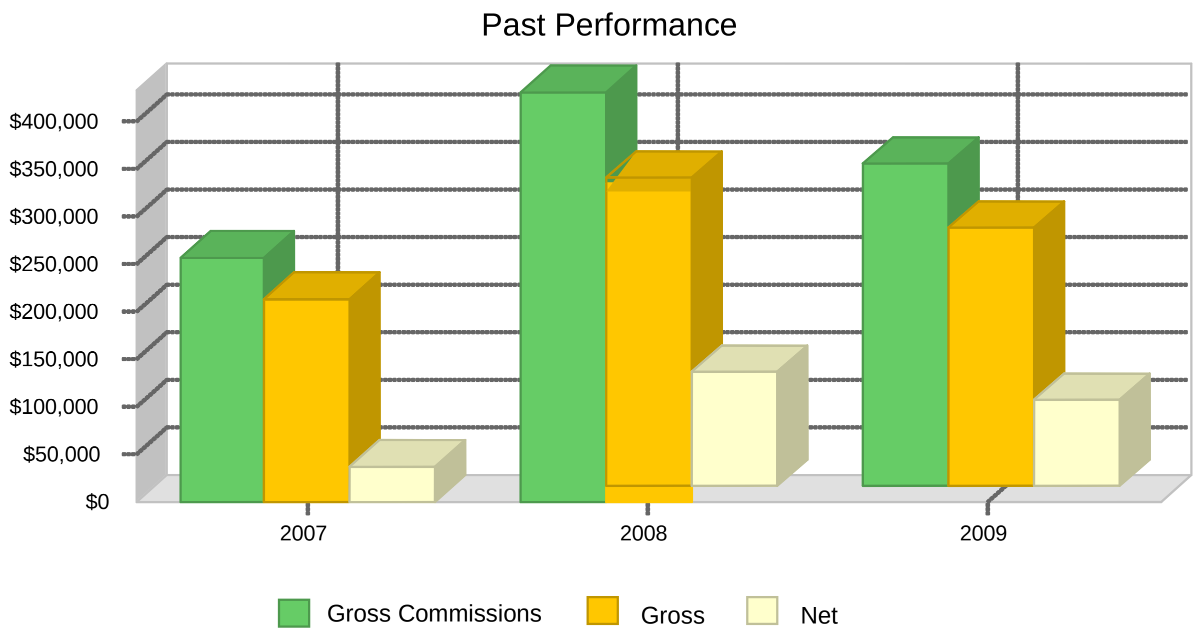
According to the census and city information, Austin is one of the fastest growing cities in Texas. [COMPANY NAME] targets both first-time and seasoned buyers as well as providing a listing service to sell homes.

Table: Past Performance

Past Performance			
	2007	**2008**	**2009**
Gross Commissions	$255,596	$429,989	$349,778
Gross Margin	$212,590	$335,260	$280,458
Gross Margin %	83.17%	77.97%	80.18%
Operating Expenses	$169,010	$210,406	$182,073
Balance Sheet			
	2007	**2008**	**2009**
Current Assets			
Cash	$5,814	$16,179	$6,967
Other Current Assets	$400	$400	$400
Total Current Assets	$6,214	$16,579	$7,367
Long-term Assets			
Long-term Assets	$73,453	$73,437	$73,437
Accumulated Depreciation	$36,732	$43,682	$48,186
Total Long-term Assets	$36,721	$29,755	$25,251
Total Assets	$42,935	$46,334	$32,618
Current Liabilities			
Accounts Payable	$0	$0	$0
Current Borrowing	$80,124	$81,505	$82,556

Other Current Liabilities (interest free)	($108,324)	($108,091)	($91,060)
Total Current Liabilities	($28,200)	($26,586)	($8,504)
Long-term Liabilities	$66,529	$53,947	$39,872
Total Liabilities	$38,329	$27,361	$31,368
Paid-in Capital	$1,000	$1,000	$1,000
Retained Earnings	($32,969)	($106,005)	($92,794)
Earnings	$36,575	$123,978	$93,044
Total Capital	$4,606	$18,973	$1,250
Total Capital and Liabilities	$42,935	$46,334	$32,618

Chart: Past Performance



3.0 Services

[COMPANY NAME], Inc. is a full service Real Estate company that specializes in residential sales. The company represents both sellers and buyers in the sale of property and/or land. [COMPANY NAME]'s company philosophy is to provide all clients with state of the art marketing tools and the best in customer service.
The primary services [COMPANY NAME] offers are:

1. Listing Services: The Company's goal is to provide clients who use their listing service with top notch marketing services, which provide maximum exposure for the property being sold. This exposure helps produce the maximum numbers of potential buyers, which in turn will furnish the highest possible sales price for their property. [COMPANY NAME]'s Listings 'number of days on the market' has consistently been shorter than the industry's average, thus adding to their resume of outpacing the market.

2. Buyer Services: The goal is to provide the new or seasoned homebuyer with the most comprehensive representation service available in the market. This is accomplished through a detailed consultation with the client, extensive research and knowledge of the marketplace, strong negotiating techniques, and the ability to react on a moment's notice when the right property becomes available.

3. Short Sales: Due to the new laws passed in February of 2010, a short sale may be purchased, flipped and resold without the usual 90 or more day waiting period. The company anticipates being very active in the acquisition and the turning of these properties. The short sale market is so large because of the trouble home-owners fell into, compounded by the national recession and high unemployment rates. The number of distressed properties on the market is at a record high.

4. Green Properties: With the "GREEN" designation from the National Association of Realtors, [COMPANY NAME] is very conscientious of all the advantages to home owners by using "green" principles. They also want to lead by example by creating a business with no carbon footprint, and encourage homeowners to do the same.

4.0 Market Analysis Summary

The city of Austin is spread across Travis and Williamson counties. As the state capital of Texas, people who live there pride themselves on being far from ordinary. According to the Austin Chamber of Commerce, Austin "is a hot spot for creativity and embraces its community of musicians, artists, entrepreneurs and progressive thinkers." Austin is known for being the Live Music Capital of the World®, a title that is taken pretty seriously with nearly 200 live music venues. Yet there is so much more to Austin.

Located in Central Texas, Austin is on the eastern edge of the American Southwest, and currently ranked as the fourth-largest city in Texas. Listed as the 16th-largest city in the United States, Austin, Texas was the third-fastest-growing large city in the nation from 2000 to 2006.

According to the 2008 U.S. Census estimate, Austin had a population of 757,688. The city is the cultural and economic center of the Austin /Round-Rock metropolitan area, and boasts a population of 1,705,075 according to the July 2009 estimate. This makes Austin, Texas the 38th-largest metropolitan area in the country.

[COMPANY NAME] targets their listing and selling efforts in the following five counties:

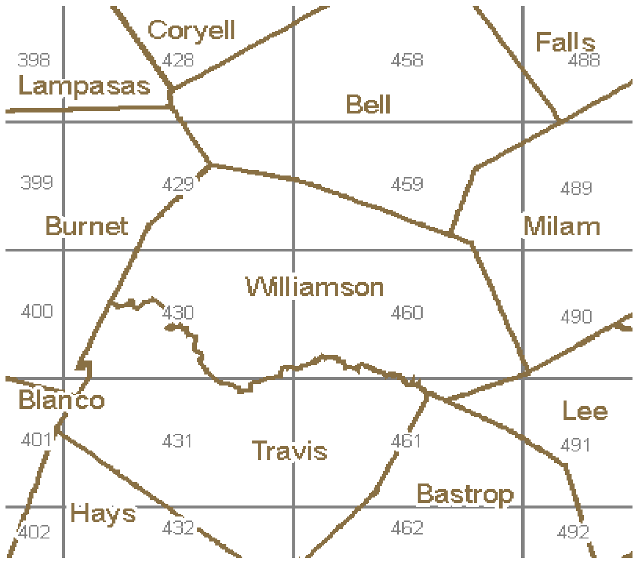
1. Travis County: According to the 2009 estimate, the population was at 1,026,158 with a 26.3% increase from the 2000 official count. The homeownership as of 2000 is 51.4% with total housing units in this county from 2008 is 430,741. Median value of homes (2000) in the county was $134,700; the median income at $55,650 is higher than the $50,049 shown as the state average.

2. Williamson County: The 2009 population estimate showed 410,686 residents in the county, which is up 64.3% from the 2000 official count. As of 2008 there are 136,924 housing units with homeownership (2000) at 74.2%. In 2000, the Median home value was $125,800 with $69,745 reported in 2008 as the median income.

3. Hays County: The population in 2009 was estimated at 155,545, which is up 54.9% from the 2000 official census count. The household units estimated in 2008 were 51,265, with residents making $57,410 per year.

4. Bastrop County: The 2009 estimate showed 74,876 residents in the county, which is a 29% over the 2000 Census count. There were 25,000 housing units, with 80% owner-occupied in 2008, with a median income of $52,129 shown for residents of the county.

5. Burnet County: The 2009 estimate of 45,000 up 32% over the 2000 census count. Of the 20,250 were counted in 2008; residents are earning a median income of $48,321 annually.



The Austin metropolitan area is ranked 38th nationally as the largest region and the City of Austin is ranked 16th. Growth rates the Greater Austin Region has been extraordinary over the years. The 1990's saw a 48% increase in population, with the metropolitan population of Austin increasing to over 1.5 million by 2006. The growth has been averaging at about three percent annually since the 2000 Census and has been recorded as high as 54% in some segments of the area.

All this just scratches the surface of what makes Austin like no place else. Twenty-four hours a day, seven days a week, there's always something playing here, which is why this city is continuing to be one of the fastest growing cities in the country.

4.1 Market Segmentation

The residents who live in the greater **Austin-Round Rock-San Marcos Metropolitan area** are part of the market segment [COMPANY NAME] consider its target market and places their greatest emphasis on. The market area is divided over five counties in Austin, Texas and includes Travis, Williamson, Hays, Bastrop and Burnet.

The homes in **Round Rock,** one of the primary sales areas for [COMPANY NAME], are built near schools and parks, making the tree-lined neighborhoods a pleasure to stroll through. With its award winning school districts and caring culture, this urban area has been named one of the best communities for young people. [NAME] lived in one of the neighborhoods in this area and have a strong new and repeat business, as well as strong ties to the community as well as friends and business associates that still live in the area.

Round Rock real estate ranges from semi-luxury homes to decadent estates to condos framed by mature trees. There is something for every potential homeowner's budget with lots of curb appeal and in every price range. Whether looking for a brand new home in one of the planned communities, or an historical property in the older part of town, Round Rock real estate has something for everyone.

Forest Creek is a large golf course neighborhood, scenically located at the eastern edge of Round Rock. This area combines a beautiful natural setting and attractive layout with a wide variety of community services and amenities. The Forest Creek real estate area features a challenging par 72 golf courses with 7,147 gorgeous yards, retail outlets at nearby La Frontera shopping center, and an on-site school, Forest Creek Elementary.

Lake Forest is one of Round Rock's most diverse neighborhoods, offering three distinct villages and a wide variety of custom and affordable homes. It is also the community where [NAME] lived and raised their family for many years. Properties here border lush forests, and many enjoy the creek that flows through the community. Lake Forest also offers a full range of community amenities, including a community center with a Junior Olympic swimming pool, a park with playgrounds, and two new neighborhood schools.

Villages One and Two of Lake Forest real estate include an attractive selection of move-up homes, priced affordable for families and first time buyers. Village Three of the community is comprised of custom homes on oversized lots, which generally list for sale in the semi-luxury price bracket.

The **Sonoma** housing development is a California-inspired community in the heart of Texas Hill Country. Scenically located in the east end of Round Rock, this neighborhood offers an elegant mix of Old World charm and modern amenities. Families enjoy Sonoma for its two on-site school and large community swim center, complete with a children's area.

An area of Austin currently undergoing revitalization is the **old Mueller Airport area**, being referred to as an "urban village." Near the intersection of Manor Road and Airport Boulevard in East Central Austin, this location offers residents and visitors alike many interesting opportunities. Housing is very affordable in the area, including single-family homes and the multi-family duplex.

Prior to closing in 1999, Mueller Airport was the oldest municipal airport in Texas, originally opening to the public in 1930. After the new Bergstrom International Airport was established south of Austin at the site of the old Bergstrom Air Force Base, Mueller Field closed to air traffic, and is presently being redeveloped as a center for the arts, affordable homes, and many other exciting businesses and attractions.

This area being revitalized will eventually be home to 10,000 residents within proximity to major urban areas yet still retain the small town flavor. In addition to a variety of residential housing, the area will eventually include schools, shops, apartment complexes, entertainment and various other businesses and services.

Another area [COMPANY NAME] is gaining penetration in is **West Lake Hills**, an exclusive and lucrative real estate market in the south-west part of Austin. Armed with the Number One school district in Austin, the Median resident age is 43.1 years, with a $138,670 average median income. The average price of homes in this area in 2008 was $549,717, up from $330,400 in 2000.

Barton Creek is about three quarters of a mile west of the Capital of Texas Highway on Bee Caves Road. Not far from the creek itself, a variety of lovely Barton Creek communities known for their upscale homes and access to the exclusive Barton Creek Country Club can be found. These unique neighborhoods feature all types of real estate, from stunning custom homes to condominiums and retirement living first appeared in the Barton Creek area in the mid 1980's.

Today, the area is home to about 1,600 residents, of which an impressive 77% of those over the age of 25 hold a Bachelors degree or higher, and more than 33% have a graduate or professional degree. The median household of $162,900 (in 2005) was significantly higher in Barton Creek than in the rest of the state. As of 2009, the average price of a home in 2009 in the Barton Creek area is $1.1 million.

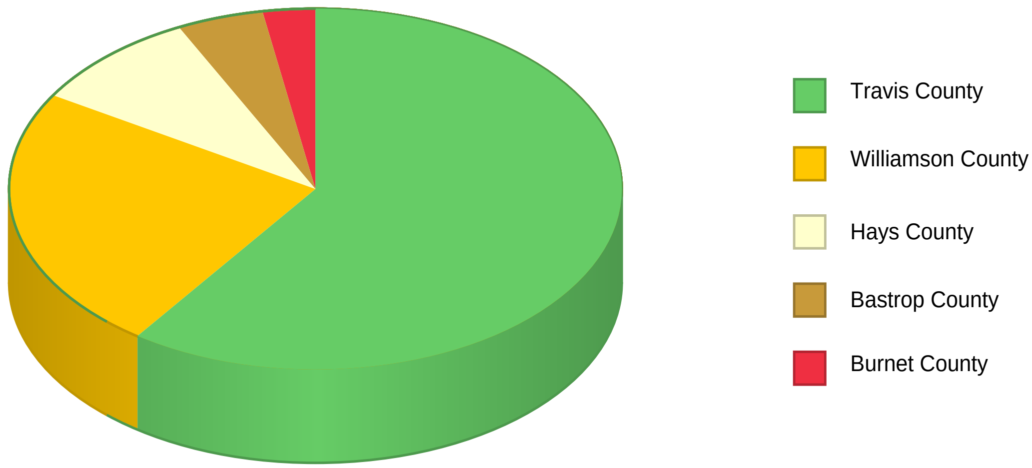
Table: Market Analysis

Market Analysis							
		2010	**2011**	**2012**	**2013**	**2014**	
Potential Customers	**Growth**						**CAGR**
Travis County	15%	500,000	575,000	661,250	760,438	874,504	15.00%
Williamson County	10%	200,000	220,000	242,000	266,200	292,820	10.00%
Hays County	5%	75,000	78,750	82,688	86,822	91,163	5.00%

Bastrop County	5%	38,000	39,900	41,895	43,990	46,190	5.00%
Burnet County	5%	23,000	24,150	25,358	26,626	27,957	5.00%
Total	**12.36%**	**836,000**	**937,800**	**1,053,191**	**1,184,076**	**1,332,634**	**12.36%**

Chart: Market Analysis (Pie)

Market Analysis (Pie)



4.2 Target Market Segment Strategy

[COMPANY NAME] will target the following market segments and their strategy is outlined as follows:

Forest Creek: the company will focus the appeal to golfers, as the development is a large golf course neighborhood, on the eastern edge of Round Rock. There will also be a selling appeal to families with children age K through 9th grade with Forest Creek Elementary right in the development, with other shopping and retail outlets at nearby La Frontera shopping center close by.

Lake Forest: is one [COMPANY NAME]'s strong hold and one of Round Rock's most diverse neighborhoods. It has three distinct villages and a wide variety of custom and affordable homes. Villages One and Two of Lake Forest real estate include an attractive selection of move-up homes, priced affordable for families and first time buyers. Village Three of the community is comprised of custom homes on oversized lots, which generally list for sale in the semi-luxury price bracket. Amenities in the neighborhoods include a community center with a Junior Olympic swimming pool, several parks with playgrounds, and two new neighborhood schools.

Sonoma: This neighborhood will offer [COMPANY NAME] the opportunity to target homebuyers looking for an elegant mix of Old World charm and modern amenities. This target group can appeal to any homebuyer, whether young adults, families with children or a retired couple. The community amenities include two on-site school and large community swim center with a designated children's area.

Old Mueller Airport area: [NAME] are looking to this area to take advantage of laws that have just changed regarding short sales and turn homes in order to help clients with smaller home buying budgets own their first home. Already being called the "urban village," the area will offer single-family homes, duplexes and the chance to buy low while the area is undergoing its current revitalization. The redeveloped are will also build a center for the arts, schools, nice inexpensive apartment complexes, attractions, entertainment and a variety of businesses.

West Lake Hills: One of the most exclusive and lucrative real estate markets in the southwest part of Austin, [COMPANY NAME] will target this area heavily to gain penetration in the community. Ranked the number one school district in Austin, this community appeals both to families with children and working professionals. The median resident age is 43 years of age, making an income of $138,670 or higher and can afford the $549,717 price tag of the average price for homes in this heavily sought-after community.

Barton Creek: This community known for the exclusive Barton Creek Country Club will hold great appeal to a variety of age groups of homebuyers and current residents looking to upgrade. Since the 1980's, this unique neighborhood has featured various types of real estate, from stunning custom homes to condominiums and retirement living. [NAME] will have a wide range of clients to whom this development can be marketed and ultimately sell a high number of homes to.

4.3 Service Business Analysis.

[COMPANY NAME] is a real estate company that specializes in listing and selling residential properties as well as providing excellent representation for clients wanting to purchase a home.

As a certified "Green" Realtor, [NAME] sells traditional and "green" housing, encouraging all home buyers to consider going to the later as technology progress and is saving homeowners money and increasing property values.

Although most two person and multiple family clients have traditional needs for purchasing a home, all groups face different challenges when dealing with the effects this nation's high-energy consumption. This consumption has left the consumer paying historically high-energy bills.

As the nation shifts its energy policy the emerging “Green Energy” is poised to explode in the housing market. [COMPANY NAME] has recognized the opportunity and is focused on exploiting this opportunity with their Green designation and dedication to this worthy cause.

A sample below shows what household items going green will save money on and boost efficiency. The first section of items below is projected to pay the homeowner back within the first year, with the second section of information projected to payback the homeowner's investment in two to four years or less.

Pay back to the homeowner in this category comes back within the first year of purchase and covers the following:

Programmable Thermostat $115 $180 $1,800 156%
Compact Fluorescent Light bulbs $60 $80 $800 133%
Standby Power Reduction $20 $24 $240 120%
Hot Water Heater "Blanket" $25 $20 $200 120%
Shower Heads $180 $200 $2,000 111%
Heating System Tune-up $200 $180 $1,800 90%
Water Efficient Toilets $50 $25 $250 50%
Seal Duct Leaks $450 $300 $3,000 66%
Dishwasher $20 $13 $130 65%
Water Filters $200 $104 $1,040 52%

Pay back in this category comes back to the home owner within two to four years and covers and includes the following:

Solar Path and Garden Lights $375 $176 $1,760 47%
Windows $700 $300 $3,000 43%
Skylights $70 $30 $300 43%
Insulated Walls $750 8300 $3,000 400Al
Insulated Basement Walls $750 $300 $3,000
4QOAl Insulated Ducts $450 $180 $1,800 40%
Solar Attic Fan $500 $200 $2,000 40%
Replacement Light Fixtures $108 $40 8400 37%
Toxic Free Paints $70 $25 $250 36%
Faucets $300 $100 $1,000 33%
Water Heater Replacement $150 $48 $480 32%
Sealed Air Leaks 8554 8180 $1,800 32%
Whole House Water Filters $1,000 $312 $3,120 31%
On-Demand Hot Water Heater $450 8120 $1,200 27%
Furnace Replacement $1,145 $300 $3,000 26%
Trees 81,200 8300 83,000 25%
Clothes Washer $300 $72 $720 24%

Recycled Mulch $172 $38 $380 22%

Certain initiatives factor in multiples to cover the US average 2,500 sq.ft. Home, and 'Additional Cost' is based on factors over and above the 'Non-Green-Products.' See the Calculation breakdowns at [COMPANY NAME]

The information above comes from www.GreenREsourceCouncil.or

According to the Austin Board of Realtors, home buying is slowly beginning to recover. Some areas are projected to experience as high as 53% growth within the next 10 years, with more residents moving there every month.

The contents of the following press release below are shown in their entirety and as written:

May 20, 2010 – “According to the Multiple Listing Service (MLS) report by the Austin Board of REALTORS®, the volume of Austin area home sales in April 2010 was 2,043, up 31 percent from the same month in 2009. In the same period, pending sales increased 47 percent to 2,813. The median price of real estate in the Austin area remained unchanged in the same time period at $190,700.

"The considerable increase in sales and pending sales indicates increased activity among buyers trying to beat the April 30 tax credit deadline," said John Horton, Chairman of the Austin Board of REALTORS®. "Although the tax credit has expired, we are entering a growing economic, real estate and seasonal cycle which we hope will continue to provide momentum to carry our market upward."

Sales of condos and townhouses remained strong in April 2010, increasing 63 percent to 213 sales as compared to April 2009. Also during the same period, pending sales for condos and townhouses increased 70 percent to 338.

Mr. Horton continued, "The significant increase seen in the condo and townhouse market can most likely be attributed to the first-time homebuyer tax credit. The median price for condos and townhouses is approximately $30,000 less than the median price for a single-family home; and therefore, these properties can be a more affordable alternative for first-time buyers."

In April 2010, the days on the market for single-family homes decreased 13 percent to 69 days as compared to April 2009. Additionally, the month's supply of inventory in April was approximately 6.5 months, which represents a balanced market.

Horton concluded, "People buy homes because they want to be homeowners. The tax credits have made it more attractive for some buyers to purchase now, but there are a lot of buyers who have been waiting to purchase until they were confident in the economy

Now that we are seeing recovery in the economy and real estate market, in combination with historically low interest rates, those potential buyers who have been on the fence are now taking the leap and entering the housing market."

The Austin Board of REALTORS® is a non-profit, voluntary organization representing more than 8,000 licensed REALTORS® in Central Texas. For more information, please contact Angela Brutsch at 512-454-7636.

4.3.1 Competition and Buying Patterns

The competition in the Austin, Texas real estate market is quite fierce because of the appeal of the area. While many other cities have experienced a decline in inventory and licensed realtors, Austin is at an all time high, with over 10,000 registered licensed agents. As Austin is a tech savvy town, offices have become fierce in their competition for buyers and sellers. Shown below are the state's 25 Metropolitan Statistical Areas, with Austin Round Rock shown in yellow to the middle and slightly below the center of the map.

[COMPANY NAME] is part of the [COMPANY NAME] real estate family with over seven offices in the Austin Area. Even though they work for the same corporation, each office is independent and is responsible for its own sales to cover direct cost of goods and operating expenses.

The general nature of competition in the real estate business is how customers seem to choose one agent over another and can be measured by customer loyalty and positive word of mouth. Customer loyalty and brand preference come from developing a trust between the customer and the business. To be successful in the real estate business, every REALTOR must be top of mind, ethical, extremely knowledgeable, an awesome negotiator, and provide excellent customer service. These traits ultimately manifest into the most important asset a real estate company can posses; TRUST.

The trust that a customer feels is based upon the business' ability to recognize what should be executed in the best interest of the client. This will build a loyal customer base that is rich with referral leads.

[COMPANY NAME] has carefully selected a management team that highly trained in understanding a clients needs and designing a plan that will meet or exceed the client's expectations. This epitomizes the high art of exceptional customer service. The level of attention and care that [COMPANY NAME] owners and staff bestow upon their clients sets their office far above the competition.

5.0 Strategy and Implementation Summary

[COMPANY NAME] is in the "lead generation business," they can never have too many leads in the Real Estate arena. The number of leads produced is directly related to the number of sales that can be generated. It is imperative that the following strategies be implemented to propel this company to the next level.

[COMPANY NAME] Strategy and Implementation is as follows:

Search Engine Optimization (SEO) - The real estate game is played on the internet. Study after study shows over 95% of the public who want to buy or sell a home go to the internet first. The most popular search engine is Google, with Yahoo being the next popular site. Google by far produces the highest number of potential leads. The absolute key to being successful in the internet age is to provide organic content for these search engines and to show up on the first page of the popular consumer searches. This content will provide valuable information to users and entice them to go to the company's comprehensive site. From this point they will capture the lead and pursue them as a potential client. A full time highly skilled employee is needed for this SEO job. They must fully understand what it takes for the web page to show up on first page of popular consumer searches. Their responsibility will be to enhance the site on a regular basis with relevant compelling information to attract search engines that will ultimately produce leads.

Pay-per-click advertising - Until the website is ranked high enough to be a consistent organic content provider for the search engines, and provide a steady flow of leads, a significant the pay-per-click campaign will need to be implemented. Buyer/Seller leads can be purchased form sites that are set up to capture leads. Experience has shown that it takes 75 internet leads convert into one client. It will take approximately $1,000 to produce 100 leads on the internet.

Expand Neighborhood Specialization - By focusing both money and time in certain neighborhoods, there has been a solid stream of hot leads by both buyers and sellers. By establishing strong presence and having track records of the highest sales, [COMPANY NAME] has become neighborhood experts in certain areas. That feeds back into the community where [COMPANY NAME] sponsors events, provides free advice, free market data, host neighborhood newsletters and more. This successful strategy can be used in additional neighborhoods with funding since this tactic requires a lot of initial capital. This will ultimately produce a significant amount of leads.

Direct Mail - Direct mail has played a key element in building a brand in certain neighborhoods and within the repeat customer base. With the real estate recession this marketing expense was cut and this has had a direct impact on volume. The direct mail campaign will reenergize and expand the service, using recycled paper to show their respect for the environment. This approach is excellent in producing seller leads.

Lead Generator/Telemarketer - One to two additional full time employees will be hired to pursue expired listings and For Sale by Owners on a daily basis. This will result in more listing appointments which will produce more listings and ultimately more closings. This listing base will also produce a significant amount of buyer leads.

Debt Relief - In eight years of business $125,000 of debt has been acquired. Approximately $85,000 of this debt is with a bank, while the remaining was personally borrowed from a retirement account. Currently they are eligible for $50,000 in relief from this debt. This debt relief will allow the company to execute additional strategies to produce a high volume of leads.

Marketing Manager - A full time marketing manager is needed to dedicate their time to promoting the listing base, as well as designing and implementing direct mail pieces. This person will also be responsible for coordinating client events and getting them sponsored to assist in off setting expenses.

Publicist - In an effort to build branding outside of hard copy items, a publicist will get [COMPANY NAME] name out into the market through the use of radio, television and internet mediums. This will produce a higher degree of brand recognition while ultimately producing more leads.

Staging - With the increase in sales volume, additional personnel will be hired as well as additional supplies to provide excellent staging advice for the listing base.

Assistants - One to two full time assistants will be needed to facilitate transactions.

Office Space - As employees are added, additional space will be needed to facilitate their daily activities.

Capital Equipment - Computers, software, office equipment printers and real estate signs will be needed to accommodate the additional employees.

Short Sale Development and Specialist - Currently the market is full with short sale opportunities that present upside opportunities with flipping properties. Having someone able to focus on this section of the market will be an added addition to the team.

Green Initiative: Having a “GREEN” designation from the National Association of Realtors will help [COMPANY NAME] achieve their goal of encouraging residents, by example and education, to use green initiatives and products for their home. This will provide both buyers and sellers the information and resources necessary to select the best “green” products and achieve a higher end sales price for the home.

5.1 SWOT Analysis

The following SWOT analysis captures the key **strengths** and **weaknesses** within [COMPANY NAME], as well as describes the **opportunities** and **threats** facing the company.

5.1.1 Strengths

[COMPANY NAME] strengths are:

1. Family Owned and Operated by strong husband and wife team

2. Strong relationships built with new and return customers

3. Offers state-of-the-art home searching and advertising technology

4. Down-home, Texas-style personal customer service

5.1.2 Weaknesses

Some of the weaknesses [COMPANY NAME] identifies to improve upon are:

- Lack of sufficient leads to generate the sales volumes desired

- No affordable "pay-per-click" advertising which would substantially increase buyers finding the group's website

- Lack of funds for a proper web developer to optimize site in order to provide organic content to the top search engines.

5.1.3 Opportunities

There are many upcoming opportunities for [COMPANY NAME] to take advantage of in order to help their company achieve its sales goals. Some of them are:

- Application for Grant will afford the company the ability to expand and upgrade key components of the business without incurring further debt

- Grant funds will enable them to purchase needed items and pay down existing debt

- Utilize short sale knowledgeable and capitalize on this emerging market.

- Help many Austin residents to "go green"

5.1.4 Threats

Like any business, [COMPANY NAME] has threats it must face on a daily, monthly and yearly basis. Some of the threats identified are:

- More than 10,000 real estate agents in the Austin Area
- The Austin housing market taking a down turn
- Ease of entry is seeing too many new agents in the market
- Not getting grant funding

5.2 Competitive Edge

The competitive edge of [COMPANY NAME] is the professional background, experience, track record, and the ability to execute. For eight straight years this company has proven that they can survive in the real estate business and have posted a profit every year. The education and professional training of the owners and employees has prepared them for the business world. The company culture of excellent work ethic and deep a seeded desire to succeed has transcended into an innate ability to execute.

The company's "green" emphasis for home buyers is putting this Austin-based real estate company on the map, as they were one of the first to earn the NAR Green designation in the city of Austin. [NAME] are certified and highly knowledgeable within the field. The ability to consistently achieve goals is something that sets [COMPANY NAME] apart from other similar real estate offices:

- Extensive award winning corporate sales and management background
- Professional training for sales people and support staff
- Excellent systems with proven results
- Innovative effective marketing platform for sellers
- Shorter "Days on the Market" average then the majority of the market

- Best sold prices per square foot then the majority of the market
- More sales per agent than 85% of the other agents in the market
- One of the first to earn the National Association of Realtors GREEN designation in Austin
- A certified Stager with staging supplies are supplied to the listing agents at no extra cost
- Eight stable years in an industry that typically has a high turnover rate
- Broad customer support from short sales to luxury
- Outstanding Customer service which includes escrow checklists, extensive marketing for listings and a follow-up system to keep clients informed

5.3 Marketing Strategy

[COMPANY NAME] will significantly increase their presence in the Greater Austin Metropolitan area by utilizing their Search Engine Optimization strategy. Exposing their business services on the internet and capturing leads is critical to the long term success of the company. Additional exposure will be accomplished through electronic and voice mediums through advertising.

Another element [NAME] will target their marketing efforts on is the industry's turn towards "green" homeownership. The mentality of consumers is changing as they pick up on the concept and find out they can save money in the process. [NAME] earned a GREEN Designation certification through the National Association of Realtors and [COMPANY NAME] was one of the first to earn this GREEN designation from the NAR in Austin.

According to research found in Selling Green, the National Association of Realtors guide Home Buying, 92% of all home buyers consider energy efficiency at least somewhat important with 46% ranking it as very important when considering a home for purchase. The NAR's Green Resource Council has teamed up with [COMPANY NAME], one of America's leading free 'Green' resources and is available to help all home owners who want to save money, the environment, and create a healthier environment for both the home and overall lifestyle.

The partnership between [COMPANY NAME] and the NAR's Green Resource Council continues to research the data from a broad range of public and private sector reports as well as manufacturer specifications and feedback from families. Major organizations, like the American Institute of Architects, link into the site to educate their members, and The National Association of Realtors uses portions of the content in the "green designation" training. Clear Channel Radio's Great Green Home Show also selected [COMPANY NAME] as, "The BEST user-friendly site for Homeowners." The company was the first to offer comprehensive "Return on Investment (ROI)" rankings and "Take Action Recommendations" on multiple ways to 'Go Green." More information can be found on the organization's website at www.GreenREsourceCouncil.org

According to the 2006 Residential Green Building Smart Market Report published by McGraw-Hill Construction, Green homes are expected to make up more than 10% of new home construction by 2010. Many local and state governments, utilities and other companies offer rebates, tax breaks and other incentives for green home owners.

Repeat vs. First-time Buyers Repeat buyers are more attuned to energy e-efficiency than first-time buyers when searching for a home. Fifty percent of repeat homebuyers report that energy e-efficiency is a very important attribute, while only 41 percent of first-time buyers consider this important.

New vs. Existing Homes Buyers of new homes place more importance on energy e-efficiency compared to other groups of buyers studied. Sixty-five percent of today's new homebuyers consider energy efficiency a very important attribute compared to just 39 % of past and current homeowners.

Age of Buyers Older buyers are significantly more likely than younger buyers to cite energy e-efficiency as a preference in their home. Thirty two percent of homebuyers aged 18 to 24 reports that energy efficiency was very important in their home purchase, a percentage that steadily increased to 63 percent of buyers over 75 years of age.

Smart Growth Home buyers who rank home energy efficiency as very important also place a high level of importance on features associated with "Smart Growth" initiatives. Buyers who consider energy efficiency very important are nearly twice as likely as those who consider energy efficiency less important to sidewalks as an important neighborhood feature. Proximity to a park and public transportation are also much more important to those who rank energy efficiency in their home as important.

5.4 Sales Strategy

The Sales Strategy for [COMPANY NAME] is to turn a high percentage of inquiries through their marketing efforts into sales. This will be accomplished by having a highly skilled sales team that is trained in how to convert leads into clients. After the lead is converted into a client they will experience the ultimate buying or selling experience layered with all the amenities and served up with a dash of good old hospitality, Texas-style.

The appeal of [NAME] genuine care for their clients, their experience in the industry, the deep roots and commitment to the community coupled with their knowledge of green construction helps this power-couple real estate team garner a high percentage of inquires coming to the office.

Providing a website with information to assist the home buyer in their search for the perfect home and meet all their visual, structural, foundational and financing demands can be a daunting task. [COMPANY NAME] uses their resources to provide the homeowner with comprehensive information on all homes whether the company is selling the home or helping a client purchase a home.

Having the personal relationship with clients once they walk through the door is a strong advantage [NAME] have over other offices. While many agents rely on communication by email, [NAME], [NAME] and their staff utilize the personal touch to establish relationships with their clients, rather than consider them a number in the real estate sales game.

One of the strategies employed by this Austin, Texas-based real estate company is show how "green" homes incorporate technology, smart design, construction, and maintenance elements to greatly reduce the negative impact of the home on the environment. This is often done through increasing energy efficiency, conserving water, recycling products, using sustainable materials and improving indoor air quality.

[NAME] are "green" certified and use their resources to provide all current and potential clients with information and literature to show how "green" homes use less energy, water and natural resources than typical homes, and they create less waste and are healthier for those living inside.

5.4.1 Gross Commission Forecast

The Gross Commission Forecast data presented in the chart and table below for [COMPANY NAME] is based on their projections for the next three years. The common assumptions made in this business plan are based on the current real estate market conditions In greater Austin area.

Another assumption of the sales forecast is based on receiving the grant funding necessary to expand the business, upgrade the website, add pay-per-click capabilities and add more brand recognition in neighborhoods they want to increase sales in.

Although the gross commissions figure increases could be estimated substantially higher than the 19-25% increase projected, a modest projection has been used in the illustration shown.

Table: Gross Commission Forecast

Gross Commission Forecast			
	2010	**2011**	**2012**
Gross Commissions			

Commission Income	$410,000	$750,000	$1,000,000
Total Gross Commissions	$410,916	$750,000	$1,000,000

Direct Cost of Commissions	**2010**	**2011**	**2012**
Commission Expenses	$30,600	$36,414	$43,333
[COMPANY NAME] Fees	$21,500	$25,585	$30,446
Contract Labor	$6,600	$7,854	$9,346
Other Cost of Goods	$17,500	$20,825	$24,782
Subtotal Direct Cost of Gross Commissions	$76,200	$90,678	$107,907

Chart: Gross Commission Monthly 2010

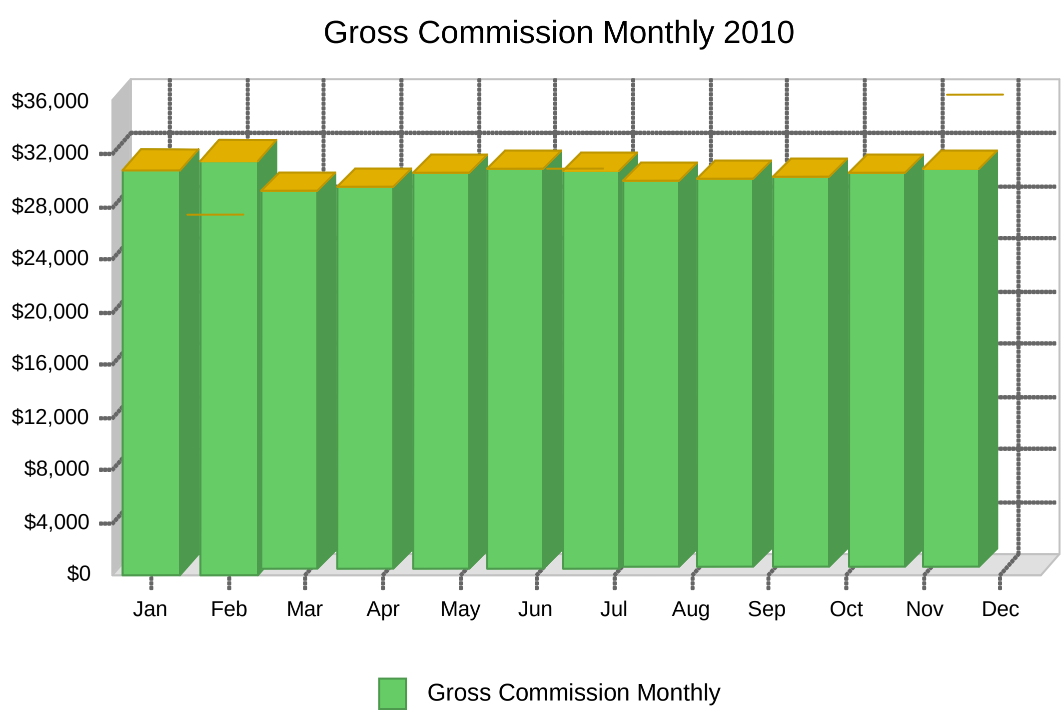


Chart: Gross Commissions by Year

5.5 Milestones

[COMPANY NAME] milestone chart is as follows and is significantly explained in section 5.0 Strategy and Implementation. Paying off business debt, web site expansion, plus additional advertising will be the first stage for this business. Next will be to hire five new employees while creating more office space and purchasing extra equipment to handle the workload.

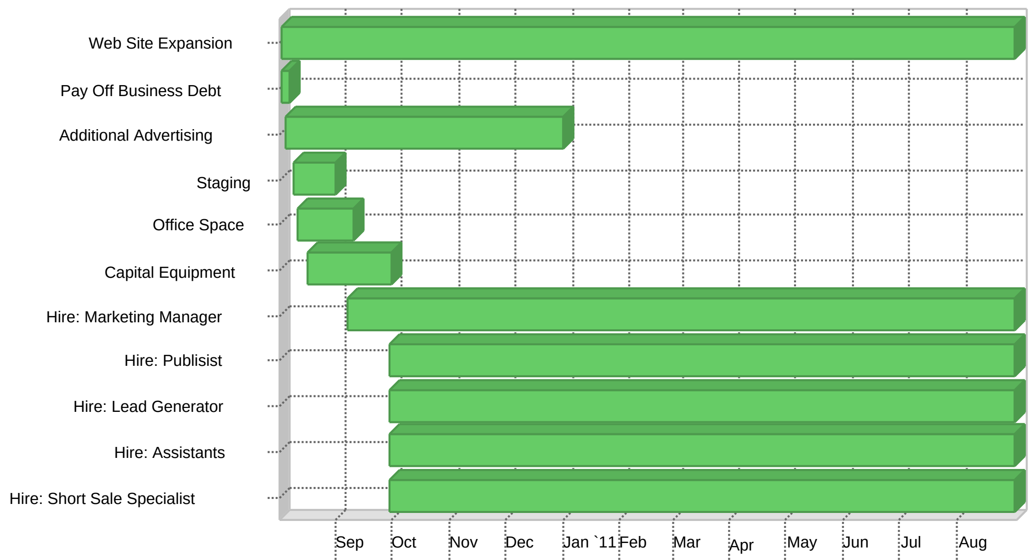
Table: Milestones

Milestones				
Milestone	**Start Date**	**End Date**	**Budget**	**Manager**
Web Site Expansion	8/2/2010	8/31/2011	$80,000	[NAME]
Pay Off Business Debt	8/2/2010	8/6/2010	$50,000	[NAME]
Additional Advertising	8/4/2010	12/31/2010	$70,000	[NAME]
Staging	8/9/2010	8/31/2010	$20,000	[NAME]
Office Space	8/11/2010	9/10/2010	$20,000	[NAME]
Capital Equipment	8/16/2010	9/30/2010	$30,000	[NAME]

Hire: Marketing Manager	9/6/2010	8/31/2011	$40,000	HR
Hire: Publicist	9/29/2010	8/31/2011	$38,000	HR
Hire: Lead Generator	9/29/2010	8/31/2011	$34,000	HR
Hire: Assistants (two)	9/29/2010	8/31/2011	$31,000	HR
Hire: Short Sale Specialist	9/29/2010	8/31/2011	$37,000	HR
Totals			**$450,000**	

Chart: Milestones

Milestones



6.0 Management Summary

Owner [NAME] has been a licensed real estate agent since 2002. Attending Texas Christian University, [NAME] graduated in 1985 with a Bachelors degree in Business Administration, with a major focus on finance and Real Estate. His first job out of college leads to [NAME] taking a position as Marketing Sales Representative in the Dallas, Texas office of Xerox. Training at the International center for Training and Management Development, [NAME] quickly excelled and became a coveted member of "Xerox's President Club, an honor bestowed upon the top 100 sales reps in the country.

[NAME] migrated into the broadcasting field for a 13-year successful career. He started as an Account Executive Position for an Independent Television station in Dallas, where he was quickly promoted to Local Sales Manager, Director of Sales and became the youngest Vice President and General Manger in the country for the CBS-owned station in Austin, Texas.

Wife [NAME] started her background with her graduation from Arizona State University in 1987 with a Bachelor of Arts Degree in Communications and a minor in English. Loving the area, [NAME] used her skills to create her own Real Estate Marketing Company in Phoenix until deciding to relocate the family in Austin, Texas.

The couple supports each other goals and this team-work concept has quickly transitioned [COMPANY NAME] into one of the local power house real estate firms in the area. [NAME] hard work and dedication have earned them numerous accolades and have been on the Top 20 ranking by the Austin Business Journal for Real Estate sales in the Austin Metropolitan area. Both [NAME] are passionate about their business, and are always on top of what can be done to take their sales and customer service offerings to the next level.

[NAME] run most of the day-to-day operations of the business to include sales, marketing, and make all decisions on artwork, graphics, brochures and pamphlets that go out from the company for promotional or recruiting purposes. They have two employees who assist them with administrative work and lead generation.

6.1 Personnel Plan

There are two employees in addition to the principal owners of [COMPANY NAME] who work for the company.

One employee handles administrative duties to include answering the phone, greeting clients, setting appointments, send out correspondence, mailings and other duties. This employee earns a salary of approximately $32,000 per year.

Another employee handles Lead Generations and those duties include getting leads from [COMPANY NAME] approved sources, following up on those in the company's target market areas. The Lead Generator earns a salary of approximately $35,000 per year.

Plan for future hiring include at least five more employees in the following positions:

Hire: Marketing Manager
Hire: Publicist
Hire: Lead Generator (two)
Hire: Assistants (two)
Hire: Short Sale Specialist

Table: Personnel

Personnel Plan			
	2010	**2011**	**2012**
Salary to Principals	$33,300	$36,630	$40,293
Salary to Lead Generator	$32,100	$35,310	$38,841
Salary to Employee	$29,700	$32,670	$35,937
New Marketing Manger	$0	$40,000	$46,200
New Publicist	$0	$38,000	$41,800
New Lead Generator	$0	$34,000	$39,600
New Assistant (two)	$0	$31,000	$34,100
New Short Sale Specialist	$0	$37,000	$42,900
Total People	4	9	9
Total Payroll	$95,100	$284,610	$319,671

7.0 Financial Plan

The Financial Plan for [COMPANY NAME] is to expand the business, penetrate into the planned target markets and lead the city in conventional and "green" sales, achieving their ultimate goal to be the number one real estate sales office in the greater Austin, Texas area.

The first critical element this family-owned Austin-based business needs is grant funding to allow the necessary upgrades and optimization to the business. This includes upgrading the website to enhance their ability to show up on organic searches, adding affordable pay-per-click advertising, increased visibility and name branding in targeted neighborhoods through direct mail pieces, adding essential personnel and paying down the existing business debt.

Like many family or independently owned businesses, relief from debt is a critical component to any company's end success and ability to expand and grow to their potential. Once this is relieved as shown in their Milestone Table, the company will be able to retain net profits and reinvest in and expand the business without the need take rely on any kind of borrowing. Their long-term goal is to have the ability to operate as an entire debt-free company by the end of the third year as shown.

It is [COMPANY NAME]’s intention to penetrate the target market areas and achieve their sales goals, allowing their company to achieve net profits, positive cash flow, operate as a debt free company, and acquire long term assets the company can use to grow over the next decade. This will provide a stable base from which [NAME] can sustain the business for descendents and family members who may own or operate the business in the future.

7.1 Important Assumptions

The following table shows the General Assumptions for [COMPANY NAME].

- The company assumes steady growth from good management and target market penetration

- No unforeseen local, or national disasters such as the economic slowdown seen by most of the country

- Adequate grant funding and increase in gross commissions to sustain the needed growth and expansion

7.2 Break-even Analysis

The Break-even Analysis for [COMPANY NAME] is based on the average figures to include total sales by units and total operating expenses. The business is projected to incur an average of $20,261 in monthly fixed costs according to the 2010 estimate, with a monthly revenue break-even point of $24,873 achieved.

Where the line crosses the horizontal axis is the break-even point. What this means is that your company needs that much sales to cover costs in a standard month.

Estimates used to base these assumptions on, although somewhat conservative, are representations of real risk and make room for the assumptions to show a favorable outcome for [COMPANY NAME].

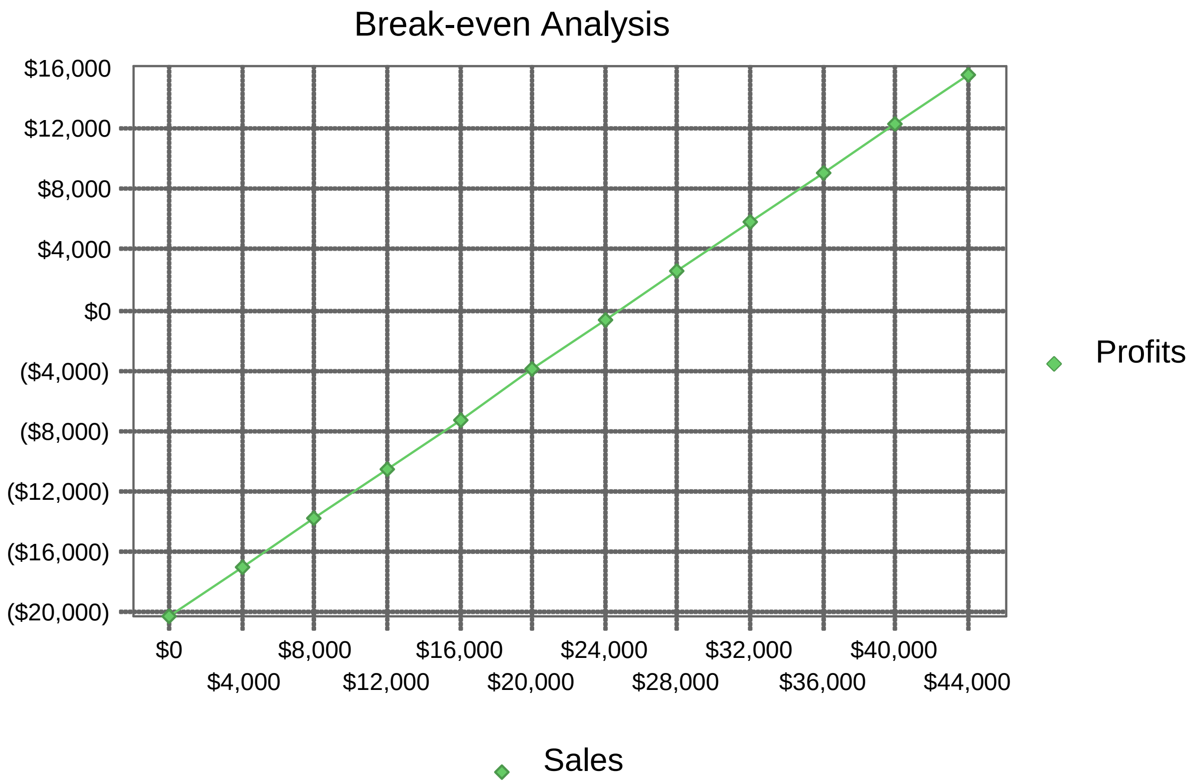
Another assumption the break-even analysis is based on is the infusion of grant funds to help expedite [COMPANY NAME]'s ability to accomplish all of their goals.

In addition, taking advantage of the recovering market currently in progress in the Austin area and a strong sales performance will result and assure [COMPANY NAME] of operating the business above the break-even point projected.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$24,873
Assumptions:	
Average Percent Variable Cost	19%
Estimated Monthly Fixed Cost	$20,261

Chart: Break-even Analysis



*This chart shows the estimated **break-even point** between **sales and profits**. The **horizontal axis** shows **monthly sales** and the **vertical axis** shows **monthly profits**. The **slanting line** shows the projected profit or loss at various sales levels.*

7.3 Projected Profit and Loss

The detailed Proforma Profit and Loss Table below show the estimated operating expenses for [COMPANY NAME] for the upcoming three years.

Monthly projections for Profit and Gross Margin are on Page 31 and 32. The monthly forecast for the 2010 is included at the end of this plan on Page 3 of the appendix.

The annual estimates include operating expenses to include full payroll, rent, advertising, and other costs. As the Profit and Loss table shows, steady growth and profitability will be achieved and maintained over the next three years.

Table: Profit and Loss

Pro Forma Profit and Loss			
	2010	**2011**	**2012**
Gross Commissions	$410,916	$750,000	$1,000,000
Direct Cost of Gross Commissions	$76,200	$90,678	$107,907
Total Cost of Gross Commissions	$76,200	$90,678	$107,907
Gross Margin	$334,716	$659,322	$892,093
Gross Margin %	81.46%	87.91%	89.21%
Expenses			
Payroll	$95,100	$284,610	$319,671
Marketing/Promotion	$48,000	$80,000	$82,400
Depreciation	$600	$10,000	$12,000
Rent	$15,600	$16,068	$16,550
Utilities	$7,800	$8,034	$8,275
Insurance	$64,800	$66,744	$68,746
Payroll Taxes	$5,231	$15,654	$17,582

Other	$6,000	$6,180	$6,365
Total Operating Expenses	$243,131	$487,290	$531,590
Profit Before Interest and Taxes	$91,586	$172,032	$360,503
EBITDA	$92,186	$182,032	$372,503
Interest Expense	$3,987	$0	$0
Taxes Incurred	$0	$0	$0
Net Profit	$87,598	$172,032	$360,503
Net Profit/Gross Commissions	21.32%	22.94%	36.05%

Chart: Profit Monthly 2010

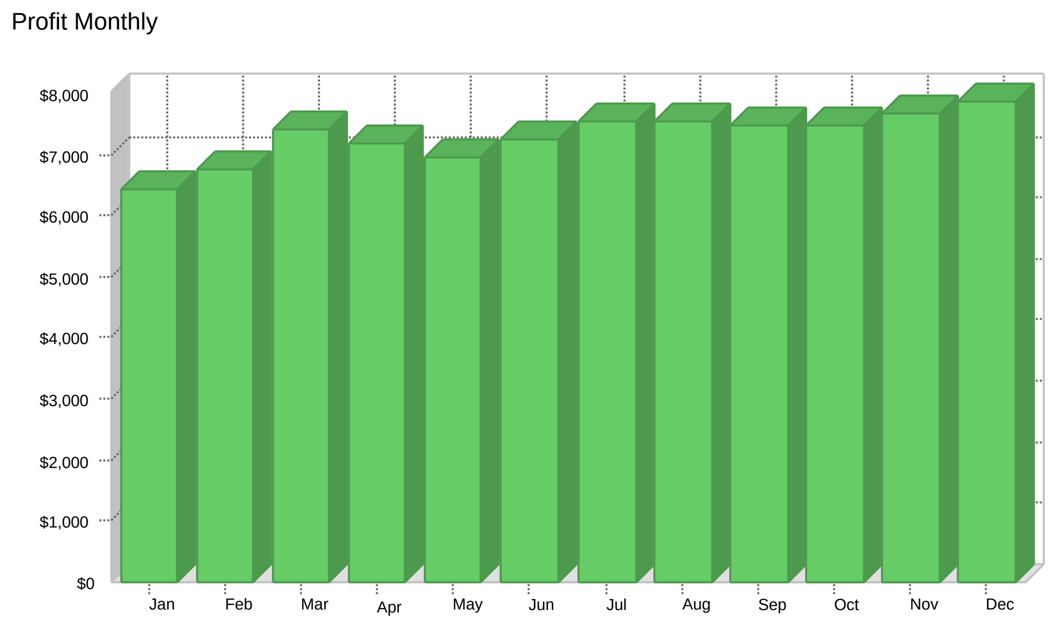


Chart: Profit Yearly

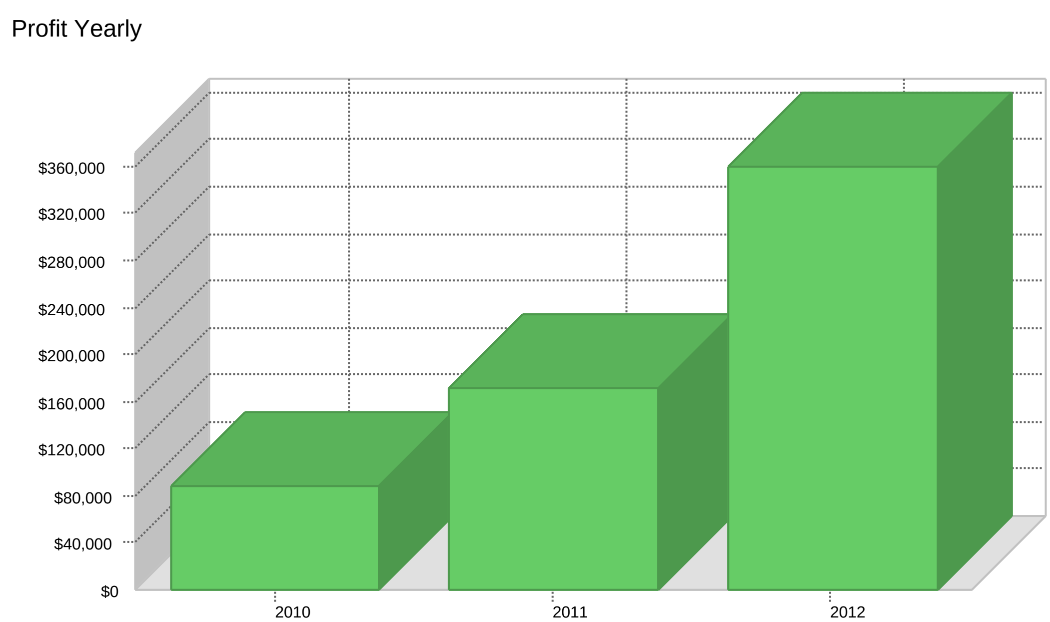


Chart: Gross Margin Monthly 2010

Gross Margin Monthly

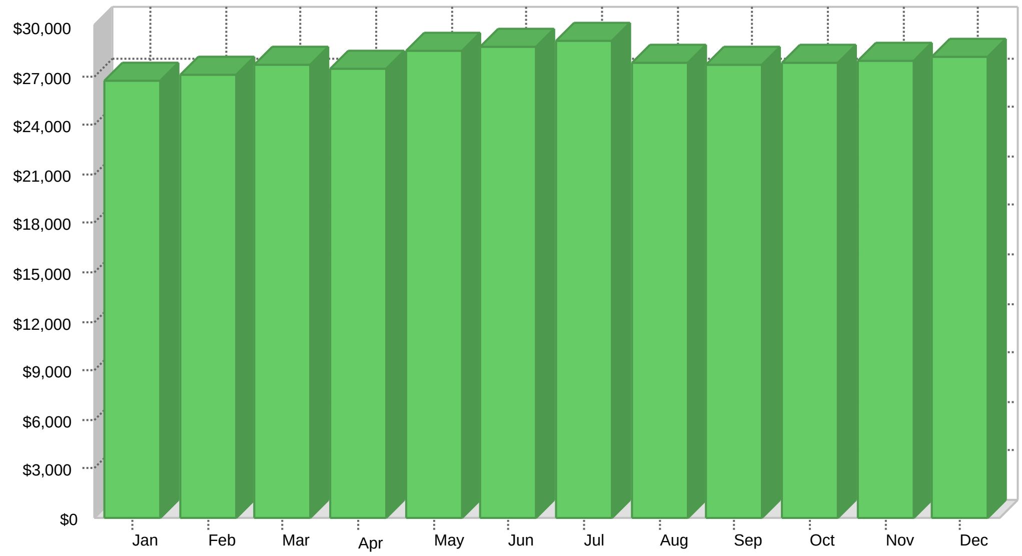
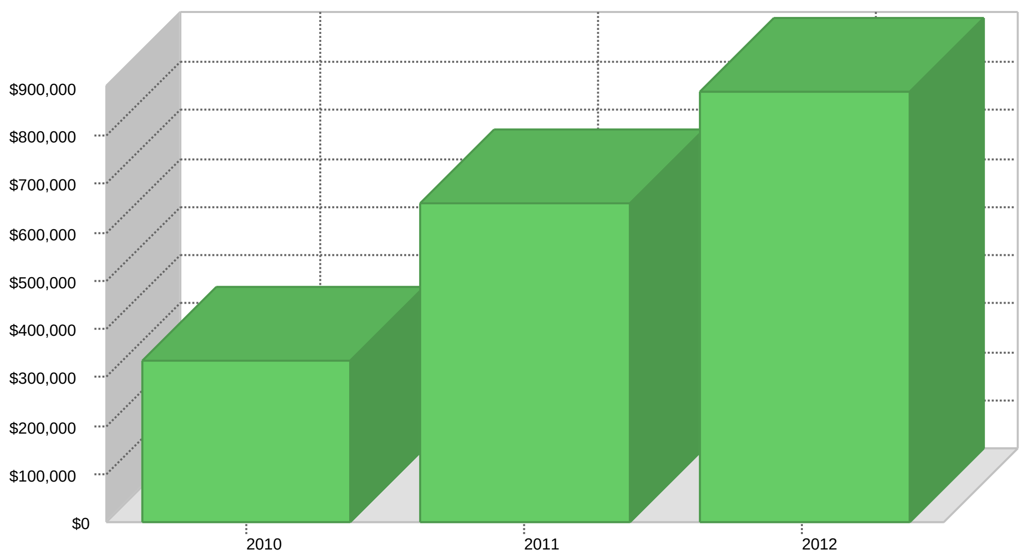


Chart: Gross Margin Yearly

Gross Margin Yearly



7.4 Projected Cash Flow

The cash flow projections for [COMPANY NAME] show gross commission provisions for ongoing expenses are adequate to meet the needs of the company. With the influx of grant funding and increase in gross commissions, the business is projected to generate sufficient cash flow to support operations.

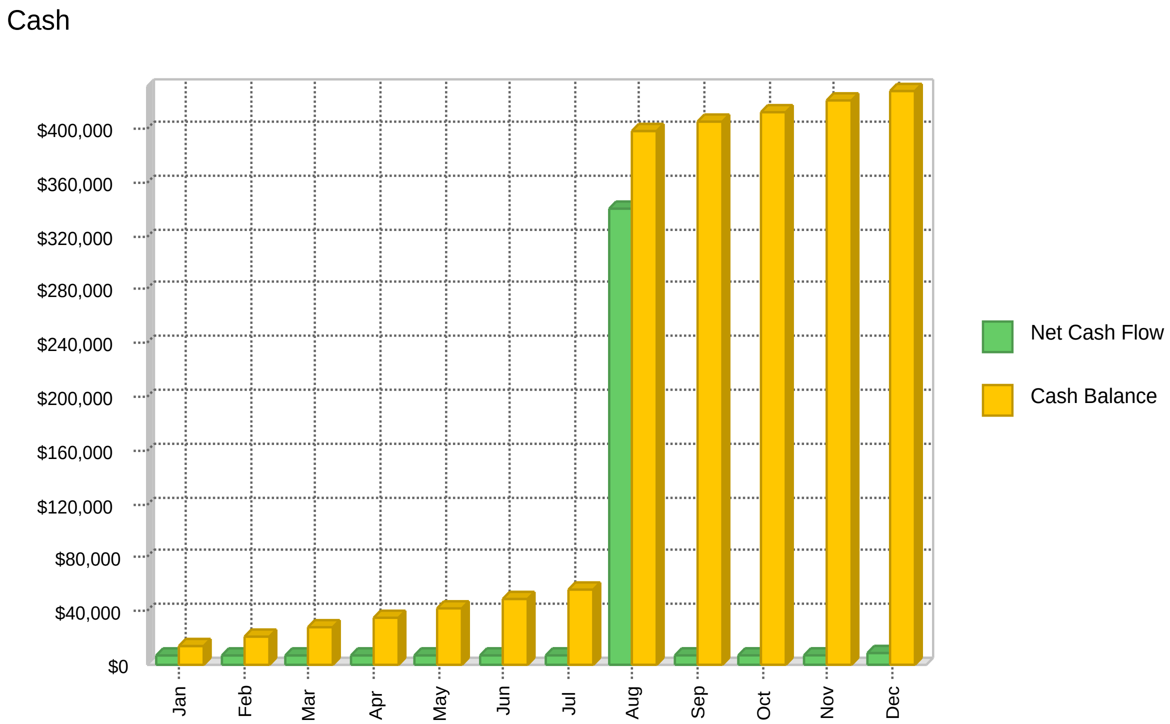
The monthly cash flow shown in the illustration has one bar representing the cash flow per month and the other representing the monthly balance. The annual cash flow projections are included here as Table 7.4, with detailed monthly numbers shown in the appendix.

Table: Cash Flow

Pro Forma Cash Flow			
	2010	**2011**	**2012**
Cash Received			
Cash from Operations			
Gross Commissions	$410,916	$750,000	$1,000,000
Subtotal Cash from Operations	$410,916	$750,000	$1,000,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$91,060	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$450,000	$0	$0
Subtotal Cash Received	$951,976	$750,000	$1,000,000
Expenditures	**2010**	**2011**	**2012**

Expenditures from Operations			
Cash Spending	$322,718	$567,968	$627,497
Bill Payments	$0	$0	$0
Subtotal Spent on Operations	$322,718	$567,968	$627,497
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$82,556	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$39,872	$0	$0
Purchase Other Current Assets	$65,000	$0	$0
Purchase Long-term Assets	$20,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$530,146	$567,968	$627,497
Net Cash Flow	$421,830	$182,032	$372,503
Cash Balance	$428,797	$610,830	$983,333

Chart: Cash 2010



7.5 Projected Balance Sheet

The following table presents the three-year Balance Sheet forecast for [COMPANY NAME].

It shows a healthy growth of net worth and a strong financial position once the infusion of the needed grant funding is received.

The monthly estimates are included at the end of this plan on Page 5 of the appendix.

Table: Balance Sheet

Pro Forma Balance Sheet			
	2010	**2011**	**2012**
Assets			
Current Assets			
Cash	$428,797	$610,830	$983,333
Other Current Assets	$65,400	$65,400	$65,400
Total Current Assets	$494,197	$676,230	$1,048,733
Long-term Assets			
Long-term Assets	$93,437	$93,437	$93,437
Accumulated Depreciation	$48,786	$58,786	$70,786
Total Long-term Assets	$44,651	$34,651	$22,651
Total Assets	$538,848	$710,881	$1,071,384
Liabilities and Capital	**2010**	**2011**	**2012**
Current Liabilities			
Accounts Payable	$0	$0	$0
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$0	$0	$0
Long-term Liabilities	$0	$0	$0
Total Liabilities	$0	$0	$0

Paid-in Capital	$451,000	$451,000	$451,000
Retained Earnings	$250	$87,848	$259,881
Earnings	$87,598	$172,032	$360,503
Total Capital	$538,848	$710,881	$1,071,384
Total Liabilities and Capital	$538,848	$710,881	$1,071,384
Net Worth	**$538,848**	**$710,881**	**$1,071,384**

7.6 Business Ratios

Although the real estate market across most of America is down and under performing by nearly 10% and feeling the pinch of the economic hard times, the Austin market is showing signs of recovery. [COMPANY NAME]'s projections indicate they will outperform against the industry. This will be accomplished by increased gross commissions through aggressive lead generating tactics, upgrading the web site, adding affordable pay-per-click advertising, saturating the target market with direct mail advertising and offering "green" homes to potential buyers.

The business ratios for [COMPANY NAME] are shown in the table below. Industry profile ratios are based on the Standard Industrial Classification (SIC) code 6531 and the North American Industrial Classification Standard (NAICS) code 531210 for Offices of Real Estate Agents and Brokers and are shown in this plan for comparison.

Table: Ratios

Ratio Analysis				
	2010	**2011**	**2012**	**Industry Profile**
Sales Growth	17.48%	82.52%	33.33%	-8.02%
Percent of Total Assets				
Other Current Assets	12.14%	9.20%	6.10%	68.41%
Total Current Assets	91.71%	95.13%	97.89%	72.28%
Long-term Assets	8.29%	4.87%	2.11%	27.72%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.00%	0.00%	0.00%	25.86%
Long-term Liabilities	0.00%	0.00%	0.00%	38.66%
Total Liabilities	0.00%	0.00%	0.00%	64.52%
Net Worth	100.00%	100.00%	100.00%	35.48%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%

Gross Margin	81.46%	87.91%	89.21%	83.91%
Selling, General & Administrative Expenses	60.14%	64.97%	53.16%	39.35%
Advertising Expenses	11.68%	10.67%	8.24%	3.80%
Profit Before Interest and Taxes	22.29%	22.94%	36.05%	11.77%
Main Ratios				
Current	0.00	0.00	0.00	1.99
Quick	0.00	0.00	0.00	1.99
Total Debt to Total Assets	0.00%	0.00%	0.00%	64.52%
Pre-tax Return on Net Worth	16.26%	24.20%	33.65%	194.91%
Pre-tax Return on Assets	16.26%	24.20%	33.65%	69.16%
Additional Ratios	2010	2011	2012	
Net Profit Margin	21.32%	22.94%	36.05%	n.a
Return on Equity	16.26%	24.20%	33.65%	n.a
Activity Ratios				
Accounts Payable Turnover	0.00	0.00	0.00	n.a
Payment Days	0	0	0	n.a
Total Asset Turnover	0.76	1.06	0.93	n.a
Debt Ratios				
Debt to Net Worth	0.00	0.00	0.00	n.a
Current Liab. to Liab.	0.00	0.00	0.00	n.a
Liquidity Ratios				

Net Working Capital	$494,197	$676,230	$1,048,733	n.a
Interest Coverage	22.97	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	1.31	0.95	1.07	n.a
Current Debt/Total Assets	0%	0%	0%	n.a
Acid Test	0.00	0.00	0.00	n.a
Sales/Net Worth	0.76	1.06	0.93	n.a
Dividend Payout	0.00	0.00	0.00	n.a

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