

How to Start a School 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, scarce skills, energy, material, equipment, processes, technology, or personnel)?
2. Are capital requirements for entry or continuing operations excessive?
3. Is adequate financing hard to obtain?
4. Are there potential detrimental environmental effects?
5. Are there factors that prevent effective marketing?

C. Desired Income

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

1. How much income do you desire?

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

3. What minimum income do you require?

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

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

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

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

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

D. Preliminary Income Statement

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

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

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

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

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

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

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) =

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

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

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

Is Your Plan Workable?

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

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

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

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

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

Put Your Plan into Action

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

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

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

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

Have you more money to put into this business?

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

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

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

Action / Completion Date

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Keeping Your Plan Up To Date

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

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

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

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

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

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

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3. Complete School Business Plan Template

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1.0 Executive Summary

Introduction

COMPANY NAME will provide private school services in quantitative courses, starting the first school in the Atlanta, Georgia area. Focused primarily on students in grades K-6, classes are available in courses including: history, science, geography and mathematics in addition to multiple languages, religions and philosophy **COMPANY NAME** will focus primarily on Eastern Indian, Asian and European based language and philosophy to start. This method will be focused on to ensure that students can study their native language and learn native customs from where they or their families come from. Teaching sessions focus on helping students grasp the concepts they will need to know to perform well in their class, as well as developing study strategies to effectively prepare for exams in their class. A long-term focus of empowering students is favored over a short-term problem-solving strategy.

High tuition, schools claim, is used to pay higher salaries for the best teachers and also used to provide enriched learning environments, including a low student to teacher ratio, small class sizes and services, such as libraries, science laboratories and computers.

Service Summary

The intention is to create a student who is an international citizen who is academically capable, gain successful admission to Ivy League schools and to the best international universities; however while at the same time developing a confidence gained from knowing their family heritage, roots, history, culture, religion and languages. Each student will be having a sense of pride in being an American and also in being of Indian origin harmoniously. **COMPANY NAME** projects that 50% of students will be Asian Indian decent and 50% of students will be Americans seeking to get the best education available in the United States.

COMPANY NAME is planning to become an International Baccalaureate World School. By receiving this support from a worldwide education organization, the school will be on the roster of offering courses transferable and also recognized around the world.

Market Analysis Summary

While there are cultural and language classes that children of Indian origin can attend outside of the regular school curriculum, there is no comprehensive school, which offers an excellent education along with meeting their cultural needs anywhere in the USA.

Vision

COMPANY NAME vision is to provide world-class education for its students at playschool, kindergarten, primary school levels. The aim of this educational institute is the quest for truth; blending the methods of learning of the East and West **COMPANY NAME** seeks to help bring to the United States the highest education possible to help children be able to compete with the world, as the American education standards and results continue to decline.

- American students rank 25th in math and 21st in science compared to students in 30 industrialized countries.
- America's top math students rank 25th out of 30 countries when compared with top students elsewhere in the world.
- By the end of 8th grade, U.S. students are two years behind in the math being studied by peers in other countries.
- Sixty eight percent of 8th graders can't read at their grade level, and most will never catch up.

Resource: <http://www.bls.gov>

It will be a school for a diverse student body with a global faculty and an international curriculum. The Foundation believes its particular location in the USA will give the community of learners an incredible opportunity to examine change, explore the interconnectedness of issues and develop a global perspective. **COMPANY NAME** will offer an educational experience that is truly international and still Indian at heart. The Foundation will invite the Council of International Schools (CIS) and other prominent educationists to be its' consultants. Together with experienced consultants' input, **COMPANY NAME** shall attract an inspiring faculty and student body.

1.1 Objectives

- Generate five informal contracts/referrals with school professors from accredited private schools located in India.

- Increase revenue steadily from 2011 to 2012.
- Offer a premiere and unique educational hub where children can learn several languages, receive higher education and expand life's horizons from an early age.

COMPANY NAME's vision is to provide world-class education for students at playschool, kindergarten, primary school levels. The aim of this educational institute is the quest for truth, blending the methods of learning of the East and West.

It will be a school for a diverse student body, with a global faculty and an international curriculum **COMPANY NAME** believe that their particular location in the USA will give the community of learners an incredible opportunity to examine change, explore the interconnectedness of issues and develop a global perspective.

1.2 Mission

COMPANY NAME exists to help students. The Company takes a unique and innovative approach to teaching that helps students connect with the subject matter they need to master in a vast variety of subjects, religions and arts. Through personalized and focused teaching processes, the students develop the tools they need for ongoing success in their fields of study, which include international languages as well. Success depends on direct attention to the needs of the Company's clients and truly helping them achieve- **COMPANY NAME** won't succeed unless their clients succeed.

1.3 Keys to Success

- Developing methods of approaching subjects that helps students get their minds around challenging concepts, expanding the choice to study several religions, languages and subjects from India, United States and abroad.
- Creating excellent word of mouth promotion of services - clients sell services to other prospective students based in the United States and abroad.
- Developing a comprehensive program that meets emotional, physical, cultural, mental and educational needs of the school's children and parents.
- Truly listening to clients' needs and diagnosing where their understanding of concepts is breaking down.
- To improve education options for American students to excel in mathematics, science, history and geography to compete with and share opportunities with students worldwide

2.0 Company Summary

COMPANY NAME will provide private school services in quantitative courses, starting the first school in the Atlanta, Georgia area. Focused primarily on students in grades K-6, classes are available in courses including: geography, history, science and mathematics in addition to multiple languages, religions and philosophy. **COMPANY NAME** will focus primarily on Eastern Indian, Asian and European based language and religion to start. This method will be focused on to ensure that students can study their native language and learn native customs from where they or their families come from. Teaching sessions focus on helping students grasp the concepts they will need to know to perform well in their class, as well as developing study strategies to effectively prepare for exams in their class. A long-term focus of empowering students is favored over a short-term problem-solving strategy.

2.1 Company Ownership

COMPANY NAME is a sole proprietorship. The company will be owned and operated by **COMPANY NAME** which is 100% owned by **OWNER'S NAME**, a C Corporation. The foundation will be co-owned by **CO-OWNER'S NAME** and another general partner.

2.2 Start-up Summary

The company founders will hire an education consulting and management firm to handle day-to-day operations of the business and will work collaboratively to ensure that this business venture is a success. **COMPANY NAME** will be seeking to attain start-up funds from a combination of investment capital and grant funding sources. Surplus revenue from fundraising is detailed in the Sales Forecast table later in this plan.

The following table and chart show the start-up costs for **COMPANY NAME**.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal/Filing/Permits	\$45,000
Marketing and Promotion	\$35,000
Insurance	\$60,000
Computer System and Equipment	\$900,000
Renovations/Retrofitting	\$430,000
Tools and Supplies for 1 Year	\$275,000
Soccer Field Installation	\$250,000
Baseball Field Installation	\$250,000
Organic Garden and Landscaping	\$15,000
Swimming Pool Installation	\$25,000
Total Start-up Expenses	\$2,285,000
Start-up Assets	
Cash Required	\$2,000,000

<i>Other Current Assets</i>	\$0
<i>Long-term Assets</i>	\$2,400,000
<i>Total Assets</i>	\$4,400,000
<i>Total Requirements</i>	\$6,685,000

3.0 Services

The school will offer a unique and philosophical approach to education to provide for intellectual, emotional and spiritual development of every student. The school aims to provide an environment conducive to students to discover and nurture the best in their own nature.

The school will accept and care for students from all the major faiths, as well as for those with no particular religious affiliation. The intention is to create a student who is an international citizen who is academically capable, gain successful admission to Ivy League schools and to the best international universities; however while at the same time developing a confidence gained from knowing their family heritage, roots, history, culture, religion and languages. Each student will be having a sense of pride in being an American and also in being of Indian origin harmoniously.

COMPANY NAME will also be providing extensive extra-curricular activities for students such as providing dance, art, culture and language courses so that students can attain

and utilize the tools and education all in one place. This will be especially appealing to parents as this will improve not only the child's education but by having all available in one location, it will also improve quality of life for families.

COMPANY NAME has future plans for utilizing the 30 acre plot of land and real estate that The Company is trying to acquire by installing a soccer field, a baseball field and a teacher/student vegetable and herb garden for education purposes. In addition, the auditorium and smaller classroom will be rented out to increase the schools revenue.

4.0 Market Analysis Summary

Private schools, also known as **independent schools**, are not administered by local, state or national governments; thus, they retain the right to select their students and are funded in whole or in part by charging their students tuition, rather than relying on public (government) funding, students can get a scholarship into a private school which makes the cost cheaper depending on a talent the student may have e.g. sport scholarship, art scholarship, academic scholarship etc. In the United Kingdom and several other Commonwealth countries, the use of the term is generally restricted to primary and secondary educational levels; it is almost never used of universities and other tertiary institutions. Private education in North America covers the whole gamut of educational activity, ranging from pre-school to tertiary level institutions. Annual tuition fees at K-12 schools range from nothing at so called 'tuition-free' schools to more than \$45,000 at several New England prep schools.

The secondary level includes schools offering years 7 through 12 (year twelve is known as lower sixth) and year 13 (upper sixth). This category includes university-preparatory schools or "prep schools", boarding schools and day schools. Tuition at private secondary schools varies from school to school and depends on many factors, including the location of the school, the willingness of parents to pay, peer tuitions and the school's financial endowment. High tuition, schools claim, is used to pay higher salaries for the best teachers and also used to provide enriched learning environments, including a low student to teacher ratio, small class sizes and services, such as libraries, science laboratories and computers. Some private schools are boarding schools and many military academies are privately owned or operated as well.

Religiously affiliated and denominational schools form a subcategory of private schools. Some such schools teach religious education, together with the usual academic subjects to impress their particular faith's beliefs and traditions in the students who attend. Others use the denomination as more of a general label to describe on what the founders based their belief, while still maintaining a fine distinction between academics and religion. They include parochial schools, a term which is often used to denote Roman Catholic schools. Other religious groups represented in the K-12 private education sector include Protestants, Jews, Muslims and the Orthodox Christians.

Many educational alternatives, such as independent schools, are also privately financed. Private schools often avoid some state regulations, although in the name of educational quality, most comply with regulations relating to the educational content of

classes. Religious private schools often simply add religious instruction to the courses provided by local public schools.

Special assistance schools aim to improve the lives of their students by providing services tailored to very specific needs of individual students. Such schools include tutoring schools and schools to assist the learning of handicapped children.

In many parts of the United States, after the 1954 decision in *Brown Board of Education* that demanded US schools desegregate "with all deliberate speed," local families organized a wave of private "Christian Academies." In much of the US South, white students have migrated to the Academies, while public schools have become in turn more heavily concentrated with African American students. See [List of private schools in Mississippi](#). The academic content of the Academies is College Preparatory.

Funding for private schools is generally provided through student tuition, endowments, scholarship/voucher funds, loans and donations and grants from religious organizations or private individuals. Government funding for religious schools is either subject to restrictions or possibly forbidden, according to the courts' interpretation of the Establishment Clause of the First Amendment. Non-religious private schools theoretically could qualify for such funding, but prefer the advantages of independent control of their student admissions and course content.

A similar concept, recently emerging from within the public school system, is the concept of "charter schools", which are technically independent public schools, but in many respects operate similarly to non-religious private schools.

Private schooling in the United States has been debated by educators, lawmakers and parents, since the beginnings of compulsory education in Massachusetts in 1852. The Supreme Court precedent appears to favor educational choice, so long as states may set standards for educational accomplishment. Some of the most relevant Supreme Court case law on this is as follows: *Runyon v. McCrary*, 427 U.S. 160 (1976); *Wisconsin v. Yoder*, 406 U.S. 205 (1972); *Pierce v. Society of Sisters*, 268 U.S. 510 (1925); *Meyer v. Nebraska*, 262 U.S. 390 (1923).

Currently, while there are cultural and language classes that children of Indian origin can attend outside of the regular school curriculum, there is no comprehensive school, which offers an excellent education in mathematics, history, science and languages along with meeting their cultural needs anywhere in the USA.

4.1 Market Segmentation

According to the 2000 Census, 210,000 individuals live in the Atlanta metro area that were born outside of the US. The foreign-born comprise 14% of the residents in Cobb County and 16% in Gwinnett and DeKalb.

The largest concentration of South Asian immigrants is located in California, followed by New York, New Jersey, Illinois, Texas, Florida, and DC.

Not all immigrants come from the Indian middle-class. Particularly among recent arrivals, many are the poorer relatives of better-educated individuals who came to the US in earlier years. Throughout the world, there is an immense Indian Diaspora, with millions of Indians living overseas in Africa, Europe, Asia, and elsewhere.

According to the American Community Survey of the U.S. Census Bureau, the Asian Indian population in the United States grew from almost 1,679,000 in 2000 to 2,570,000 in 2007: a growth rate of 53%, the highest for any Asian American community, and among the fastest growing ethnic groups in the United States. Indian Americans are the third largest Asian American ethnic group, after Chinese Americans and Filipino Americans.

Asian Americans are a small minority in the Atlanta Metro Area as well, but they are much more sizable and numerous than the Native American minority. The metro area is home to over 226,400 Asians, and this racial group forms 4.2% of the population. Indians and Koreans are the largest sub-groups. **Nearly 70,000 Indians and over 44,000 Koreans live in the metro area.** Indians and Koreans make up 1.3% and 0.8% of the population respectively. Chinese and Vietnamese individuals are smaller groups. Over 34,900 Chinese and 34,200 Vietnamese make up 0.7% and 0.6% of the population respectively. Nearly 9,800 Filipinos live in the metro and make up just 0.2% of the population. People of Asian descent are even smaller in number; just over 4,500 Asian Americans reside in the area. In addition, over 29,400 people belong to Asian ethnic groups other than the ones mentioned (Cambodian, Laotian, etc.), and they make up 0.5% of the population.

4.2 Target Market Segment Strategy

While the Asian Indian segment will remain the core focus of the company, much time will be dedicated to developing the children of all other races and faiths segment (50% of students are projected to be of Asian Indian decent and 50% will be comprised of American students of all ethnicities). The company's goal is to have the best education in mathematics, science and history comparable to top schools in the world, making the children internationally aware. This is a mere matter of population dynamics. Maintaining and further enhancing its reputation in the community is crucial to gaining additional market share of these target markets.

4.3 Service Business Analysis

The private school business is lucrative, as mentioned before. As a result, there are many private schools that provide quality education and care for children in the same area as **COMPANY NAME**. The private school industry is split between large, commercially-run corporations and smaller, locally-owned schools.

While the schools located in the USA offer similar internationally based curricula as **COMPANY NAME**, few offer Indian based languages, literature, and history or cover other cultural or religious aspects along with European languages and culture.

The company is confident that this will be a successful venture because of the quality of its managers and the capability of its advisors, faculty including Principal and teachers which is mentioned in more detail in the Personnel section.

4.3.1 Competition and Buying Patterns

A few of similar schools comparable to **COMPANY NAME** are:

Atlanta International School, Atlanta, GA, USA - www.aischool.org/

Le Rosey, Switzerland - <http://www.rosey.ch/>

German International School of Silicon Valley, Silicon Valley, CA, USA - www.gissv.org

St James School, London, UK - <http://www.stjamesschools.co.uk/>

Global School of Silicon Valley, Silicon Valley, CA, USA - www.myglobalschool.org

Chinmaya Mission School, Piercy, CA, USA - <http://www.chinmaya.org/>

[Dav Montessori School, Houston, TX, USA - http://www.davmschool.com/](http://www.davmschool.com/)

As previously mentioned, while the schools located in the USA offer similar internationally based curricula as **COMPANY NAME**, none offer Indian based languages, literature, history or cover other cultural or religious aspects along with European languages and cultural practices.

5.0 Strategy and Implementation Summary

COMPANY NAME will succeed by offering its client' children a safe and secure environment and close personal attention. The goals of the school dual-sided; to help parents feel good about the care their children's education and to make it a safe, educational and fun experience for the child.

Students will develop emotional strength, practical capability, clarity in reason, intellectual brilliance and creativity by developing their personalities through a curriculum that is based on deep spiritual values and a first class educational curriculum. Studies will be well rounded with science, literature, sports, art, music and dance. The school will create individuals that have the best education in all standard subjects; however, they will also have training in spiritual and moral values, ethical application and a holistic approach to conducting their lives.

5.1 SWOT Analysis

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

5.1.1 Strengths

Currently few other private school of any grade level offer Indian, Asian and European based languages, literature, history or cover other cultural or religious aspects. Few other schools are not as proactive about providing the child's overall well-rounded physical, emotional, educational and cultural needs.

There are cultural and language classes that children of Indian origin can attend outside of the regular school curriculum; there is no comprehensive school, which offers an excellent education along with meeting their cultural needs anywhere in the USA to date.

COMPANY NAME in the process of getting commitments from key individuals to serve on a 7 member Advisory Board, The CEO will serve as a working officer and will also serve on the board. **COMPANY NAME** currently has commitments from two well known individuals with an academic background and will have the other members confirmed in the near future.

5.1.2 Weaknesses

COMPANY NAME must differentiate the school as an upstanding organization, contrary to what are statistically reported as the downside of sending a child to a private school:

- Cost.
- No special education classes available.
- Students must pass an entrance exam to be admitted.

5.1.3 Opportunities

COMPANY NAME has a growing market with a significant percentage of the primary target market, Asian Indian population in the United States, still not knowing that the this future option exists. **COMPANY NAME** will also be forming strategic alliances offering sources for referrals and joint marketing activities to extend reach.

Changes and increases of Asian Indians populations in highly concentrated communities in Metropolitan areas across the United States also points to a need for an educational solution offered by **COMPANY NAME**. The opportunity for future expansion and opening additional schools in these areas is the Company's vision.

Some other important points of **COMPANY NAME**'s opportunities are:

- Growing market with a significant percentage of our target market still not knowing this school will exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend the Company's reach.
- Promising activity from high levels of exploding Asian Indian population.
- Increasing sales opportunities beyond the school's "100-mile" target area including several smaller surrounding communities and students from overseas.
- Create a separate boarding school facility offering the same teachings and services.

5.1.4 Threats

The downturn in the economy has impacted private school attendance across the country. **COMPANY NAME** will keep in mind that the Company must keep tuition and other associated costs well monitored both the school and the parents of the students attending.

5.2 Competitive Edge

COMPANY NAME seeks to establish a competitive edge in its target market by increasing the level of education standards not only within a private school, but by offering Asian Indian studies and languages in addition to other Asian and European studies and languages, this sets this school apart from the rest within the United States.

5.3 Marketing Strategy

According to the American Community Survey of the U.S. Census Bureau, the Asian Indian population in the United States grew from almost 1,679,000 in 2000 to 2,570,000 in 2007: a growth rate of 53%, the highest for any Asian American community, and among the fastest growing ethnic groups in the United States. Indian Americans are the third largest Asian American ethnic group, after Chinese Americans and Filipino Americans.

The Indian community in the United States added more than 640,000 to its number in the last five years, a growth rate with no precedent in the history of Indian immigration to the U.S.

From 1,678,765 in 2000, the population grew to 2,319,222 in 2005, a growth rate of 38%, the highest for any Asian community.

Indian have become the second largest Asian community after the Chinese whose numbers went up from 2,432,585 to 2,882,257 over the same period, according to the American Community Survey of the U.S. Census Bureau.

The 2000 Census found the Indians the fastest growing community showing an increase of 106% during 1990-2000.

The Philipinos ranked second then, but have been pushed to third place.

Indians are most heavily concentrated in five states: California, New York, New Jersey, Texas and Illinois.

Similarly, the top five urban destinations of Asian Indians include New York, the San Francisco-Oakland-San Jose area, Chicago, Los Angeles, and Washington, DC.

Though the Census is conducted only every ten years, the last one was held in 2000 -- the Census Bureau conducts an annual survey that measures key population statistics during which it accounts for people living in households and excludes the population in institutions, colleges and other group quarters. If those numbers are included, particularly given the huge number of Indian students at U.S. universities, the Indian population could significantly be larger.

The survey found that New Jersey has one of the highest percentages of Asians in any state. The state's Asian population jumped up by about 34% from 480,000 in 2000 to 620,000 in 2005. So, the number of Indians has gone up in New Jersey from 170,000 in 2000 to 230,000 now, a growth rate of 35%.

Indian Americans are growing even in places hither to not known to have too many of them, the survey noted. While Indians continue to be the biggest ethnic Asian community in New Jersey, they have increased their representation in states like Michigan, Minnesota and Pennsylvania.

To offer an educational experience that is truly international and still Indian at heart, the Company will invite the Council of International Schools (CIS) and other prominent educationists to be its consultants. Together with their experienced input **COMPANY NAME** shall attract an inspiring faculty and student body.

5.4 Sales Strategy

COMPANY NAME is planning to become an International Baccalaureate World School. By receiving this support from a worldwide education organization, the school will be on the roster of offering courses transferable and also recognized around the world.

Charter/Private Schools in India

The Company will partner with private schools in India, offering the one-of-a-kind educational curriculum unlike no other in the United States.

"Little India"

COMPANY NAME will launch a marketing campaign to market to areas in Metropolitan areas that have large concentrations of Asian Indians.

Staying Informed

COMPANY NAME will join national and state private school associations. The Company will find incomparable resources. The networking opportunities for **COMPANY NAME** and its staff are virtually limitless. **COMPANY NAME** plans on attending association conferences in year 1 so that the school is visible. That will ensure plenty of applications for vacant positions in the following academic year.

There are [52 recognized national accrediting bodies](#). National accreditors get their name from their common policy of accrediting schools nationwide or even worldwide. Requirements for accreditation vary from each national accreditor according to the specialty. In general terms, the national accreditors accredit post-secondary programs that are vocational, technical and career in nature. Some of these programs offer degrees and some only certificates.

Five of these bodies are listed by the Department of Education as general in nature and national in scope. These are:

- [Distance Education and Training Council](#) (DETC)
- [Accrediting Council for Independent Colleges and Schools](#) (ACICS)
- [Accrediting Commission of Career Schools and Colleges of Technology](#) (ACCSCT)
- [Accrediting Council for Continuing Education and Training](#) (ACCET)
- [Council on Occupational Education](#) (COE)

5.4.1 Sales Forecast

The sales forecast has been developed to predict future sales in a conservative manner. It is expected that sales will gradually increase as more students are served and the Company receives more testimonials. At some point, since **COMPANY NAME** is an organization serving students Monday through Friday as the standard, capacity will be reached in terms of the number of hours worked and the number of students accepted per term. Please review the following table and chart which details monthly and yearly sales broken down by the various target customers.

Foundation Grants. **COMPANY NAME** will identify a volunteer who enjoys on-line research. The Foundation Center (www.fdncenter.org) has branches in several cities and their on-site resources are free. Except for the most basic information, however, the search function here and at www.guidestar.org has a subscription fee. If The Company spots foundations or corporations in the Chronicle of Philanthropy or other news outlets, see if their annual report is available on-line **COMPANY NAME** will be aware that foundations and corporations are much more likely to fund the school.

Resource: <http://www.edfacilities.org/pubs/fundraising.pdf>

Please see the sales forecasts for 40 students, 80 students and 150 students accordingly.

Table: Sales Forecast – 40 Students to Start - \$10,000/annual tuition

Sales Forecast			
	2011	2012	2013
Sales			
Student Tuition	\$150,000	\$720,000	\$900,000

<i>Fundraising</i>	\$350,000	\$400,000	\$500,000
<i>Summer School Tuition</i>	\$150,000	\$180,000	\$210,000
<i>Total Sales</i>	\$650,000	\$1,300,000	\$1,610,000
<i>Direct Cost of Sales</i>	2011	2012	2013
<i>Learning Tools and Supplies</i>	\$19,998	\$40,000	\$60,000
<i>Fundraising Expenses</i>	\$0	\$0	\$0
<i>Subtotal Direct Cost of Sales</i>	\$19,998	\$40,000	\$60,000

Table: Sales Forecast – 100 Students to Start - \$10,000/annual tuition per child

Sales Forecast			
	2011	2012	2013
Sales			
Student Tuition	\$555,555	\$1,350,000	\$1,800,000
Fundraising	\$350,000	\$500,000	\$700,000
Auditorium Rental	\$78,253	\$126,000	\$132,300
Classroom Rental	\$56,000	\$96,000	\$100,800
Sporting Event Grounds Rental	\$0	\$19,200	\$20,160
Property Rental for Events (Other)	\$50,000	\$70,000	\$77,000
Grant Funding Income	\$200,000	\$200,000	\$200,000
Summer School Tuition	\$0	\$180,000	\$210,000
Total Sales	\$1,289,808	\$2,541,200	\$3,240,260
Direct Cost of Sales	2011	2012	2013
Learning Tools and Supplies	\$35,395	\$80,000	\$160,000
Fundraising Expenses	\$0	\$80,000	\$90,000
Subtotal Direct Cost of Sales	\$35,395	\$160,000	\$250,000

Table: Sales Forecast – 150 Students to Start - \$10,000/annual tuition per child

Sales Forecast			
	2011	2012	2013
Sales			
Student Tuition	\$833,335	\$2,739,000	\$5,478,000
Fundraising	\$350,000	\$500,000	\$700,000
Summer School Tuition	\$150,000	\$180,000	\$210,000
Total Sales	\$1,333,335	\$3,419,000	\$6,388,000
Direct Cost of Sales	2011	2012	2013
Learning Tools and Supplies	\$30,000	\$150,000	\$300,000
Fundraising Expenses	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$30,000	\$150,000	\$300,000

5.5 Milestones

Several milestones will be set for **COMPANY NAME** as a way of monitoring progress of the organization in the pursuit of achieving realistic, lofty goals with the aim of building this business model into a full-time, profitable source of revenue. The following table details the specific milestones and offers a timeline for completion.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Acquire School Location	1/1/2011	5/1/2011	\$900,000	School Director	Owner
Complete Renovations for School	5/1/2011	8/15/2011	\$430,000	School Director	Owner
Open House for Prospective Students	8/18/2011	9/1/2011	\$5,000	School Director	Owner
Attain Tools and Supplies	1/1/2011	8/15/2011	\$1,175,000	School Director	Owner
Curriculum Development	3/1/2011	5/31/2011	TBD	School Director	Owner
Accreditation and Licensing	1/15/2011	6/1/2011	\$45,000	School Director	Owner
Hire Teachers	1/30/2011	6/30/2011	TBD	School Director	Owner
Open Doors	1/1/2011	9/10/2011	TBD	School Director	Owner
Totals			\$2,555,000		

6.0 Management Summary

COMPANY NAME will attain the assistance of a professional private school consultant and management service.

The Consultant Services will provide complete oversight for educational and **operational management** of the school. In comprehensive management services including:

- Complete oversight for operation and management of the school, assessing and monitoring the quality of the educational programming, overseeing accreditation, and planning for additional grade levels/programs as required;
- Consulting with Directors to build effective framework for Board leadership;
- Monitoring school performance and oversight of Annual strategic goals and evaluation/assessment process;
- Staff professional development;
- Co-coordinating annual marketing/communications and recruiting plans;
- Support the CEO with an annual review and coaching;
- Preparation of the annual operating budget;
- Assist with development of systems for accounting, financial reporting, and audits;
- Ongoing school improvement planning;
- Policy manuals, including students, parents, and staff;
- Assessment of children's learning;
- Communication and public relations;
- Parent services;
- School improvement.
- Site management and development.

6.1 Personnel Plan

[INSERT PERSONNEL AND BIO]

Table: Personnel

Personnel Plan			
	2011	2012	2013
Kindergarten Teacher	\$21,666	\$44,632	\$45,971
1st Grade Teacher	\$25,277	\$44,632	\$45,971
2nd Grade Teacher	\$21,666	\$44,632	\$45,971
3rd Grade Teacher	\$21,666	\$44,632	\$45,971
4th Grade Teacher	\$21,666	\$44,632	\$45,971
5th Grade Teacher	\$21,666	\$44,632	\$45,971
6th Grade Teacher	\$21,666	\$44,632	\$45,971
Teacher's Assistant 1	\$4,998	\$10,296	\$10,605
Teacher's Assistant 2	\$4,998	\$10,296	\$10,605
Gym Teacher	\$10,002	\$20,604	\$21,222
Cleaning/Maintenance	\$6,664	\$10,296	\$10,605
Security	\$12,918	\$26,611	\$27,409
Administration/Office	\$22,224	\$34,336	\$35,366
Principal	\$66,465	\$91,279	\$94,017
Lifeguard	\$10,176	\$20,963	\$21,591
CEO	\$144,837	\$162,744	\$167,626
Total People	16	18	22
Total Payroll	\$438,555	\$699,849	\$720,843

7.0 Financial Plan

The following sections will outline important financial information.

7.1 Start-up Funding

COMPANY NAME's start-up costs are detailed above, in the Start-up Table. The following table shows how these start-up costs will be funded by owner, grant funding and investor capital.

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	\$2,285,000
Start-up Assets to Fund	\$5,300,000
Total Funding Required	\$7,585,000
Assets	
Non-cash Assets from Start-up	\$3,300,000
Cash Requirements from Start-up	\$2,000,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$2,000,000
Total Assets	\$5,300,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0

<i>Other Current Liabilities (interest-free)</i>	\$0
<i>Total Liabilities</i>	\$0
<i>Capital</i>	
<i>Planned Investment</i>	
<i>Owner</i>	\$0
<i>Investor</i>	\$0
<i>Additional Investment Requirement</i>	\$7,585,000
<i>Total Planned Investment</i>	\$7,585,000
<i>Loss at Start-up (Start-up Expenses)</i>	(\$2,285,000)
<i>Total Capital</i>	\$5,300,000
<i>Total Capital and Liabilities</i>	\$5,300,000
<i>Total Funding</i>	\$7,585,000

7.2 Important Assumptions

The following table details important Financial Assumptions.

7.3 Break-even Analysis

The Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk. Please note that there should be a minimum of 51 children attending the school and paying tuition in order for the Company to break even.

Table: Break-even Analysis – For 51 Students

Break-even Analysis***Monthly Revenue Break-even***

\$72,024

Assumptions:***Average Percent Variable Cost***

3%

Estimated Monthly Fixed Cost

\$70,047

7.4 Projected Profit and Loss

The following table and charts will indicate Projected Profit and Loss.

Table: Profit and Loss

Pro Forma Profit and Loss			
	2011	2012	2013
Sales	\$1,289,808	\$2,541,200	\$3,240,260
Direct Cost of Sales	\$35,395	\$160,000	\$250,000
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$35,395	\$160,000	\$250,000
Gross Margin	\$1,254,413	\$2,381,200	\$2,990,260
Gross Margin %	97.26%	93.70%	92.28%
Expenses			
Payroll	\$438,555	\$699,849	\$720,843
Sales and Marketing and Other Expenses	\$0	\$10,000	\$12,500
Depreciation	\$400	\$400	\$400
Insurance	\$10,500	\$18,000	\$18,540
Training	\$1,000	\$4,000	\$6,000
Supplies	\$41,664	\$125,000	\$128,750
Field Trips	\$8,800	\$8,800	\$8,800
Busses for Children (3 busses with Drivers)	\$52,000	\$156,000	\$156,000
Permits	\$1,000	\$1,050	\$1,103

<i>Soccer Field Maintenance</i>	\$0	\$50,490	\$50,583
<i>Baseball Field Maintenance</i>	\$0	\$250,000	\$257,500
<i>Landscaping Maintenance</i>	\$0	\$3,000	\$3,090
<i>Education Consultant/Management</i>	\$120,000	\$120,000	\$120,000
<i>Payroll Tax and Benefits</i>	\$166,649	\$265,943	\$273,920
<i>Total Operating Expenses</i>	\$840,568	\$1,712,532	\$1,758,029
<i>Profit Before Interest and Taxes</i>	\$413,845	\$668,668	\$1,232,231
<i>EBITDA</i>	\$414,245	\$669,068	\$1,232,631
<i>Interest Expense</i>	\$0	\$0	\$0
<i>Taxes Incurred</i>	\$124,154	\$200,600	\$369,669
<i>Net Profit</i>	\$289,692	\$468,068	\$862,562
<i>Net Profit/Sales</i>	22.46%	18.42%	26.62%

Table: Cash Flow

Pro Forma Cash Flow			
	2011	2012	2013
Cash Received			
Cash from Operations			
Cash Sales	\$1,289,808	\$2,541,200	\$3,240,260
Subtotal Cash from Operations	\$1,289,808	\$2,541,200	\$3,240,260
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$1,289,808	\$2,541,200	\$3,240,260
Expenditures	2011	2012	2013
Expenditures from Operations			
Cash Spending	\$438,555	\$699,849	\$720,843
Bill Payments	\$411,057	\$1,410,149	\$1,633,148
Subtotal Spent on Operations	\$849,612	\$2,109,998	\$2,353,991

<i>Additional Cash Spent</i>			
<i>Sales Tax, VAT, HST/GST Paid Out</i>	\$0	\$0	\$0
<i>Principal Repayment of Current Borrowing</i>	\$0	\$0	\$0
<i>Other Liabilities Principal Repayment</i>	\$0	\$0	\$0
<i>Long-term Liabilities Principal Repayment</i>	\$0	\$0	\$0
<i>Purchase Other Current Assets</i>	\$0	\$0	\$0
<i>Purchase Long-term Assets</i>	\$2,000	\$0	\$0
<i>Dividends</i>	\$0	\$0	\$0
<i>Subtotal Cash Spent</i>	\$851,612	\$2,109,998	\$2,353,991
<i>Net Cash Flow</i>	\$438,196	\$431,202	\$886,269
<i>Cash Balance</i>	\$2,438,196	\$2,869,399	\$3,755,668

Table: Balance Sheet

Pro Forma Balance Sheet			
	2011	2012	2013
Assets			
Current Assets			
Cash	\$2,438,196	\$2,869,399	\$3,755,668
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$2,438,196	\$2,869,399	\$3,755,668
Long-term Assets			
Long-term Assets	\$2,402,000	\$2,402,000	\$2,402,000
Accumulated Depreciation	\$400	\$800	\$1,200
Total Long-term Assets	\$2,401,600	\$2,401,200	\$2,400,800
Total Assets	\$4,839,797	\$5,270,599	\$6,156,468
Liabilities and Capital	2011	2012	2013
Current Liabilities			
Accounts Payable	\$150,105	\$112,840	\$136,147
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$150,105	\$112,840	\$136,147
Long-term Liabilities	\$0	\$0	\$0

<i>Total Liabilities</i>	\$150,105	\$112,840	\$136,147
<i>Paid-in Capital</i>	\$6,685,000	\$6,685,000	\$6,685,000
<i>Retained Earnings</i>	(\$2,285,000)	(\$1,995,308)	(\$1,527,241)
<i>Earnings</i>	\$289,692	\$468,068	\$862,562
<i>Total Capital</i>	\$4,689,692	\$5,157,759	\$6,020,321
<i>Total Liabilities and Capital</i>	\$4,839,797	\$5,270,599	\$6,156,468
<i>Net Worth</i>	\$4,689,692	\$5,157,759	\$6,020,321

7.7 Business Ratios

The following table provides important Business Ratios for **COMPANY NAME** as well as industry ratios, SIC code 8211n, Private Elementary and Secondary Schools.

Table: Ratios

Ratio Analysis				
	2011	2012	2013	Industry Profile
Sales Growth	0.00%	76.50%	27.51%	8.18%
Percent of Total Assets				
Other Current Assets	0.00%	0.00%	0.00%	34.01%
Total Current Assets	65.85%	66.86%	68.73%	42.62%
Long-term Assets	34.15%	33.14%	31.27%	57.38%
Total Assets	100.00%	100.00%	100.00%	100.00%
Percent of Liabilities				
Current Liabilities	0.94%	0.64%	0.74%	21.28%
Long-term Liabilities	12.20%	11.19%	9.95%	23.32%
Total Liabilities	13.14%	11.83%	10.68%	44.60%
Net Worth	86.86%	88.17%	89.32%	55.40%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	97.54%	93.70%	92.28%	100.00%
Selling, General & Administrative Expenses	91.64%	90.23%	84.17%	67.87%
Advertising Expenses	0.00%	0.00%	0.00%	3.06%

<i>Profit Before Interest and Taxes</i>	50.94%	41.50%	50.19%	2.61%
<i>Main Ratios</i>				
<i>Current</i>	69.77	104.20	93.01	1.22
<i>Quick</i>	69.77	104.20	93.01	0.77
<i>Total Debt to Total Assets</i>	13.14%	11.83%	10.68%	59.10%
<i>Pre-tax Return on Net Worth</i>	4.21%	6.29%	9.76%	8.28%
<i>Pre-tax Return on Assets</i>	3.66%	5.54%	8.72%	3.39%

<i>Additional Ratios</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	
<i>Net Profit Margin</i>	27.16%	24.06%	31.43%	n.a
<i>Return on Equity</i>	2.95%	4.40%	6.83%	n.a
<i>Activity Ratios</i>				
<i>Accounts Payable Turnover</i>	4.23	12.17	12.17	n.a
<i>Payment Days</i>	27	36	27	n.a
<i>Total Asset Turnover</i>	0.09	0.16	0.19	n.a
<i>Debt Ratios</i>				
<i>Debt to Net Worth</i>	0.15	0.13	0.12	n.a
<i>Current Liab. to Liab.</i>	0.07	0.05	0.07	n.a
<i>Liquidity Ratios</i>				
<i>Net Working Capital</i>	\$9,921,004	\$10,430,298	\$11,346,838	n.a
<i>Interest Coverage</i>	4.20	5.82	9.50	n.a
<i>Additional Ratios</i>				
<i>Assets to Sales</i>	10.62	6.20	5.15	n.a
<i>Current Debt/Total Assets</i>	1%	1%	1%	n.a
<i>Acid Test</i>	69.77	104.20	93.01	n.a
<i>Sales/Net Worth</i>	0.11	0.18	0.22	n.a
<i>Dividend Payout</i>	0.00	0.00	0.00	n.a

The following additional table provides important Business Ratios for **COMPANY NAME** as well as industry ratios, SIC code 8211n, Private Elementary and Secondary Schools

Table: Ratios

Ratio Analysis				
	2011	2012	2013	Industry Profile
Sales Growth	0.00%	97.02%	27.51%	4.79%
Percent of Total Assets				
Other Current Assets	0.00%	0.00%	0.00%	54.27%
Total Current Assets	69.63%	70.51%	72.21%	77.37%
Long-term Assets	30.37%	29.49%	27.79%	22.63%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	1.01%	0.69%	0.79%	30.64%
Long-term Liabilities	12.71%	11.31%	9.68%	15.75%
Total Liabilities	13.72%	12.00%	10.47%	46.39%
Net Worth	86.28%	88.00%	89.53%	53.61%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	97.26%	93.70%	92.28%	100.00%
Selling, General & Administrative Expenses	91.64%	90.23%	84.17%	66.42%
Advertising Expenses	0.00%	0.00%	0.00%	3.97%
Profit Before Interest and Taxes	45.01%	41.50%	50.19%	3.89%

<i>Main Ratios</i>				
<i>Current</i>	68.80	102.64	91.57	1.81
<i>Quick</i>	68.80	102.64	91.57	1.60
<i>Total Debt to Total Assets</i>	13.72%	12.00%	10.47%	49.47%
<i>Pre-tax Return on Net Worth</i>	3.33%	6.84%	10.55%	12.79%
<i>Pre-tax Return on Assets</i>	2.87%	6.02%	9.45%	6.46%

Additional Ratios	2011	2012	2013	
Net Profit Margin	22.17%	24.28%	31.72%	n.a
Return on Equity	2.33%	4.79%	7.38%	n.a
Activity Ratios				
Accounts Payable Turnover	3.92	12.17	12.17	n.a
Payment Days	27	36	27	n.a
Total Asset Turnover	0.09	0.17	0.21	n.a
Debt Ratios				
Debt to Net Worth	0.16	0.14	0.12	n.a
Current Liab. to Liab.	0.07	0.06	0.08	n.a
Liquidity Ratios				
Net Working Capital	\$9,758,706	\$10,225,044	\$11,102,035	n.a
Interest Coverage	3.38	6.09	10.29	n.a
Additional Ratios				
Assets to Sales	11.03	5.76	4.80	n.a
Current Debt/Total Assets	1%	1%	1%	n.a
Acid Test	68.80	102.64	91.57	n.a
Sales/Net Worth	0.11	0.20	0.23	n.a
Dividend Payout	0.00	0.00	0.00	n.a

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