How to Start a Startup Business

By the BizMove.com Team

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1. Determining the Feasibility of Your New Business

A. Preliminary Analysis

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

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

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

**Preliminary Analysis**

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

**General Personal Considerations**

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

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

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

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

Specific Personal Considerations

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

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

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

General Project Description

1. Briefly describe the business you want to enter.
   ____________
   ____________

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

3. Describe who will use your products/services
   ____________

4. Why would someone buy your product/service?
   ____________

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

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

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

B. Requirements For Success

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

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

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

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

Major Flaws

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

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, 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 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?

______________
E. Market Analysis

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

Population

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

2. What is the population of these areas? 

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

4. What is the average family size? 

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

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

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

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

10. Can you appeal to the entire market?

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

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

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

_______________

Promotional activities?

_______________

Sources of supply?

_______________

Image from a consumer's viewpoint?

_______________

5. Do you know of any new competitors?

_______________

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

_______________

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

_______________

8. If so, why?

_______________

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

_______________

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

_______________

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

_______________

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

_______________

13. Can you compete with your competition?

_______________
G. Sales

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

_______________

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

_______________

3. Did you base your forecast on concrete data?

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

_______________

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

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

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

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

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

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

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

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

2. Starting Your Business Step by Step

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

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

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

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

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

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

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

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

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

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

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

**Why am I in Business?**

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

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

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

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

____________

___________
What business am I in?

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

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

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

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

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

How to Plan Your Marketing

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

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

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

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

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

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

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

In selecting an area to serve, consider the following:

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

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

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

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

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

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

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

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

I plan to locate in ___________ because:

________________
________________
________________

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

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

________________
________________

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

________________
________________

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

________________
________________

Is the building attractive? _________ In good repair? __________

Will it need remodeling? __________ Cost of remodeling? __________

What services does the landlord provide?

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

_________________
_________________

Section Two - Attracting Customers

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

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

Image

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

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

____________________

____________________

**Pricing**

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

(1) Materials and supplies

(2) Labor and operating expenses

(3) Planned profit

(4) Competition

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

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

Can you add to your prices to absorb this cost?

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

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

**Customer Service Policies**

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

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

<table>
<thead>
<tr>
<th>Service / Estimated Cost</th>
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Planning Your Advertising Activities

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

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

The strong points about my service business are:

__________________________

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

__________________________

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

__________________________

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

______________________

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

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

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

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

**Section Three - Selling to Customers**

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

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

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

**Fixtures and Equipment**

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

**Parts and Material**

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

I plan to buy parts and material from:

____________________

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

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

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

**Overhead**

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

____________________

**Getting the Work Done**

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

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

**Activity / Name**

__________________________
__________________________
__________________________

**How Much Money Will You Need**

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

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

**Expenses**

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

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

### Break Down Your Expenses

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

### Matching Money and Expenses

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

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

---

### Start-Up Costs

<table>
<thead>
<tr>
<th></th>
<th>Expressed in percentage</th>
<th>Expressed in dollars</th>
<th>your percentage</th>
<th>your dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sales</td>
<td>100</td>
<td>100,000</td>
<td>100</td>
<td>$___________</td>
</tr>
<tr>
<td>2. Cost of sales</td>
<td>-61.7</td>
<td>-61,700</td>
<td>_______</td>
<td>$___________</td>
</tr>
<tr>
<td>3. Gross margin</td>
<td>38.3</td>
<td>38,300</td>
<td>_______</td>
<td>$___________</td>
</tr>
</tbody>
</table>

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.
Is Additional Money needed?

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

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

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

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

Control and Feedback

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

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

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

Stock Control

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

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

**Sales**

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

**Disbursements**

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

**Break-Even Analysis**

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

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

The formula is:

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

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.
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.

**3. Complete Startup Business Plan Template**
Chart: Profit Yearly ................................................................................................................... 55
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8.8 Long-term Plan .................................................................................................................... 66
Table: Sales Forecast Error! Bookmark not defined.
Table: Personnel Error! Bookmark not defined.
Table: Personnel Error! Bookmark not defined.
Table: Profit and Loss Error! Bookmark not defined.
Table: Profit and Loss Error! Bookmark not defined.
Table: Cash Flow Error! Bookmark not defined.
Table: Balance Sheet Error! Bookmark not defined.
1.0 Executive Summary

COMPANY NAME
OWNER'S NAME
INSERT ADDRESS
Phone:
Email:

Introduction

COMPANY NAME is seeking funding to implement a search engine with relevant online advertising and a digital data processing platform known as the INSERT PRODUCT.

Location

COMPANY NAME is located at INSERT LOCATION/ADDRESS

The Company

COMPANY NAME is a Limited Liability Company with 100% of its ownership held by INSERT NAME.

Our Services

COMPANY NAME provides an online search engine for the restaurant and hospitality industry and INSERT PRODUCT providing digital processes for restaurant owners.

Financial Considerations

The current financial plan for COMPANY NAME is to obtain funding in the amount of $640,000. The grant will be used to:

- Website development and design.
- Optimize the initial search engine.
- Provide funds for traditional advertising.
- Provide funds for guerilla marketing and promotional campaign.
- Fund operating expenses.

The major focus for funding is as follows:

To fund a company that is certified by the Green Restaurant Association (GRA) to provide environmentally responsible digital services to restaurant enthusiasts and
restaurant owners, supporting their efforts to function in a manner that meets the environmentally responsible standards set forth by the Green Restaurant Association.

The GRA has a two decade proven track record of helping restaurants positively change their environmental impact in a way that benefits the bottom line, employee morale, and public relations. The GRA helps restaurants with the following suite of services:

**Environmental Assessment**

The GRA performs a comprehensive Environmental Assessment of the restaurant in relationship to Green Restaurant® 4.0 Certification Standards. This provides the GRA with the necessary baseline of points to help each restaurant improve its environmental practices and become a Certified Green Restaurant®.

**Environmental Consulting**

The Green Restaurant Association is the industry expert in helping foodservice operations become more environmentally sustainable. Since 1990, the GRA has been building the world’s largest database of environmental solutions for the restaurant industry. Each restaurant client is assigned its own GRA consultant, who works closely with the restaurant to provide real and actionable solutions. Whether your goal is to decrease costs, become zero waste, or simply make a few changes that customers will see, GRA consultants will provide detailed solutions to help you reach your goals.

GRA’s consulting services include:

- Setting up a full-scale recycling program
- Identifying specific steps needed for Certification
- Determining the priorities of the restaurant i.e. employee morale, saving money, sourcing local food, etc.
- Selecting the best equipment, packaging, food, etc. and finding distributors that carry these recommended products
- Providing content for educational signage throughout the restaurant
- Providing annual employee education
- Finding local farms
- Securing rebates
- Performing cost analyses
- Troubleshooting
Certification

In this day and age of the popularity of “Green”, it is ever important for consumers to be able to rely on their favorite businesses’ environmental claims. Certification has proven to be an important distinction to communicate the credible and real changes that any restaurant has accomplished. The GRA’s Green Restaurant® 4.0 standards are both rigorous and achievable.

The GRA verifies each step with invoices and other documentation to ensure that each restaurant has reached the minimum points for certification. Recertification happens each year that a restaurant continues to be in good standing with Green Restaurant® 4.0.

This transparent and credible process provides the mark of integrity and objective demonstration of environmental sustainability. Becoming a Certified Green Restaurant® offers a powerful message to customers that your restaurant is truly making environmental changes.

Green Public Relations and Marketing

The GRA has been successful in helping its restaurants achieve positive media exposure in such outlets as CNN, NBC Nightly News, New York Times, and Washington Post. The GRA helps its restaurants through press releases, media events, and other PR activities.

Each Certified Green Restaurant® has access to the GRA’s Communications Manager, who is a resource to help restaurants integrate the certification message into menus, websites, table tents, and other marketing opportunities.

Certified Green Restaurants® are listed in various national restaurant guides, including Dinegreen.com’s Guide of Certified Green Restaurants®.

COMPANY NAME will work with restaurants to help in the certification process to become a “Green Restaurant”.

Chart: Highlights
1.1 Objectives

COMPANY NAME’S objectives are as follows:

- To secure a substantial restaurant and hospitality online data management user base.
- To gain a 2% market share of the 975,000 restaurants in the United States.
- To expand operations to include restaurants and the hospitality industry within the United Kingdom, Australia, New Zealand, and Canada.
- To support the restaurant and hospitality industry's shift into a certified "Green" data management status.
- To secure a substantial share of the United State’s $1.1 Billion online social network advertising spending.

1.2 Mission

COMPANY NAME’S mission is to become the premier provider of digital data management solutions and targeted online ad space to the restaurant and hospitality industry facilitating the industry's shift into certified green status.

1.3 Keys to Success

The keys to COMPANY NAME’S success are the following:
• The company's substantial marketing push utilizing billboard and internet advertising.

• The ability of the public to join the networks Green Restaurant Platform system and search for restaurants and hospitality venues at no cost.

• The ability of the restaurant and hospitality industry to access the company's digital data management and communications platform utilizing mobile devices.

• COMPANY NAME'S endorsement by the INSERT NAME as a digital data management and communications platform provider meeting the highest level of environmental responsibility standards.

• That COMPANY NAME provides a platform for restaurants and hospitality venues to protect valuable company data digitally increasing efficiency and providing security.

• COMPANY NAME provides restaurants and hospitality venues with the ability to streamline data operations by eliminating paper processes with productive, ingenious digital functions increasing productivity, saving both time and resources.

• The affordability of the software platform for the industry.

• The increased visibility the platform provides the industry.

2.0 Company Summary

COMPANY NAME is a start-up Limited Liability company located in San Diego CA, providing an online search engine for the restaurant and hospitality industry allowing users to locate, review, provide comments and search for employment while simultaneously providing restaurant and hospitality owners the ability to respond to comments, digitally receive, file and archive documents, and interface with QuickBooks accounting software, eliminating the need for paper processing thus allowing the industry to meet the highest level of environmental responsibility.

COMPANY NAME is committed to establishing itself as a leader in environmental responsibility and as such has committed 1% of its annual profits to "1% for the Planet", a World-wide organizational force for change in creating and preserving a healthy planet by building and supporting an alliance of businesses that have committed 1% of their profits to do so. As an innovator in creating systems and processes that alleviate the impact of traditional business systems on the environment, COMPANY NAME understands and respects the environment and will continue to implement processes utilizing current and future technology within the hospitality industry to achieve its goal of providing green platforms.

2.1 Company Ownership

COMPANY NAME is a Limited Liability Company privately owned by INSERT NAME.

2.2 Start-up Summary
Start Up expenses for COMPANY NAME are projected for a six month period. Funding is expected June of 2011. Cash requirements will provide funding to provide working capital for the company which will be utilized to execute an aggressive advertising campaign, complete website development and design and to optimize the search engine.

Table: Start-up

<table>
<thead>
<tr>
<th>Requirements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up Expenses</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>$3,000</td>
</tr>
<tr>
<td>Technical Infrastructure</td>
<td>$15,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,500</td>
</tr>
<tr>
<td>Rent/Utilities</td>
<td>$21,000</td>
</tr>
<tr>
<td>Leased Equipment</td>
<td>$3,000</td>
</tr>
<tr>
<td>Payroll</td>
<td>$245,118</td>
</tr>
<tr>
<td>Total Start-up Expenses</td>
<td>$288,618</td>
</tr>
<tr>
<td>Start-up Assets</td>
<td></td>
</tr>
<tr>
<td>Cash Required</td>
<td>$291,382</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$0</td>
</tr>
<tr>
<td>Long-term Assets</td>
<td>$60,000</td>
</tr>
</tbody>
</table>
Total Assets $351,382
Total Requirements $640,000

Chart: Start-up

Start-up

Expenses $300,000
Assets $400,000
Investment $600,000
Loans $0
3.0 Services

**COMPANY NAME** is a premier provider of a digital software platform specific to the restaurant and hospitality industry that allows for the electronic submission of documents, a digital document storage and filing system and electronic processing and interfacing with accounting software programs. It also provides users with the ability to search for restaurants and hospitality venues, write reviews, comments, post and search for employment, while administering a platform for online advertising.

**COMPANY NAME** offers a 2-part business model:

1. An ad Platform driven by a local search engine and public traffic.
2. Green Restaurant Technology: Software As A Service Model (SAAS) which:
   - Reduces paper storage and consumption.
   - Provides viable disaster recovery in the event of accidental document destruction as the result of natural disaster or human error.
   - Allows for the advance search of over 2 million listings of restaurants and hospitality venues.
   - Provides the public with the ability to provide critical commentary and reviews and explanatory notes.
   - Provides document archiving, emailing, faxing and the ability to provide digital signatures.
   - Provides the industry with mobile accessibility.
   - Combines local reviews and social networking adding to its organic business coverage and visibility.
   - Provides users an enjoyable experience that consistently provides them with useful information.

**COMPANY NAME** will initially target the 945,000 restaurants within the United States and expand to include its secondary targets within the United Kingdom, Canada, New Zealand and Australia.

4.0 Market Analysis Summary

In 2008 $1.175 billion was spent on online social network advertising on sites such as Facebook and My Space and according to John Gantz, Chief Research Officer at IDC International Data Corporation (IDC), the premier global provider of market intelligence,
and "Compared to more mature forms of advertising, internet advertising is growing at a phenomenal rate".

**COMPANY NAME'S** target market is the 945,000 restaurants in the United States of which the company projects to capture a 2% market share and growth of 4% annually projecting sales of $5.5 million by year three with a 63.5% profit margin.

4.1 Market Segmentation

**COMPANY NAME'S** initial target market is the United State's 945,000 restaurants that would benefit from the ability to increase restaurant visibility, environmental responsibility and the efficiency of digital processes, electronic storage and the recruitment abilities.
### Market Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>Potential Customers Growth</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>4%</td>
<td>945,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>982,800</td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>1,022,112</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>1,062,996</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>1,105,516</td>
<td>4.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>United States Restaurants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>0%</td>
</tr>
<tr>
<td>Year 2</td>
<td>0</td>
</tr>
<tr>
<td>Year 3</td>
<td>0</td>
</tr>
<tr>
<td>Year 4</td>
<td>0</td>
</tr>
<tr>
<td>Year 5</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>4.00%</td>
</tr>
<tr>
<td>Year 2</td>
<td>945,000</td>
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<tr>
<td>Year 3</td>
<td>982,800</td>
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<tr>
<td>Year 4</td>
<td>1,022,112</td>
</tr>
<tr>
<td>Year 5</td>
<td>1,062,996</td>
</tr>
<tr>
<td>Year 6</td>
<td>1,105,516</td>
</tr>
</tbody>
</table>

### 4.2 Target Market Segment Strategy

Customers of COMPANY NAME are public and private restaurant owners seeking to increase productivity and public visibility.

### 4.3 Service Business Analysis

The restaurant industry is hospitality based and critically dependent upon public visibility and reviews. COMPANY NAME provides an organized, focused, user-friendly method of searching for and providing reviews of restaurants coupled with the ability to monitor customer experience and consistently providing useful user information and advertising relevant to the user.

#### 4.3.1 Competition and Buying Patterns

INSERT NAME is the only restaurant specific well funded competitor providing limited social network advertising and its format is confusing, cluttered and unattractive. INSERT NAME(S) are also well funded competitors however, there sites are unfocused incorporating all types of businesses, and are lacking a user friendly format appearing confusing, cluttered and unattractive.

All of the above competitors allow users to rate businesses yet they disregard the needs of the customers, which are the restaurants themselves and drive users away from the restaurant ads in an attempt to get more clicks and generate more revenue for the advertiser.
5.0 Web Plan Summary

**COMPANY NAME'S** entire concept is Web based providing a digital medium for the restaurant industry and the general public to locate and interface with one another with ease and within the comforts of home or an office environment and even on the go. **COMPANY NAME** will continue the design and development utilizing all designated resources, skills and expertise in order to offer a premier level of customer satisfaction to the targeted market.

5.1 Website Marketing Strategy

**COMPANY NAME** will seek to obtain specific and relevant advertising revenue beneficial to our restaurant clientele and the public presented in an organized focused fashion, maximizing the visibility of our clients and promoting related content.

5.2 Development Requirements

Development of both the front and back end of the website have been established by the engineers and design development team of **COMPANY NAME** and will continue in development a until maximum level of performance and aesthetics is achieved. The site will be maintained in house by our experienced team of network engineers.

6.0 Strategy and Implementation Summary

The primary sales and marketing strategy for **COMPANY NAME** consists of the following:

1. To provide an unparalleled internet search engine to the restaurant industry

2. To establish a loyal following based on a high level of customer satisfaction

3. To provide the highest quality digital data management, storage, processing and archiving to restaurant owners while also increasing their visibility to the general public at a competitive price.

4. To establish and maintain an extensive tracking system for marketing purposes **COMPANY NAME** has clearly defined the target market and has differentiated itself by offering a solid solution to fulfilling its restaurant customer needs. Reasonable sales targets have been established with an implementation plan designed to ensure the goals set forth are achieved.

6.1 SWOT Analysis

The SWOT analysis aids in displaying the internal strengths and weaknesses that **COMPANY NAME** must address. It allows us to examine the opportunities presented to the Company as well as potential threats. The Company's strength will help it to succeed. Strengths are valuable, but it is also important to realize the weaknesses the Company must address. The Company's strengths will help it capitalize on emerging opportunities.
6.1.1 Strengths

COMPANY NAME'S strengths lie in its ability to:

- Automate and digitize traditional paper processes and data storage eliminating the need for the excessive printed copies of documents thereby promoting a greener method of document preservation.
- Create a restaurant platform for the public that is simple, easy to use and understand in their search for restaurant data, descriptions and evaluations.
- Create an online restaurant platform that digitizes the daily operational functions of restaurants increasing efficiency and the protection and ease of data storage.
- Provide a method for the public to view, evaluate and interact with the restaurant industry increasing their knowledge of available choices, ability to search and apply for employment and voice opinions about their experiences.
- Equip restaurants to provide immediate response to their patrons electronically extending their public reach, visibility and increasing their ability to react positively to situations to maintain positive ratings.
- Furnish the restaurant industry with the ability to update and interact with their patrons, and the public regarding daily specials, and new developments and discounts with ease on a daily basis.
- Provide the restaurant industry with a method to simplify mandatory daily transactions that save time and money increasing profits and efficiency and the ability for a restaurant to focus on food and customer service.

6.1.2 Weaknesses

Our challenge is in establishing the website as a recognized force in online restaurant marketing and restaurant focused social networking.

6.1.3 Opportunities

COMPANY NAME is afforded the following opportunities:

1. Solid restaurant industry knowledge, experience and alliances with the National Restaurant Association and the Green Association.

2. An established affiliation with Axacore, a leading provider of document and fax imaging solutions, and Editor's Choice of Network Computing Magazine, with thousands of installations and large scale implementations processing millions of documents and providing service to thousands of users worldwide.
3. A collaboration with Solfira visual design and development agency with expert knowledge in restaurant operations and management, winner of the International Summit awards Gold in Web Site Concept and Brand Design.

6.1.4 Threats

The threat facing the success of COMPANY NAME is the country’s current economical climate.

6.2 Competitive Edge

COMPANY NAME maintains a solid network of talented web engineers and design specialists who are committed to ascertaining their goal of achieving a 2% market share. In addition to offering an efficient, highly visible and environmentally sound solution for restaurant owners, the platform offers an organized, fun and user friendly engine for the restaurant enthusiasts and the presence of something for everyone creates COMPANY NAME’S competitive edge.

6.3 Marketing Strategy

COMPANY NAME will market using traditional, more mature forms of advertising as well as an aggressive web based campaign geared toward its target market of 975,000 restaurants within the United States.

6.4 Sales Strategy

COMPANY NAME delivers an affordable search an evaluation engine to restaurants, increasing public visibility and optimizing efficiency and environmental responsibility. Projected sales are divided into two components:

- Advertising Revenue
- INSERT PRODUCT

6.4.1 Sales Forecast

Sales are projected for a 5-year period based on unit sales of Google Ads, Banner Advertisements and the INSERT PRODUCT sales and assume 4% growth in traffic visibility per month.

Table: Sales Forecast

<table>
<thead>
<tr>
<th>Sales Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
</tr>
</tbody>
</table>

The table above illustrates the projected sales for each year, showing a gradual increase over the 5-year period.
<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Ads</td>
<td>23,373,360</td>
<td>34,031,560</td>
<td>54,485,620</td>
<td>87,233,230</td>
<td>139,663,220</td>
</tr>
<tr>
<td>Banner Advertisements</td>
<td>304,469</td>
<td>443,306</td>
<td>709,747</td>
<td>1,136,328</td>
<td>1,819,297</td>
</tr>
<tr>
<td>Green Document Delivery Platform</td>
<td>185</td>
<td>234</td>
<td>315</td>
<td>424</td>
<td>570</td>
</tr>
<tr>
<td><strong>Total Unit Sales</strong></td>
<td>23,678,014</td>
<td>34,475,100</td>
<td>55,195,682</td>
<td>88,369,982</td>
<td>141,483,087</td>
</tr>
<tr>
<td><strong>Unit Prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Ads</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.10</td>
<td>$0.10</td>
</tr>
<tr>
<td>Banner Advertisements</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Green Document Delivery Platform</td>
<td>$125.00</td>
<td>$125.00</td>
<td>$125.00</td>
<td>$125.00</td>
<td>$125.00</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Ads</td>
<td>$2,337,336</td>
<td>$3,403,156</td>
<td>$5,448,562</td>
<td>$8,723,323</td>
<td>$13,966,322</td>
</tr>
<tr>
<td>Banner Advertisements</td>
<td>$1,217,876</td>
<td>$1,773,223</td>
<td>$2,838,988</td>
<td>$4,545,311</td>
<td>$7,277,189</td>
</tr>
<tr>
<td>Green Document Delivery Platform</td>
<td>$23,135</td>
<td>$29,289</td>
<td>$39,390</td>
<td>$52,976</td>
<td>$71,246</td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>$3,578,347</td>
<td>$5,205,668</td>
<td>$8,326,940</td>
<td>$13,321,610</td>
<td>$21,314,757</td>
</tr>
<tr>
<td><strong>Direct Unit Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Ads</td>
<td>$0.03</td>
<td>$0.03</td>
<td>$0.03</td>
<td>$0.03</td>
<td>$0.03</td>
</tr>
<tr>
<td>Banner Advertisements</td>
<td>$1.20</td>
<td>$1.20</td>
<td>$1.20</td>
<td>$1.20</td>
<td>$1.20</td>
</tr>
<tr>
<td>Green Document Delivery Platform</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$25.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Direct Cost of Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Google Ads</td>
<td>$701,201</td>
<td>$1,020,947</td>
<td>$1,634,569</td>
<td>$2,616,997</td>
<td>$4,189,897</td>
</tr>
<tr>
<td>Banner Advertisements</td>
<td>$365,363</td>
<td>$531,967</td>
<td>$851,696</td>
<td>$1,363,593</td>
<td>$2,183,157</td>
</tr>
<tr>
<td>Green Document Delivery Platform</td>
<td>$4,627</td>
<td>$5,858</td>
<td>$7,878</td>
<td>$10,595</td>
<td>$14,249</td>
</tr>
<tr>
<td><strong>Subtotal Direct Cost of Sales</strong></td>
<td>$1,071,191</td>
<td>$1,558,772</td>
<td>$2,494,143</td>
<td>$3,991,185</td>
<td>$6,387,302</td>
</tr>
</tbody>
</table>

**Chart: Sales Monthly**

![Sales Monthly Chart](chart.png)
Chart: Sales by Year

Sales by Year

- Google Ads
- Banner Advertisements
- INSERT PRODUCT

Year 1
Year 2
Year 3
Year 4
Year 5
6.5 Milestones

- **COMPANY NAME** has applied for a grant in the amount of $640,000.00 which is expected to be received in July of 2011. Funds will be used to provide working capital, fund necessary payroll and operating expenses and initiate an aggressive advertising campaign and continue the design and development of our **INSERT PRODUCT**.

Table: Milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Start Date</th>
<th>End Date</th>
<th>Budget</th>
<th>Manager</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Working Capital</td>
<td>7/1/2011</td>
<td>7/1/2012</td>
<td>$270,382</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
<tr>
<td>Office &amp; Computer Equipment</td>
<td>7/1/2011</td>
<td>7/1/2012</td>
<td>$40,000</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
<tr>
<td>Office Furniture &amp; Leasehold Improvements</td>
<td>7/1/2011</td>
<td>7/1/2012</td>
<td>$20,000</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
<tr>
<td>Fund Payroll</td>
<td>7/1/2011</td>
<td>7/1/2012</td>
<td>$245,118</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
<tr>
<td>Expand Web Design &amp; Development</td>
<td>7/1/2011</td>
<td>8/1/2011</td>
<td>$30,000</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
<tr>
<td>Fund Aggressive Marketing Campaign</td>
<td>7/1/2011</td>
<td>8/1/2011</td>
<td>$34,500</td>
<td>INSERT NAME</td>
<td>President</td>
</tr>
</tbody>
</table>

**Totals** $640,000
7.0 Management Summary

INSERT NAME is Chief Executive Officer of COMPANY NAME and manages company operations along with a team of 5 capable, design and implementation engineers.

7.1 Personnel Plan

Payroll for COMPANY NAME assumes a 3% annual increase per year.

Table: Personnel

<table>
<thead>
<tr>
<th>Personnel Plan</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSERT NAME</td>
<td>$72,532</td>
<td>$74,708</td>
<td>$76,949</td>
<td>$79,258</td>
<td>$81,635</td>
</tr>
<tr>
<td>Engineer</td>
<td>$72,532</td>
<td>$74,708</td>
<td>$76,949</td>
<td>$79,258</td>
<td>$81,635</td>
</tr>
<tr>
<td>Engineer</td>
<td>$72,532</td>
<td>$74,708</td>
<td>$76,949</td>
<td>$79,258</td>
<td>$81,635</td>
</tr>
<tr>
<td>Engineer</td>
<td>$72,532</td>
<td>$74,708</td>
<td>$76,949</td>
<td>$79,258</td>
<td>$81,635</td>
</tr>
<tr>
<td>Engineer</td>
<td>$72,532</td>
<td>$74,708</td>
<td>$76,949</td>
<td>$79,258</td>
<td>$81,635</td>
</tr>
<tr>
<td>Total People</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>
8.0 Financial Plan

The current financial plan for COMPANY NAME is to obtain funding in the amount of $640,000. The grant will be used to fund:

- Website development and design.
- Optimize the initial search engine.
- Provide funds for traditional advertising.
- Provide funds for guerilla marketing and promotional campaign.
- Fund operating expenses.

The following sections of this plan will serve to describe the Company's financial plan in more detail:

- General Assumptions
- Break-even Analysis
- Profit and Loss
- Cash Flow
- Balance Sheet
- Ratios

8.1 Start-up Funding

Upon receipt of funding in the amount of $640,000.00 COMPANY NAME will implement its advertising campaign, fund working capital and continue the design and development of the INSERT PRODUCT.
<table>
<thead>
<tr>
<th>Start-up Funding</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up Expenses to Fund</td>
<td>$288,618</td>
</tr>
<tr>
<td>Start-up Assets to Fund</td>
<td>$351,382</td>
</tr>
<tr>
<td>Total Funding Required</td>
<td>$640,000</td>
</tr>
</tbody>
</table>

**Assets**

| Non-cash Assets from Start-up           | $60,000 |
| Cash Requirements from Start-up         | $291,382 |
| Additional Cash Raised                  | $0      |
| Cash Balance on Starting Date           | $291,382 |
| Total Assets                            | $351,382 |

**Liabilities and Capital**

**Liabilities**

| Current Borrowing                       | $0     |
| Long-term Liabilities                   | $0     |
| Accounts Payable (Outstanding Bills)    | $0     |
| Other Current Liabilities (interest-free)| $0    |
| Total Liabilities                       | $0     |

**Capital**

Planned Investment
<table>
<thead>
<tr>
<th>Owner</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor</td>
<td>$640,000</td>
</tr>
<tr>
<td>Additional Investment Requirement</td>
<td>$0</td>
</tr>
<tr>
<td>Total Planned Investment</td>
<td>$640,000</td>
</tr>
<tr>
<td>Loss at Start-up (Start-up Expenses)</td>
<td>($288,618)</td>
</tr>
<tr>
<td>Total Capital</td>
<td>$351,382</td>
</tr>
<tr>
<td>Total Capital and Liabilities</td>
<td>$351,382</td>
</tr>
<tr>
<td>Total Funding</td>
<td>$640,000</td>
</tr>
</tbody>
</table>

8.2 Important Assumptions

The tables below presents the assumptions used in the financial calculations of this grant plan. COMPANY NAME is a Limited Liability Company and is taxed accordingly at an estimated 25% tax rate. Depreciation expense is based on the scheduled additions in the Milestones Table. Insurance, utilities and all other expenses assume a 3% increase due to inflation & other cost variables.

8.3 Break-even Analysis

The Company's monthly revenue break-even analysis for year 1 is projected to be $72,948. Sales are projected to increase 4% per month for years 2 - 5 due to the internal expansion of the Company and corresponding advertising campaigns.

Table: Break-even Analysis

<table>
<thead>
<tr>
<th>Break-even Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Units Break-even</td>
</tr>
<tr>
<td>Monthly Revenue Break-even</td>
</tr>
</tbody>
</table>
Assumptions:

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Per-Unit Revenue</td>
<td>$0.15</td>
</tr>
<tr>
<td>Average Per-Unit Variable Cost</td>
<td>$0.05</td>
</tr>
<tr>
<td>Estimated Monthly Fixed Cost</td>
<td>$51,111</td>
</tr>
</tbody>
</table>

Chart: Break-even Analysis

8.4 Projected Profit and Loss

The sales for years 1 through 5 for COMPANY NAME are Year 1 - $3,578,347, Year 2 - $5,205,668, Year 3 - $8,326,940, Year 4 - $13,321,610 and Year 5 - $21,314,757 respectively. Gross Profit will be 70% in Years 1 through 5. The Company will show a Net Profit of, $1,420,371 in Year 1, $2,261,377 in Year 2, $3,886,588 in Year 3, $6,495,168 in Year 4 and $10,677,861 in Year 5, respectively.

The Company will show an EBITDA of $1,904,686 in Year 1, $3,026,352 in Year 2, $5,193,636 in Year 3, $8,672,088 in Year 4 and $14,249,368 in Year 5. The Operating expenses as a percentage of sales for this period were 17.14% in Year 1, 12.14% in Year 2, 7.81% in Year 3, 5.03% in Year 4 and 3.24% in Year 5 respectively. The percentages of the net profit to sales for this period were 39.69% in Year 1, 43.44% in Year 2, 46.67% in Year 3, 48.76% in Year 4 and 50.10% in Year 5 respectively. Gross Profit will remain in the 70% range in Years 6 and beyond.
## Table: Profit and Loss

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$3,578,347</td>
<td>$5,205,668</td>
<td>$8,326,940</td>
<td>$13,321,610</td>
<td>$21,314,757</td>
</tr>
<tr>
<td><strong>Direct Cost of Sales</strong></td>
<td>$1,071,191</td>
<td>$1,558,772</td>
<td>$2,494,143</td>
<td>$3,991,185</td>
<td>$6,387,302</td>
</tr>
<tr>
<td><strong>Other Costs of Sales</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Cost of Sales</strong></td>
<td>$1,071,191</td>
<td>$1,558,772</td>
<td>$2,494,143</td>
<td>$3,991,185</td>
<td>$6,387,302</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$2,507,156</td>
<td>$3,646,897</td>
<td>$5,832,797</td>
<td>$9,330,425</td>
<td>$14,927,455</td>
</tr>
<tr>
<td><strong>Gross Margin %</strong></td>
<td>70.06%</td>
<td>70.06%</td>
<td>70.05%</td>
<td>70.04%</td>
<td>70.03%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payroll</strong></td>
<td>$435,192</td>
<td>$448,248</td>
<td>$461,695</td>
<td>$475,546</td>
<td>$489,812</td>
</tr>
<tr>
<td><strong>Technical Infrastructure</strong></td>
<td>$30,000</td>
<td>$30,900</td>
<td>$31,827</td>
<td>$32,782</td>
<td>$33,765</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>$10,857</td>
<td>$11,183</td>
<td>$11,518</td>
<td>$11,864</td>
<td>$12,220</td>
</tr>
<tr>
<td><strong>Rent/Utilities</strong></td>
<td>$42,000</td>
<td>$43,260</td>
<td>$44,558</td>
<td>$45,895</td>
<td>$47,271</td>
</tr>
<tr>
<td><strong>Leased Equipment</strong></td>
<td>$6,000</td>
<td>$6,180</td>
<td>$6,365</td>
<td>$6,556</td>
<td>$6,753</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>$6,000</td>
<td>$6,180</td>
<td>$6,365</td>
<td>$6,556</td>
<td>$6,753</td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>$12,000</td>
<td>$12,360</td>
<td>$12,731</td>
<td>$13,113</td>
<td>$13,506</td>
</tr>
<tr>
<td><strong>Payroll Taxes</strong></td>
<td>$65,279</td>
<td>$67,237</td>
<td>$69,254</td>
<td>$71,332</td>
<td>$73,472</td>
</tr>
<tr>
<td><strong>Accounting</strong></td>
<td>$6,000</td>
<td>$6,180</td>
<td>$6,365</td>
<td>$6,556</td>
<td>$6,753</td>
</tr>
<tr>
<td></td>
<td>Month 1</td>
<td>Month 2</td>
<td>Month 3</td>
<td>Month 4</td>
<td>Month 5</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$613,328</td>
<td>$631,728</td>
<td>$650,680</td>
<td>$670,200</td>
<td>$690,306</td>
</tr>
<tr>
<td><strong>Profit Before Interest and Taxes</strong></td>
<td>$1,893,828</td>
<td>$3,015,169</td>
<td>$5,182,117</td>
<td>$8,660,225</td>
<td>$14,237,148</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$1,904,686</td>
<td>$3,026,352</td>
<td>$5,193,636</td>
<td>$8,672,088</td>
<td>$14,249,368</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Taxes Incurred</strong></td>
<td>$473,457</td>
<td>$753,792</td>
<td>$1,295,529</td>
<td>$2,165,056</td>
<td>$3,559,287</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>$1,420,371</td>
<td>$2,261,377</td>
<td>$3,886,588</td>
<td>$6,495,168</td>
<td>$10,677,861</td>
</tr>
<tr>
<td><strong>Net Profit/Sales</strong></td>
<td>39.69%</td>
<td>43.44%</td>
<td>46.67%</td>
<td>48.76%</td>
<td>50.10%</td>
</tr>
</tbody>
</table>

Chart: Profit Monthly

Profit Monthly

![Profit Monthly Chart](chart_image)
Chart: Gross Margin Yearly

Gross Margin Yearly
8.5 Projected Cash Flow

COMPANY NAME has applied for funding in the amount of $640,000. The Company has forecast that it will receive its funding of $640,000 in the month of July 2011.

The following table displays the Company's cash flow for years 1 through 5 and the following chart illustrates monthly cash flow in the first year. Monthly cash flow projections are also included in the appendix.

Table: Cash Flow

<table>
<thead>
<tr>
<th>Pro Forma Cash Flow</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Received</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash from Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Sales</strong></td>
<td>$3,578,347</td>
<td>$5,205,668</td>
<td>$8,326,940</td>
<td>$13,321,610</td>
<td>$21,314,757</td>
</tr>
<tr>
<td><strong>Subtotal Cash from Operations</strong></td>
<td>$3,578,347</td>
<td>$5,205,668</td>
<td>$8,326,940</td>
<td>$13,321,610</td>
<td>$21,314,757</td>
</tr>
<tr>
<td><strong>Additional Cash Received</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non Operating (Other) Income</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Sales Tax, VAT, HST/GST Received</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>New Current Borrowing</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>New Other Liabilities (interest-free)</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>New Long-term Liabilities</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Other Current Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Sales of Long-term Assets</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>New Investment Received</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td><strong>Year 1</strong></td>
<td><strong>Year 2</strong></td>
<td><strong>Year 3</strong></td>
<td><strong>Year 4</strong></td>
<td><strong>Year 5</strong></td>
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<td>Expenditures from Operations</td>
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<td><strong>Additional Cash Spent</strong></td>
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<td>Month 4</td>
<td>Month 5</td>
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<td>$6,619,628</td>
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<td>$4,199,405</td>
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Chart: Cash

![Chart: Cash](chart.png)
8.6 Projected Balance Sheet

**COMPANY NAME'S** net worth is $1,771,753 in Year 1, $4,033,130 in Year 2, $7,919,718 in Year 3, $14,414,886 in Year 4 and $25,092,748 in Year 5 respectively. The Company's Total Assets are $1,925,776 in Year 1, $4,237,365 in Year 2, $8,245,784 in Year 3, $14,935,903 in Year 4 and $25,925,750 in Year 5 respectively.
<table>
<thead>
<tr>
<th><strong>Pro Forma Balance Sheet</strong></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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<tbody>
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<td><strong>Current Assets</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,876,633</td>
<td>$4,199,405</td>
<td>$8,219,342</td>
<td>$14,921,325</td>
<td>$25,923,392</td>
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<tr>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$1,876,633</td>
<td>$4,199,405</td>
<td>$8,219,342</td>
<td>$14,921,325</td>
<td>$25,923,392</td>
</tr>
<tr>
<td><strong>Long-term Assets</strong></td>
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</tr>
<tr>
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<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
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<td>Accumulated Depreciation</td>
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<td>$33,558</td>
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<td><strong>Total Long-term Assets</strong></td>
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<td>$14,935,903</td>
<td>$25,925,750</td>
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<td></td>
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</tr>
<tr>
<td>Accounts Payable</td>
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<td>$833,002</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
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<td>----</td>
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<td>----</td>
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</tr>
<tr>
<td>Subtotal Current Liabilities</td>
<td>$154,023</td>
<td>$204,235</td>
<td>$326,066</td>
<td>$521,016</td>
<td>$833,002</td>
</tr>
<tr>
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</tr>
<tr>
<td>Long-term Liabilities</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$154,023</td>
<td>$204,235</td>
<td>$326,066</td>
<td>$521,016</td>
<td>$833,002</td>
</tr>
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</tr>
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<td>Paid-in Capital</td>
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<td>$640,000</td>
<td>$640,000</td>
<td>$640,000</td>
<td>$640,000</td>
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<td>Retained Earnings</td>
<td>($288,618)</td>
<td>$1,131,753</td>
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<td>$13,774,886</td>
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<tr>
<td>Total Capital</td>
<td>$1,771,753</td>
<td>$4,033,130</td>
<td>$7,919,718</td>
<td>$14,414,886</td>
<td>$25,092,748</td>
</tr>
<tr>
<td>Total Liabilities and Capital</td>
<td>$1,925,776</td>
<td>$4,237,365</td>
<td>$8,245,784</td>
<td>$14,935,903</td>
<td>$25,925,750</td>
</tr>
<tr>
<td>Net Worth</td>
<td>$1,771,753</td>
<td>$4,033,130</td>
<td>$7,919,718</td>
<td>$14,414,886</td>
<td>$25,092,748</td>
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8.7 Business Ratios

The table below presents the projected business ratios from the web search portal Industry as a reference including all sales.
<table>
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<tr>
<th>Ratio Analysis</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Industry Profile</th>
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<tr>
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<td>n.a.</td>
<td>45.48%</td>
<td>59.96%</td>
<td>59.98%</td>
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<td>6.18%</td>
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<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
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<td>99.68%</td>
<td>99.90%</td>
<td>99.99%</td>
<td>90.38%</td>
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<td>0.32%</td>
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<td>0.01%</td>
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<tr>
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<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Current Liabilities</td>
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<td>4.82%</td>
<td>3.95%</td>
<td>3.49%</td>
<td>3.21%</td>
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<td>0.00%</td>
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<td>0.00%</td>
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<td>3.95%</td>
<td>3.49%</td>
<td>3.21%</td>
<td>67.68%</td>
</tr>
<tr>
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<td>92.00%</td>
<td>95.18%</td>
<td>96.05%</td>
<td>96.51%</td>
<td>96.79%</td>
<td>32.32%</td>
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<td>Percent of Sales</td>
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<tr>
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<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4</td>
<td>Year 5</td>
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<tr>
<td>--------------------------------</td>
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<td>--------</td>
<td>--------</td>
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<tr>
<td>Gross Margin</td>
<td>70.06%</td>
<td>70.06%</td>
<td>70.05%</td>
<td>70.04%</td>
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<td>57.92%</td>
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<td>20.56</td>
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<td>28.64</td>
<td>31.12</td>
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<td>20.56</td>
<td>25.21</td>
<td>28.64</td>
<td>31.12</td>
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</tr>
<tr>
<td>Assets to Sales</td>
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<td>3%</td>
<td>3%</td>
<td>n.a</td>
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<tr>
<td>Acid Test</td>
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<td>0.00</td>
<td>0.00</td>
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</tr>
</tbody>
</table>
8.8 Long-term Plan

COMPANY NAME will become more profitable with each year of operation. The growth rate for these projections remains consistent at a conservative 4% per month per year.