FILL-IN-THE-BLANKS BUSINESS PLAN OUTLINE

TABLE OF CONTENTS

FILL-IN-THE-BLANKS BUSINESS PLAN OUTLINE

ATTACHMENTS & WORKSHEETS

Product/Services Description
Customers
Competitive Analysis
Start-up Costs
Balance Sheet
Sales Forecast
Cost of Goods Sold
Operating Expense
Occupancy Expense
Advertising Budget
Insurance
Salaries and Wages
Miscellaneous Expense
Projected Income Statement
Cash Flow Projections
Fixed Assets
Debt
Breakeven/ Critical Mass
Timetable

FILL-IN-THE-BLANKS BUSINESS PLAN OUTLINE

EXECUTIVE SUMMARY

1. What is the overall purpose of your business?

2. What is your legal structure? (Proprietorship, partnership, corporation?)

3. Who are the key owners, officers, managers, employees, etc.?

4. What is your location?

5. What is your business concept?

6. What is your mission statement? What is your "Value Proposition?"

7. What is your vision for this business?

ORGANIZATIONAL STRUCTURE

8. Who will comprise your management & organization team?

8a. What are their qualifications?

8b. Are there outside consultants?

9. What will your practices and policies be for hiring new employees?

10. What will be your planned organizational structure? (show organizational chart if appropriate or a basic functional chart listing any tasks within functions))

11. What are your goals for staffing expense and benefits? (provide details if available)

PRODUCTION AND FACILITIES

12. What are your initial products or services? (Show details such as color, menu items, models, prices, sizes, styles, etc. see attached worksheet)

13. What are your proprietary features? (show patents, copyrights, other features and benefits unique to your business)

14. What are your future planned products or services? (when to introduce, what are R&D costs, expansion plans)

15. What will be required in the way of physical facilities? (Size of facility, location, parking access, schematics, cost estimates, inventory storage, shipping etc.)

15a. What will be your hours of operation?

16. What will your requirements be for equipment, vehicles, leasehold improvements, computers etc. (include cost estimates if appropriate see attached Fixed Assets worksheet)

17. Describe your production process and capacity. Do you have the necessary managerial and technical expertise? What if anything will be subcontracted?

18. Who are your significant trade vendors?

18a. What is your relationship with them?

18b. What is your trade credit status with them?

19 What are your requirements for tax, licensing, etc.? (consider attaching checklist from www.azcommerce.com)

INDUSTRY ANALYSIS

20. What is the background and trends for your industry? (Describe number of firms, revenues, trade associations, publications, trends, major influences)

21. Who is your target customer(s)? What is the typical purchase? How often?

22. What is your market niche or position?

23. Who are your major competitors?

24. What are your competitors' strengths, and how can you overcome them?

25. What are your competitors' weaknesses, and how can you capitalize on them?

26. Are there substitute products/services or indirect competition? If so, what are they?

27. What will be your "Unique Selling Proposition?" What is the "Overt Benefit?" What is your "Value Proposition?"

MARKETING PLAN

28. What is your marketing strategy?

28a. Positioning:

28b. Products:

28c. Price:

28d. Promotions:

28e. Place:

29. What are your marketing objectives?

1st Quarter:

2nd Quarter:

3rd Quarter:

4th Quarter:

2nd Year:

30. How will you promote your business? (Advertising, themes, media, budget, direct mail, trade shows, catalogs, etc.)

31. How will you sell and distribute your products or services? (channels of distribution, type of sales force,)

32. What are your products warrantees or guarantees? Any servicing considerations? Installation or maintenance issues?

FINANCIAL ANALYSIS AND SUPPORT

33. Summarize your plan for the three to five years projected. (What are your key points, assumptions based on, etc.)

34. Include any historical financial statements, at least 2 to 3 years if available.

35. Projections for 3-5 years of: Balance Sheet
    Profit & Loss Statement
    Cash Flow

36. Projections for one year of: Monthly Profit & Loss Statement
    Monthly Cash Flow

37. Start up Costs

38. RMA (Risk Management Associates) Study Comparison

39. Financial Ratios Analysis

PRODUCTS/SERVICES - DESCRIPTION

Products fall into two basic categories – Industrial and Consumer.

- *Industrial Products – are those things used to create other goods, or in servicing the production of goods and services.*
- *Consumer Products – are those thing purchased by the intended end user.*

For the purpose of this workbook, the term "product" can include both products and services.

Step 1: Specify what you intend to sell.

Copy the following worksheet for each product or service you will sell.
Write in the product's or service's name.

Step 2: Describe the product.

What does it do?
Why should people buy it?
What makes it unique or special?
How expensive or difficult is it to make?
How much will you sell it for?

Step 3: Repeat these steps for each product you sell.

Compare the individual product descriptions. Some may have several characteristics in common and could be grouped into "families" of products, or product "lines."

Step 4: Review for compatibility.

Does this product fit into the overall mission of your business? Does it complement the other products you sell? It is important that each product blend smoothly into your overall business concept.

Product / Services - Description

Step 1: Specify what you intend to sell.

Step 2: Describe the product.

CUSTOMERS

Your customers are the most important part of your business. Without customers you wouldn't be in business. It's critical to carefully analyze who your customers are, how much and how often they buy from you, and why they do business with you rather than someone else.

Defining Customers

Marketers usually define their customers by their physical characteristics such as age, gender, occupation, income, etc. These are important because they represent the natural categories of customers. Some of the more common customer characteristics include:

- *Gender* – Men and women exhibit very different habits when it comes to purchasing.
- *Age* – Is second only to gender as most important characteristic to measure.
- *Income* – Is a good indicator because it often show whether the customer can buy.
- *Occupation* – Relates closely with age, income and education.
- *Location* – Can be designated in any of several different ways.
- *Family status* – Couples needs differ significantly from singles.
- *Children* – Households with children can exhibit very different buying habits.
- *Education* – In an indicator of advertising comprehension, reasoning power, etc.
- *Ethnic Origin* – People from different cultures have different values and needs.

Step 1: Identify your customers' characteristics.

Examine the list of Customer Characteristics on the worksheet. Choose the three or four that you use most often to identify or define your customers. If you plan to purchase advertising space in a mass media such as newspapers, radio or television, you should probably include gender and age as characteristics.

Step 2: Describe your customers' most common characteristics.

For each of the characteristics you selected in Step 1, think about the way this group should be further broken down for measurement purposes. Age, for example, is usually broken down by those less then 18, those 18 to 24, those 25 to 34, those 35 to 49, those 50 to 64 and those over 65. Gender is simple men and women.

Space has been provided for you to break down your four top customer characteristics. List the one you consider to be most important first, the second most important second, and so forth. Under each characteristic, describe the part of that group which most often buys from you. Be as precise as you can.

Customers

Step 1: Identify your customers' characteristics.

-------------------------------- Customer Characteristics ----------------------------------

☐ Gender	☐ Age	☐ Income	☐ Occupation
☐ Location	☐ Marital Status	☐ Children	☐ Education
☐ Race	☐ Religion	☐ Ethnic Origin	☐ Home Ownership
☐ Job Title	☐ Industry Type	☐ Experience	☐ Previous Purchase
☐ Authority	☐ Annual Sales	☐ Orientation	☐ Interests
☐ Other ____________________			

Step 2: Describe your customers' most common characteristics.

Customer Group # ____________________

Characteristic

____

____

____

____

Characteristic ____________________

____

____

____

____

Characteristic

____

____

____

____

Characteristic

____

____

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____

COMPETITIVE ANALYSIS

The key to the success of your business is establishing a unique market niche. In this section you will compare your business to your three major competitors. Use the form on the following page to record the rankings. Be honest with yourself – the purpose is to help identify areas where you have a competitive advantage as well as area for potential improvement.

Use the worksheet to analyze your competitive position in relationship to three of your competitors. Remember, be honest with yourself.

Step 1: Identify your three major competitors.

List names and addresses of your three most significant competitors. Significance can be a matter of sales volume, geographic location, similarity of products or similarity of business practices.

Step 2: Compare your business competition.

For each area below, rank your own business and each of your competitors on a scale of 1 to 5, with 1 being lowest and 5 highest. More than one business can have the same ranking if they are equal in that area.

1. **Products** – Which products do the better job?
2. **Price** – Consistency is generally the best plan.
3. **Quality** – How long does it last, how good is the workmanship?
4. **Product Selection** – How complete is the product line?
5. **Customer Service** – How politely and thoroughly is service performed?
6. **Product Service** – Is the product serviced correctly and quickly?
7. **Reliability** – Does the product require frequent service or repair?
8. **Expertise** – The more knowledgeable the staff the better.
9. **Image/Reputation** – How important is the company of product name?
10. **Location** – Consider accessibility, parking, convenience and visibility.
11. **Layout** - Is the space efficiently utilized?
12. **Appearance** – Does the appearance match the customer's expectations?
13. **Sales Methods** – Is the staff polite and effective at making sales?
14. **Credit Policy** – Can customers use a variety of payment methods?
15. **Availability** – Does the customer have to wait for a product to arrive?
16. **Management** – Does the store owner take an active part in the business?
17. **Longevity/Stability** – In general, older businesses, are considered more stable
18. **Advertising** – Those who advertise are more visible than those who don't.

Step 3: Prioritize the competitive factors.

Determine the relative importance of each of these competitive factors. Assign the top priority a 1, the second a 2, etc. until you have ranked all 18 by priority.

Step 4: List changes you can make to improve your competitive position.

Write down the two or three specific actions you can take to improve your competitive position. Try to focus on those areas with a high priority.

Competitive Analysis

Step 1: Identify your three major competitors:

A: ____

B: ____

C: ____

Steps 2 & 3: Compare your business to the competition and prioritize.

		------------ Competitor ------------			
Factors	**You**	**A**	**B**	**C**	**Priority**
1. Products					
2. Price					
3. Quality					
4. Product selection					
5. Customer service					
6. Product service					
7. Reliability					
8. Expertise					
9. Image/Reputation					
10. Location					
11. Layout					
12. Appearance					
13. Sales Methods					
14. Credit Policy					
15. Availability					
16. Management					
17. Longevity/Stability					
18. Advertising					

Step 4: List changes you can make to improve your competitive position:

START-UP COSTS:

Start-up costs are the various costs it takes to open your doors for business. The majority of these costs will be one-time expenditures, while others will occur every year. Examples of these costs are listed on the next page. If you have an existing business, skip this worksheet.

Step 1:

Fill in "Total available cash" for starting your business venture

Step 2:

Review the costs listed on the next page. You can probably use this list for the costs for your business. You may have some costs which are not listed here – write them under "Other Costs."

Step 3:

Estimate your cost for each item.

Step 4:

Calculate the total for your start-up costs.

Step 5:

Calculate "Beginning Cash Balance" by subtracting total start-up costs from total available cash.

Start-up Costs

	COSTS	
Total available cash		$ ________
Purchases of **fixed assets**	$ ________	
Beginning inventory of merchandise (for retailing businesses)	$ ________	
Legal fees	$ ________	
Accounting fees	$ ________	
Licenses & permits	$ ________	
Remodeling work	$ ________	
Deposits (public utilities, etc.)	$ ________	
Advertising (grand opening, etc.)	$ ________	
Promotions (door prizes, etc.)	$ ________	
Other expenses:		
	$ ________	
	$ ________	
	$ ________	
	$ ________	
	$ ________	
	$ ________	
TOTAL START-UP COSTS	$ ________	
Total Cash available:		$ ________
Less: Start-up Costs:		$ ________
Beginning Cash Balance:		$ ________

BALANCE SHEET

The balance sheet can be compared to a picture of your financial condition on a particular day. This statement is a list of your assets (what you own at your cost), and your associated liabilities (what you owe). Your equity (what you are worth) in these assets is the difference between the dollar value of the assets less the associated liabilities.

You are going to prepare a balance sheet as of the end of your last fiscal year or as of the start-up date of your business. You should include all the assets and liabilities as of the appropriate date. You will also be preparing a projected balance sheet for a date one-year in the future.

Step 1:

Fill in the amount for each of the Current Assets and calculate the Total Current Assets.

Step 2:

Fill in the amounts for each of the Fixed Assets – Land, buildings, equipment and other – less accumulated depreciation and calculate Total Fixed Assets.

Step 3:

Calculate the Total Assets (Total Current Assets + Total Fixed Assets).

Step 4:

Fill in the amounts for each liability and calculate the required totals.

Step 5:

Calculate the Owner's Equity (Total Assets – Total Liabilities)

Step 6:

Fill in the amount of Total Liabilities + Owner's Equity. This amount should equal the amount for Total Assets.

Step 7:

Repeat steps 1 through 6 for the monthly Balance Sheets.

Balance Sheet

Assets	As of ____		As of ____	
Current Assets	$ ____		$ ____	
Cash	$ ____		$ ____	
Accounts receivable	$ ____		$ ____	
Inventory	$ ____		$ ____	
Other current assets	$ ____		$ ____	
Total current Assets		$ ____		$ ____
Fixed Assets				
Land	$ ____		$ ____	
Buildings-less A&D	$ ____		$ ____	
Equipment-less A&D	$ ____		$ ____	
Other fixed assets (less Accum. Dept)	$ ____		$ ____	
Total Fixed Assets		$ ____		$ ____
Total Assets		$ ____		$ ____
Liabilities				
Current Liabilities				
Accounts payable	$ ____		$ ____	
Other current liabilities	$ ____		$ ____	
Total Current Liabilities		$ ____		$ ____
Long-term Liabilities				
Debt	$ ____		$ ____	
Other long-term liabilities	$ ____		$ ____	
Total Long-term Liabilities		$ ____		$ ____
Total Liabilities		$ ____		$ ____
Owner's Equity		$ ____		$ ____
Total Liability + Owner's Equity		$ ____		$ ____

SALES FORCAST

Forecasting sales is critical to your business from both a management and sales point of view. If you don't know how much you plan to sell in the next 12 months, you can't plan how much to spend. Remember to be realistic in your projections. Look for trends by reviewing your own records or industry figures. You should review the sections you've completed on products, customers, competitors and budgets to assist in defining trends.

Step 1: Estimate unit sales for the next 12 months.

Estimate the number of units you expect to sell in the next 12 months. Using your product life cycle information adjust the monthly totals to reflect seasonal fluctuations. Start out conservatively. Make copies of this page if you have more than four products.

Step 2: Insert retail prices for each product.

Fill in the retail price for an individual product in the Price Per Unit space below the Units Sold. If you plan to adjust prices over the course of the year, reflect this change in the appropriate months.

Step 3: Calculate monthly product sales.

Multiply the number of units you plan to sell in one month by the retail cost per unit for that month. Insert the total sales in dollars for that month in the space indicated.

Step 4: Calculate monthly sales total.

Add all the *Total Sales* within a column and insert this figure in the space as the bottom of each column. This is the combined monthly sales forecast for all products.

Step 5: Calculate yearly sales total for each category.

Add the *Total Sales* for each product along each row and insert this figure in the column marked Yearly Total at the end of the row. This is the total yearly sales forecast for that individual product.

Step 6: Check the accuracy of your figures.

It's easy to add a number twice or skip a number when totaling a column or row. The sum of all the figures in the Yearly Total column should match the sum of all the monthly totals along the bottom of the worksheet. *The figure in the lower right corner of the spreadsheet is your total yearly income from all products sold.*

You can easily transfer a table like this one to a spreadsheet and let the spreadsheet do the calculating.

Sales Forecast

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Product #1													
Units Sold													
Price per Unit													
Total Sales													
Product #2													
Units Sold													
Price per Unit													
Total Sales													
Product #3													
Units Sold													
Price per Unit													
Total Sales													
Product #4													
Units Sold													
Price per Unit													
Total Sales													
Total Sales													
Total Products													

COST OF GOODS SOLD

In this section you will calculate the cost for the products you will sell. For example, you might sell a product for $50.00 (the retail price), but your cost of this product might be $30.00 (which includes freight).

If your business sells only a service, you will not have cost of goods sold. If so, you do not need to complete this section.

To complete this section, you will need to use data from the Sales Forecast.

Step 1:

Fill in the units-sold line for your five categories for each month.

Step 2:

Fill in your cost per unit for each category. You are making some assumptions here. What are they and how much risk is involved?

Step 3:

Calculate the total cost for each of the categories – units sold ‘x’ cost per unit.

Step 4:

Calculate the cost of goods sold – for each month – add down the columns.

Step 5:

Calculate the yearly sales for each category – add across the rows.

Step 6:

Check for accuracy – column totals and row totals should match.

Cost of Goods Sold

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Product-Service 1													
Units Sold													
Cost/Unit													
Total Cost													
Product-Service 2 Units Sold													
Cost/Unit													
Total Cost													
Product-Service 3													
Units Sold													
Cost/Unit													
Total Cost													
Product-Service 4													
Units Sold													
Cost/Unit													
Total Cost													
Cost of Goods Sold													
All Products													

OPERATING EXPENSES

Operating expenses include a wide variety of expenses required to operate a business. Some of these expenses are fixed – they will generally remain constant regardless of the sales level. For example, your rent might be $500 per month – it stays fixed and does not change as sales go up or down over the months.

On the other hand, some expenses do increase and decrease as sales increase or decrease. These expenses are variable expenses. An example might be your car/delivery expense – as your sales increase, your delivery expense probably would increase.

Step 1:

Review the expenses listed on the facing page. These all refer to previously completed budget worksheets. If you have not completed all the budget worksheets, you must do so before going on in the workbook. Owners' salaries should be included for a corporation but not for a sole-proprietorship or partnership.

Step 2:

Fill in your monthly estimate for each category of expense. Remember all of these come from other worksheets.

Step 3:

Calculate total expenses for each month – add down the columns.

Step 4:

Calculate yearly totals for each expense – add across the rows.

Step 5:

Check for accuracy – column totals and row totals should match

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

Operating Expenses

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Non-Labor													
Occupancy Expenses													
Outside Services													
Insurance													
Advertising Miscellaneous													
Total Non-Labor													
Labor Salaries & Wages													
Payroll taxes & benefits													
Total Labor													

OCCUPANCY EXPENSES

There are many costs of maintaining a business location in addition to the basic monthly rent. This section requires you to identify all of these costs on a monthly basis. Many costs vary greatly by month and have an impact on your cash flow.

Step 1:

Check the expense that are applicable to your business and add category if necessary.

Step 2:

Fill in the monthly costs for all applicable cost categories

Step 3:

Calculate the monthly totals – add down the columns

Step 4:

Calculate the annual totals for each expense category – add across the rows.

Step 5:

Check for accuracy – column totals and row totals should match.

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

<u>Occupancy Expenses</u>

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Rent													
Property taxes													
Maintenance and Repairs													
Insurance													
Electric													
Gas													
Water/Sewer													
Telephone (base charge)													
Garbage													
Other													
Totals													

ADVERTISING BUDGET

The two most valuable resources you have to invest are money and time. If you don't have a lot of money to spend on advertising, you can devote additional time in public relations or sales. Five ways to calculate the amount to spend on marketing include:

- A percentage of annual sales
- A list of specific marketing activities
- Matching your competitors advertising
- Buying advertising as you go
- Spent whatever is "left over" on marketing.

A good simple budget can be prepared by blending the percentage, activity and matching forms of budgeting.

Step 1: Develop a percentage advertising budget.

Insert your projected total income for the next year from the sales forecast section of this workbook. Decide on the percent you wish to devote to marketing. For most people this can be anything from 2 percent to 15 percent. If you are new in business, you can contact your trade association for help in projecting both income and the percent generally dedicated to advertising within your industry. A new business will probably require a higher percent than an established one.

Step 2: Identify your major promotional event/focus for each month.

Make a list of the promotional activities you want to accomplish in each quarter of the coming year. You can get estimated costs for these activities from the people who perform them. Add together the costs in each quarter to arrive at a quarterly total. Then add the quarterly amounts together to arrive at an annual budget.

Step 3: Develop a competitive matching advertising budget.

You can't estimate how much your competitors are spending unless you know what they are doing. Do some homework. Visit their businesses, collect samples of their advertising and get estimates form advertising professionals on the cost to produce a similar advertising campaign.

Step 4: Formulate a comprehensive advertising budget.

Write in the annual amounts you calculated in each step above. Now average them and write the average in the space provided. This is a good estimate of what you should be spending on advertising. Make any final up or down adjustments based on your own judgment before writing a Final Annual Budget figure at the end of the worksheet.

Now divide the total marketing budget into monthly amounts. Use the Product Life Cycle chart completed earlier in this workbook to guide you in allocating money to each month.

Advertising Budget

Step 1: Percentage advertising budget

a. Projected gross annual income $ ________________
b. Percent to be allocated for advertising ________________ %

Percentage-based marketing budget (a x b) $ ________

Step 2: Activity advertising budget.

Cost of tasks planned in 1st quarter $ ________________
Cost of tasks planned in 2nd quarter $ ________________
Cost of tasks planned in 3rd quarter $ ________________
Cost of tasks planned in 4th quarter $ ________________

Total of tasks planned for the year $

Step 3: Competitive matching advertising budget.

Amount spent by your major competitor in:

Radio	$ ________________	Direct Mail	$ ____________
TV	$ ________________	Stationary	$ ____________
Newspaper	$ ________________	Packaging	$ ____________
Magazines	$ ________________	Displays	$ ____________
Billboards	$ ________________	Brochures	$ ____________
Catalogs	$ ________________	Other	$ ____________

Total spent by competitor in a year $ __________

Step 4: Comprehensive advertising budget.

a. Percentage budget $ _____________
b. Task budget $ _____________
c. Competitive budget $ _____________
Average budget amount (a+b+c÷3) $ _____________

Final Annual Budget (adjusted average budget) $ ___________

(Divide the Final annual Budget into 12 monthly allocations, or as incurred, if possible)

INSURANCE

You should review your insurance needs and the adequacy of your existing policies each year with your insurance agent. A good time to do that is during the process of updating your business plan.

Step 1: Determine needed insurance coverage for next year.

Step 2: Obtain bids where appropriate.

Step 3: Investigate premium payment options.

Step 4: Complete insurance expense budget.

Insurance

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Fire													
Liability													
Automobile													
Business Interruption													
Crime													
Rent													
Key Personnel													
Bonding													
Other													
TOTALS													

SALARIES AND WAGES

Salary and wage expense is a major category of operating expenses. In this section you will calculate only the wage and salary cost of having employees working for your business. Payroll taxes required by law and optional fringe benefits you agree to pay for your employees will be covered in the next section.

It's likely the number of employees (and hours worked) will vary from month to month, especially if your business has seasonal highs and lows. Don't forget to include the wage of part-time employees.

Step 1:

Fill in a title for each employee required in your business. This includes active owners and managers.

Step 2: Document assumptions about your employees

Be sure to include an assumption regarding wage level changes. These changes may be significantly different from the inflation rate. Be sure to consider impact of changes in unemployment rates.

Inflation Rate: ____________%
Unemployment Rate: ____________%
Wage Increases: ____________%

Step 3:

Fill in the salary or wage to be paid each employee for each month.

Step 4:

Calculate the total monthly salaries – add down the columns.

Step 5:

Calculate the yearly salaries for each position – add across the rows.

Step 6:

Check for accuracy – column totals and row totals should match

Salaries and Wages

Salary/Wage Per Month	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Employees													
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
Total Employees													
Owners													
1													
2													
3													
4													
Total Owners													
Total													

MISCELLANEOUS EXPENSE

This budget of miscellaneous expenses should include all expenses not listed on previous budget worksheets. You have already completed budgets for:

- Wages and salaries
- Payroll taxes and benefits
- Occupancy expenses
- Advertising
- Outside services
- Insurance
- Debt
- Fixed Assets

Step 1: Compile list of miscellaneous expense categories

The worksheet lists some common miscellaneous expenses. You should review your chart of accounts and old financial statements to determine others that should be listed.

Step 2: Complete monthly budget amounts.

Fill in monthly budget amounts for all miscellaneous expenses.

Step 3:

Calculate total expenses for each month – add down the columns.

Step 4:

Calculate yearly totals for each expense – add across the rows.

Step 5:

Check for accuracy – column totals should equal row totals.

Miscellaneous Expenses

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Bad Debt													
Car/Delivery													
Supplies													
Other:													
Totals													

PROJECTED INCOME STATEMENT

You are now ready to assemble the data for your projected income statement. This statement will calculate your net profit or net loss (before income taxes) for each month.

Step 1:

Fill in the sales for each month. You already estimated these figures – just recopy them on the worksheet.

Step 2:

Fill in the cost of goods sold for each month

Step 3:

Calculate the Gross Margin for each month (Sales minus Cost of Goods Sold).

Step 4:

Fill in the total of labor-related operating expenses (salaries, mandatory benefits, optional benefits).

Step 5:

Fill in the total of non-labor-related operating expenses. Calculate the expense labeled 'interest – new', this is interest expense associated with the new debt. Also copy the figures for depreciation and interest on existing debt.

Step 6:

Calculate yearly totals for all categories – add across the rows.

Step 7:

Calculate the Total Operating Expense for each month – add down the columns.

Step 8:

Calculate the Net Operating Profit for each month (Gross Margin minus Total Operating Expenses). Also calculate the yearly total. Determine the amount of other gains or loses and then calculate the Net Profit or Net Loss before income taxes.

Step9:

For Sole-Proprietorships or Partnerships only, enter the amount of owner withdrawals.

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

Projected Income Statement

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Sales													
Cost of Goods Sold													
Gross Margin													
Operating Expenses													
Labor Expenses													
Non-labor Expenses													
Depreciation													
Interest – Old Debt													
Interest - New Debt													
Total Operating Expenses													
Net Operating Profit													
Other Gains/Losses													
Net Profit (or loss) before Income Taxes													
Owner Withdrawals (Sole proprietorships - partnerships only)													

CASH FLOW PROJECTIONS

Cash flow projections are among the most critical financial projections you will make. You will calculate your cash receipts and the cash disbursements for each month. If the cash receipts are greater than the cash disbursements, you will have a positive cash flow. If the cash receipts are less than the cash disbursements, you will have a negative cash flow. Negative cash flows are enclosed in brackets. Here is and example: ($5218).

Step 1:

Fill in your beginning cash balance for the first month. This amount should be taken from the Start-Up Expense worksheet if your business plan is for a new business.

Step 2:

Fill in the various categories for Cash Receipts and total them – for the first month only. The line labeled “Collect Accounts Receivable” needs to be carefully considered. You must know the percentage of your sales that are not cash and how many days it normally takes to collect credit sales.

Step 3:

Fill in the various categories for Cash Disbursements and total them – for the first month only. The line labeled “Purchases (Merchandise)” requires that you know the number of days it normally takes you to pay for a purchase.

Step 4:

Calculate the Net Cash Flow for the first month (Total Cash Receipts minus Total Cash Disbursements).

Step 5:

Calculate the Ending Cash Balance for the first month – Beginning Cash Balance plus a positive Net Cash Flow (or minus a negative Net Cash Flow).

Step 6:

Fill in the Beginning Cash Balance for the second month (which is the Ending Cash Balance for the first month).

Step 7:

Repeat the first six steps for each of the twelve months – remember to complete one month at a time!

Cash Flow Projections

	1	2	3	4	5	6	7	8	9	10	11	12	Year Total
Beginning Cash Flow Balance													
Cash Receipts													
Cash Sales													
Collect AR													
Sales of Fixed Assets													
Misc. Income													
Total Cash Receipts													
Cash Disbursements													
Cash purchases (Merchandise)													
Pay Accts. Payable													
Labor Expenses													
Owner Withdrawals													
Non-labor Expenses													
Purchases-Fixed Assets													
Debt payments-old													
Total Cash Disbursed													
Net Cash Flow													
New Debt													
New Owner Investment													
New Debt-Int. Paymts													
New Debt-Princ. Paymts													
New Owner Withdrawal													
Adj. Net Cash Flow													
Ending Cash Balance													

FIXED ASSETS

This section will help you plan purchases of fixed assets. Fixed assets are defined as assets which have useful lives in more than one year. Examples include land, buildings, leasehold improvements, machines, equipment, office furniture and computers.

This section also will help you calculate the monthly depreciation for each fixed asset. Depreciation is defined as the original cost of the equipment divided by the useful live (in months) of the equipment. For example, a truck might cost $6,000 and have a useful life of five years (60 months). The truck's monthly depreciation would be $100 per month ($6,000 divided by 60 months). This example is called "straight-line" depreciation. There are several methods for calculating depreciation. Consult with your accountant to determine the depreciation schedule most applicable to your business. Land is not depreciated.

Step 1:

List each fixed asset to be purchased during the next year.

Step 2:

Fill in the cost required to buy each fixed asset (new or used) and estimate acquisition date.

Step 3:

Estimate the useful life (in months) of each fixed asset to be purchased.

Step 4:

Fill in the monthly depreciation for each fixed asset (cost divided by the useful life in months) to be purchased.

Step 5:

Calculate the totals for fixed assets to be purchased and monthly depreciation.

Step 6:

Fill in the cost and monthly depreciation of existing fixed assets.

Step 7:

Calculate total monthly depreciation.

Fixed Assets

Fixed Assets	Cost	Acquisition Date	Useful Life (in months)	Monthly Depreciation

Total Cost – New Fixed Assets	$ ______________	Monthly Depreciation New Fixed Assets	$ ______________
Total Cost – Existing Fixes Assets	$ ______________	Monthly Depreciation Existing Fixed Assets	$ ______________
		Total Monthly Depreciation	$ ______________

DEBT

This debt schedule includes all debt. Whether the source is an owner, family member, relative, friend, bank, supplier or other, the debt belongs on this schedule. This is for existing debt, not anticipated debt.

Step 1: List all debt obligations.

Each debt obligation should be listed under both principal payments and interest payments.

Step 2: Complete principal and interest payment amounts.

For each debt obligation complete the monthly principal and interest payments. This schedule should reflect when the payments are actually scheduled, do not merely put in an equal amount in each month if this is not correct. Do these figures involve an assumption about future interest rates? Is it a good assumption?

Step 3:

Calculate total principal payments, total interest payments and a grand total of each month – add down the columns.

Step 4:

Calculate yearly totals for both principal and interest payments for each debt obligation.

Step 5:

Check for accuracy – column total should equal row totals.

Debt

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Principal Payments: (list source of debt)													
1 ________													
2 ________													
3 ________													
4 ________													
5 ________													
Total Principal													
Interest Payments: (list source of debt)													
1 ________													
2 ________													
3 ________													
4 ________													
5													
Total Interest													
TOTALS													

BREAK-EVEN ANALYSIS / CRITICAL MASS

The break-even point is the level of sales at which your total sales for the time period exactly covers your cost of goods sold and operating expenses. This level of sales is called the Break-Even Point (BEP sales level). It is also called the Critical Mass.

In other words, at the BEP sales level, you will make a zero profit. If you sell **more** than the BEP sales level, you will make a net profit. If you sell **less** than the BEP sales level, you will make a net loss.

The worksheet will calculate your BEP sales level for any year of operations.

Step 1:

Fill in your Total Sales, Cost of Goods Sold and Variable Operating Expenses. Your variable operating expenses are those that vary in amount as your levels of sales or production change. Calculate your Gross Margin and Contribution Margin.

Step 2:

Calculate the Contribution Margin % using the formula which is given on the worksheet. The contribution Margin % tells you what **percentage** of each dollar of sales results in Contribution Margin.

Step 3:

Fill in the Fixed Operating Expenses. Your fixed operating expenses are those that remain constant in amount as your levels of sales or production change. Common fixed expenses are rent, utilities and insurance premiums.

Step 4:

Calculate the BEP sales level using the formula which is given. You need to reach this level of sales just to break even.

Step 5:

What does this figure mean? This figure represents the amount of sales necessary to cover your basic operating expenses. The basic calculation did not include loan principal payments or owner draws if your business is a sole proprietorship. The basic calculation also includes no provision for profits. Items like profits, debt payment and owner draws must be added to fixed expenses to calculate sales necessary to cover them.

Break-Even Analysis / Critical Mass

Step 1:

Total Sales		$ ____________________
Cost of Goods Sold	Less	$ ____________________
Gross Margin	Equals	$ ____________________
Variable Operating Expenses	Less	$ ____________________
Contribution Margin	Equals	$ ____________________

Step 2

Contribution Margin %= Contribution Margin ÷ Total Sales

Contribution Margin $ ____________________

Total Sales $ ____________________

Contribution Margin % = 0. _____ _____ _____

(Leave the Contribution Margin % in decimal format. The correct format is 0.347 not 34.7%)

Step 3:

Fixed Operating Expenses = $ ____________________

Step 4:

BEP Sales Level = $\dfrac{\text{Fixed Operating Expenses}}{\text{Contribution Margin \%}}$ = $\dfrac{\$\ \_\_\_\_\_\_\_\_\_\_\_\_}{0.\ \_\_\_\_\ \_\_\_\_\ \_\_\_\_}$

BEP Sales Level = $ ____________________

TIMETABLE

This is a worksheet that you will need to update on a regular basis. The purpose is to assure that key activities vital to the future success of your business are identified and completed.

Step 1: Identify key activities.

Review all sections of your business plan, compile a list of key activities that are vital to the successful operation of your business.

Step 2: Assign responsibility for each activity.

For each identified activity, assign one person primary responsibility for the completion of that activity.

Step3: Determine scheduled start date.

For each activity, determine the date when work will begin. You should consider how the activity fits into your overall plan as well as the availability of the person responsible.

Step 4: Determine scheduled finish date.

For each activity determine when the activity must be completed. Be realistic – a person outside of your organization may judge your managerial ability based on your ability to meet these deadlines.

Timetable

Activity	Person	Start Date	Finish Date

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

GLOSSARY OF BUSINESS TERMS

Accounts Payable – Those amounts due from a company to its vendors that must be paid within 1 year or less.

Accounts Receivable – Accounts due to a company for goods or services sold on credit.

Account Receivable Financing – Short-term financing whereby accounts receivable serve as collateral for working capital advances.

Accrual Basis of Accounting – A method of accounting in which revenue is recognized when earned, expenses are recognized when incurred, and other changes in financial condition are recognized as they occur, without regard to the timing of the actual cash receipts and expenditures.

Asset – Something of value owned by people or business firms.

Audited Financial Statement – A financial statement that has been audited in conformity with generally accepted auditing standards by a certified public accountant and is accompanied by the auditor's opinion.

Balance Sheet – Financial statement that summarizes a firm's assets, liabilities and net worth.

Bond – Certificate representing a long-term debt of a government or corporation.

Breakeven Point – The point at which sales equal costs. The point is located by breakeven analysis, which determines the volume of sales at which fixed and variable costs will be covered. All sales over the breakeven point produce profits; any drop in sales below that point will produce losses.

Budget – Plan for saving and spending income. A budget is balanced when expenditures exactly equal income.

Business Cycle – Periodic fluctuation in the economy characterized by alternate expansion and contraction.

Business Plan – Either formal or informal plan indicating the future intentions of the company; (generally regarding expansion or new product development).

Capital – Something created to produce other goods and services; also money that will be used to pay for the operations of a business.

Capital Expenditure – An outlay intended to provide future benefits, usually by making an addition to capital assets or increasing the capacity, efficiency or life span of an existing fixed asset.

Cash Basis of Accounting – An accounting system in which revenues and expenses are recorded and realized only when the accompanying cash inflow occurs, without regard to the actual period for which the transactions apply.

Cash Flow – The difference between monthly income (after taxes) and monthly liabilities (excluding non-cash expenses such as depreciation and amortization)

Certificate of Deposit (CD's) – Certificates issued by savings institutions and banks. CD's guarantee the repayment of a sum of money at a fixed rate of interest and at a specific date.

Collateral – Specific property, securities or other assets pledged by a borrower to a lender as a backup source for a loan payment.

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

Common Stock – Most basic form of stock ownership. The holder of common stock has a right to a share of the company's earnings, a voice in management, a claim on assets and permanent ownership.

Competition – Rivalry among firms to outsell one another.

Consumer – User of goods or services.

Consumer Price Index (CPI) – Measure of the average price of goods and services purchased.

Corporation – Business organization chartered by the state, owned by one or more stockholders; and authorized to act as a private individual.

Cost of Goods Sold – for manufactures figure representing the cost of buying raw material and producing finished goods. Direct costs are clear-cut factors such as direct labor as well as others less clear-cut, such as overhead. For retailers, the cost of goods purchased.

Current Assets – Cash and other items readily convertible into cash, usually within one year or within the normal operating cycle of the business, whichever is longer.

Current Liabilities – The short-term debts of a business. Current liabilities are those expected to be paid within the coming year or within the normal operating cycle of the business, whichever is longer.

Current Ratio – A ratio used to analyze the financial stability of a business. It is computed as Current Assets divided by Current Liabilities.

Debt-to-Equity – Total liabilities divided by total shareholder's equity. This shows to what extent owner's equity can cushion creditor's claims.

Demand – The quantity of a good or service that buyers would buy at various prices at a particular time and place.

Demand Deposits – Checking accounts held by commercial banks.

Depreciation – An accounting; a process of allocating the cost of a fixed asset less salvage value, if any, over its estimated useful life. A depreciation charge a non-cash expense.

Dun & Bradstreet, Inc. – A credit-reporting agency that primarily supplies credit information on business.

Economic Indicator – Statistical measurements of the state of the economy.

Entrepreneur – Person who created a business in hope of earning a profit.

Equity – The value of the stockholders' ownership of a corporation, which equals the difference between the company's total assets and its total liabilities. Equity includes preferred stock, common stock, retained earnings and other surplus reserves. Also referred to as net worth.

Exports – Goods and services sold to foreign countries.

Fair Credit Reporting Act – A federal law that guarantees an individual the right to examine all of his or her information on file with a credit-reporting agency. A bank must either tell an unsuccessful consumer applicant why credit was denied or give the name and address of the credit bureau that provided information on which the denial was based.

Five C's of Credit – A method of evaluating a potential borrower's credit worthiness, including his or her character, capacity, capital, collateral and condition.

Fixed Assets – Those items of a long-term nature required for the normal conduct of a business and not converted into cash during a normal operating period. Fixed assets include furniture, buildings and machinery.

Fixed Assets Financing – A term used primarily to describe a particular type of financing. Funds used to purchase land and buildings, machinery and equipment and leasehold improvements. Fixed Asset Financing does not finance working capital or accounts receivable.

Fixed Expenses – Costs that remain constant regardless of the amount of business done by a firm, also known as overhead.

Gross Profit – Sales revenues less the cost of goods sold, excluding selling, general and administrative expenses.

Income – Earnings, after all expenses and costs. Same as Net profit.

Income Statement – Financial statement summarizing sales, expenses and profit or loss.

Inflation – A period of generally rising prices.

Innovations – The introduction of something new in the production or distribution of goods and services.

Interest – Payment for the use of someone else's money. Usually expressed as an annual rate in terms of a percentage of the principle (amount loaned).

Interim Financial Statement – Financial statements that are dated any other time other than the end of a fiscal year.

Inventory – The materials owned and held by a business such as raw materials, goods in progress and finished goods. These goods may be intended for either internal consumption or sale.

Investment – In economics, is spending for new capital expenditures, such as buildings, equipment or machinery. In general usage, investment refers to savings that are set aside to earn money.

Liability – Money owed by individuals or firms.

Limited Liability – The feature that prevents stockholders from being liable for the debts of their corporation.

Limited Partnership – A partnership in which certain partners are designated general partners and some are designated limited partners. Liabilities of limited partners are limited if certain legal requirements are met. Limited partners are quite common in real estate investment.

Liquid Assets – Assets that can be sold quickly and without significant loss.

Liquidity – The ability of a business to meet its current debts with cash payments.

Management – People responsible for the organization, control and operation of an enterprise.

Marketing – Business activities that take place between production and consumption (includes buying, grading, packaging, storing and financing).

Maturity – The date when the amount loaned to the issuer is to be paid.

Net Profit – Amount received from sales minus all business expenses and taxes.

Net Operating Income – Also referred to as Operating Profit. The amount remaining after deducting operating expenses from operating income earned.

Net Profit Margin– Net income after taxes, divided by total sales.

Net Working Capital – The difference between a firm's current assets and current liabilities.

Net Worth – Difference between the assets and liabilities of a firm or individual. Same as equity.

Nondisclosure – This is a statement indicating that the information in the plan is proprietary and is not to be shared, copied, disclosed or otherwise compromised.

Note – Written promise to pay a specific amount to a certain entity on demand or on a specified date.

Note Payable – An amount owed by a business to a bank or other lender in the form of a short-term loan. A note payable entails a written promissory note given by the borrower to the lender.

Partnership – Business owned by two or more individuals.

Preferred Stock – Stock also representing ownership of a company. If the corporation were to close down, the owner of preferred stock would receive his or her share before the owner of common stock.

Prime Rate – A benchmark that a bank establishes from time to time and uses in computing an appropriate rate of interest for a particular loan contract. The benchmark is generally based on numerous considerations including the bank's supply of funds, cost of fund from other suppliers of credit.

Principle Balance – The outstanding balance of a loan, exclusive of interest and any other charges.

Profit – Positive difference that results from selling products and services for more than the cost of producing these goods.

Profit and Loss Statement – Also known as Income Statement.

Projections – An estimate of future possibilities based on the current trend.

Retained Earning – Profits, after taxes and dividends, to be put back into the company's operations.

Revenue – The income from any property or service, same as Sales.

Revolving – A contractual agreement allowing a customer to borrow funds when needed up to a specified maximum amount for a limited period of time.

Seasonal – Affected or caused by seasonal need or availability; relating to or varying in occurrence according to the season.

Securities – Commonly refers to stocks and bonds.

Selling, General and Administrative (SG&A) Expenses – Grouping of expenses reported on a company's profit and loss statement. Included are such items as sales person's salaries and commissions, advertising and promotional, travel and entertainment, office payroll and expenses and executives' salaries.

Services – Intangible products that once used, no longer exist, such as those provided by accountants, lawyers, trucking companies, etc.

Short Term Loan – A loan to a business for less than one year, usually for operating needs.

Sole Proprietorship – A business owned by one person, has unlimited liability.

FILL IN THE BLANKS BUSINESS PLAN OUTLINE

Small Business Administration (SBA) – An independent federal agency, created in 1953, to help small business. The SBA makes loans directly or guarantees loans made to small business.

Stock – Certificate representing part ownership of a corporation.

Subordination Agreement – An agreement between two creditors of a particular borrower in which one party grants to the other a priority claim to the borrower's assets if default occurs.

Tax – Compulsory payment to government. One that takes a higher percentage of a high income and a lower percentage of a low income is called progressive. One that takes a higher percentage of a low income and a lower percentage of a high income is called regressive.

Term Loans – A loan scheduled to run for more than one year, usually repayable in annual or more frequent installments.

Unlimited Liability – The feature of an unincorporated firm that holds the owners financially responsible for the debts of the business.

Variable Expenses – Expenses that increase or decrease with the volume of business.

Wealth – The total value of the things one owns.

Working Capital – Current assets minus current liabilities.

Yield – The return on an investment expressed as a percent.

NOTES: