

[ABC Business Consulting](#) - Sample Business Plan

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This is just to give an example of how your business plan can appear finished. All of our Business Plans are completely customized for each customer. ***It should be noted that our customized plans are substantially better than this sample plan, but it gives you an overall idea.*** The formats for our plans are also individually developed so the order of the formatting and the section/sub-sections will change on a plan by plan basis. For example formatting, please see our [Business Plan Template](#). Some information has been withheld and since this plan is for an existing business, the start up references have been left blank. Again, all our plans are customized, developed and written for the particular customer needs and objectives.

Cover Page

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Legal Page

Confidentiality Agreement

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1.0 Executive Summary	1
1.1 Objectives.....	1
1.2 Mission.....	1
1.3 Keys to Success	1
Chart: Highlights	2
2.0 Company Summary.....	2
2.1 Company Ownership.....	2
2.2 Start-up Summary.....	3
Chart: Start-up	3
Table: Start-up.....	3
2.3 Company Locations and Facilities.....	3
3.0 Products and Services	4
3.1 Product and Service Description	4
3.2 Competitive Comparison	4
3.3 Sales Literature.....	4
3.4 Fulfillment.....	4
3.5 Technology.....	5
3.6 Future Products and Services.....	5
4.0 Market Analysis Summary	5
4.1 Target Market Segment Strategy	5
4.1.1 Market Needs.....	5
4.1.2 Market Trends.....	6
4.1.3 Market Growth.....	6
4.2 Market Segmentation	6
Table: Market Analysis.....	6
Chart: Market Analysis (Pie).....	7
4.3 Service Business Analysis	7
4.3.1 Business Participants	7
4.3.2 Distributing a Service	8
4.3.3 Competition and Buying Patterns	8
4.3.4 Main Competitors	8
5.0 Strategy and Implementation Summary	9
5.1 Strategy Pyramid.....	9

5.2 Value Proposition.....	9
5.3 Competitive Edge.....	9
5.4 Marketing Strategy.....	10
5.4.1 Pricing Strategy.....	10
5.4.2 Promotion Strategy.....	10
5.4.3 Distribution Strategy.....	10
5.4.4 Positioning Statement.....	10
5.5 Sales Strategy.....	11
5.5.1 Sales Programs.....	11
5.5.2 Sales Forecast.....	12
Table: Sales Forecast.....	12
Chart: Sales Monthly.....	13
Chart: Sales by Year.....	13
5.6 Milestones.....	13
Table: Milestones.....	14
6.0 Management Summary.....	14
6.1 Organizational Structure.....	14
6.2 Management Team.....	14
6.3 Management Team Gaps.....	15
6.4 Personnel Plan.....	15
Table: Personnel.....	15
7.0 Financial Plan.....	16
7.0 Financial Plan.....	16
7.1 Start-up Funding.....	16
Table: Start-up Funding.....	16
7.2 Important Assumptions.....	17
Table: General Assumptions.....	17
7.3 Key Financial Indicators.....	18
7.3 Key Financial Indicators.....	18
Chart: Benchmarks.....	18
7.4 Break-even Analysis.....	19
Table: Break-even Analysis.....	19
Chart: Break-even Analysis.....	19

Table of Contents—Note: Page Numbers do not correspond to the Sample Plan

7.5 Projected Profit and Loss.....	20
Chart: Profit Yearly.....	20
Chart: Gross Margin Monthly.....	21
Chart: Gross Margin Yearly.....	21
Table: Profit and Loss.....	22
Chart: Profit Monthly.....	23
7.6 Projected Cash Flow.....	24
Table: Cash Flow.....	24
Chart: Cash.....	25
7.7 Projected Balance Sheet.....	26
Table: Balance Sheet.....	26
7.8 Business Ratios.....	27
7.8 Business Ratios.....	27
Table: Ratios.....	27
7.9 Long-term Plan.....	28
Table: Sales Forecast.....	1
Table: Personnel.....	2
Table: Personnel.....	2
Table: Profit and Loss.....	3
Table: Profit and Loss.....	3
Table: Cash Flow.....	5
Table: Cash Flow.....	5
Table: Balance Sheet.....	7
Table: Balance Sheet.....	7

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1.0 Executive Summary

XXXXX has been riding a growth spurt, having discovered the high-end direct mail channel that gave us a push to new potential volumes through channels. Bolstered by appearances in specialty catalogs, we were able to develop another additional channel through distributors of office equipment that sell directly to corporations.

This business plan calls for another three years of accelerated growth. Because our sales growth has brought some working capital implications, we are carefully planning to manage growth and provide for steady cash flow.

1.1 Main Objectives

1. Focus on the new channels to increase sales beyond the \$1 million mark by Year 3.
2. Maintain a gross margin close to 60%, despite the sales increase.

1.2 Company Mission

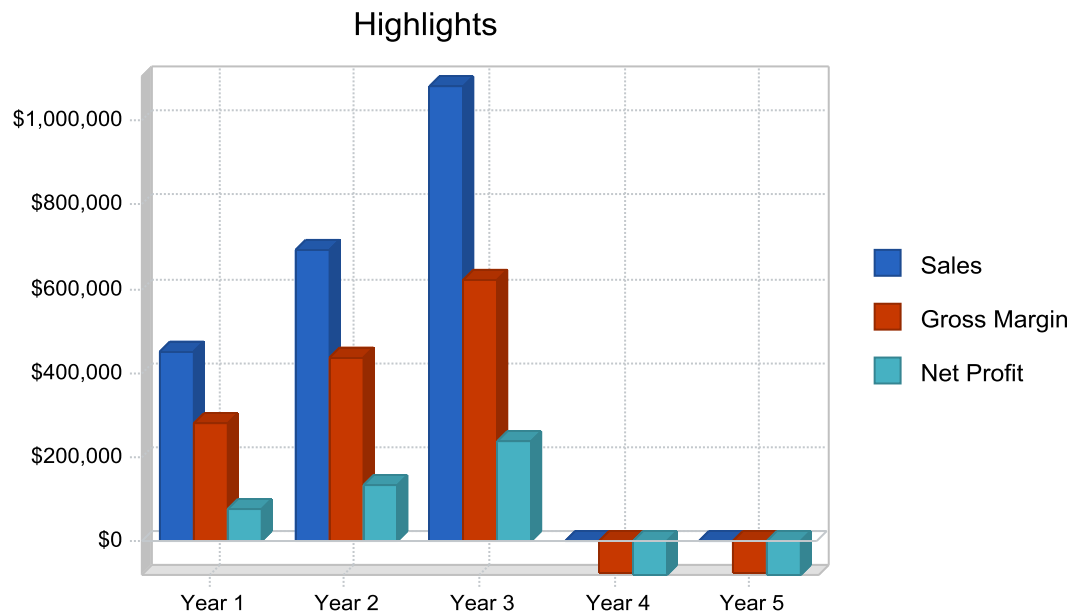
We always provide the best possible value to our customers who care about quality office environments, and we want every dollar spent with us to be well spent. We also create and nurture a healthy, creative, respectful, and fun office and workshop environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their money and risk.

1.3 Keys to Success

- Uncompromising commitment to quality: quality wood, quality workmanship, quality design, quality of end result.
- Successful niche marketing: we need to find the quality-conscious customer in the right channels, and we need to make sure that customer can find us.
- Almost-automatic assembly: we can't afford to ship fully-assembled desks, but assembly must be so easy and automatic that it makes the customer feel better about the quality, not worse.

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Financial Highlights Chart



2.0 Company Summary

XXXX is a privately-owned specialty manufacturer of high-end office furniture for computer users who care about elegant office space in the business and high-end home business markets.

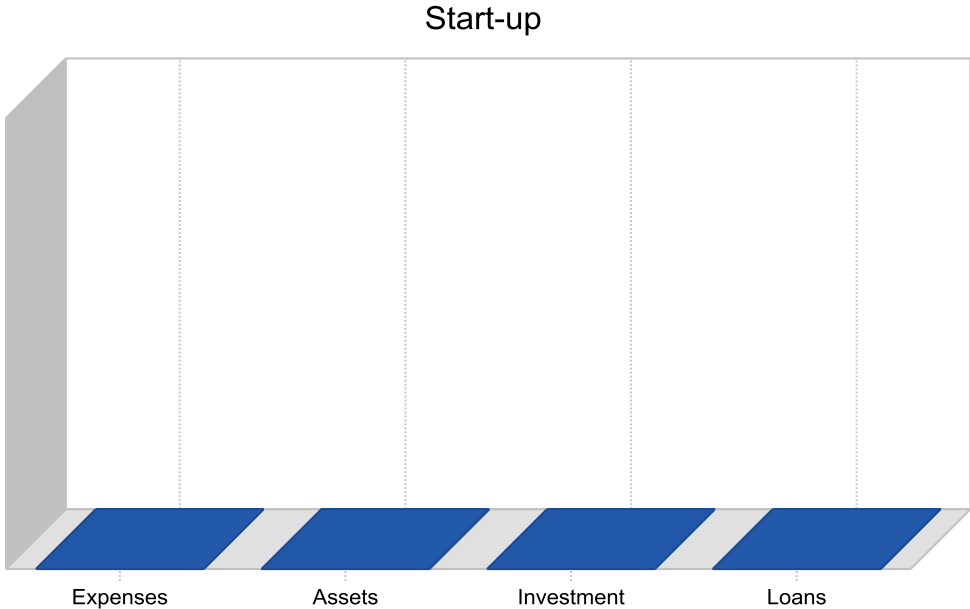
2.1 Company Ownership

Subchapter S Corp, owned entirely by XXXXX. It was created in XXXX. The product line and industrial property rights (including trademarks) were purchased from...

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2.2 Start-up Summary (This section is completed if the company is a start up. In this plan example, it is an existing company so there is no information in this section.)

Start Up Chart



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Start Up Requirements

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Legal	\$0
Stationery etc.	\$0
Insurance	\$0
Rent	\$0
Computer	\$0
Other	\$0
Total Start-up Expenses	\$0
Start-up Assets	
Cash Required	\$0
Start-up Inventory	\$0
Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$0
Total Requirements	\$0

2.3 Company Locations

XXXXX is located in a single facility in the industrial district of XXXXX. The facility includes office and workshop space, access to the local bus route, and good parking.

3.0 Products and Services

XXXXX offers very high quality office furniture designed to effectively incorporate computer machinery into the executive office or home office. The key to the line is an ergonomically effective desk that still looks like an executive desk but is intended to accommodate the personal computer.

3.1 Product and Service Description

1. Our main line is the XXX computer desk in several versions. This is an elegant piece of office furniture designed to look good in executive office or home office, and at the same time be ideal for real use of the computer.
 - a. The two critical elements of ergonomics -- keyboard height and angle and monitor height and angle -- are completely adjustable.
 - b. Cable runs and shelving add to the utility of the executive computer, without sacrificing elegance.
2. We also make complementary pieces to fill out the office suite, to include file cabinets, printer stands, and bookcases.
3. We also make custom designs.

3.2 Competitive Comparisons

Within our niche we have two significant competitors, AAAAA and BBBB. AAAAA is a bigger company but like us, operating mainly in our same niche, whose marketing is better than its product quality. BBBB is a subsidiary of XXXXX Furniture, a major furniture manufacturer.

In general, however, our competition is not in our niche. We compete against generalized furniture manufacturers, cheaper computer-related furniture, and the mainstream merchandise in the major furniture channels and office supply stores.

3.3 Sales Literature

Sales literature is attached as an **Appendix** to the plan.

We plan to develop a company catalog, which would include some other products for the same target customers.

3.4 Product Fulfillment

Our location is a distinct advantage for local wood. We can buy higher quality oak and cherry than either of our competitors. Since our sales increased over the last two years, we have been able to buy at better prices, because of higher volumes.

We work with three wood suppliers, all local. XXXXX supplies most of our oak, and a bit of cherry and some other specialty woods. XXXXX has been in business for as long as we have, and has given us good service and good prices. This is a good, stable supplier. XXXXX is a good second source, particularly for cherry and specialty woods.

We also work with a number of specialty manufacturers for furniture fittings, drawer accessories, glass, shelving accessories, and related purchases.

We are one of the biggest buyers of the custom materials we need. Most of our suppliers are selling through channels to hobbyists and carpenters, so they treat us as a major account.

3.5 Technological Dominance

We depend on our dominance of the latest in technology of ergonomics, combined with classic design elements of fine furniture. We must remain on top of new technologies in display, input and output, and communications.

Our assembly patents are an important competitive edge. No competitor can match the way we turn a drawback into a feature. Our customer surveys confirm that customers take the interlocking assembly system as an enhancement to the sense of quality.

3.6 Future Products and Services

We will introduce the new line based on the executive laptop computer, with docking station to connect to a network. The new furniture has a different configuration to assume easy access to the docking station, and better use of the space that doesn't have to be dedicated to the CPU case.

4.0 Market Analysis

Our target market is a person who wants to have very fine furniture with the latest in technology, combined with an old fashioned sense of fine woods and fine woodworking. This person can be in the corporate towers, small or medium business, or in a home office. There is an appreciation of quality and lack of price constraints.

4.1 Target Market Segmentation Strategy

We are not intending to satisfy all users of office furniture intended for use with personal computers, but, rather, only those who are most demanding. We are definitely out to address the needs of the high-end buyer, who is willing to pay more for quality.

In our particular market, we also seek the buyer who appreciates two attributes: the quality of furniture workmanship and the excellence of design, with an understanding of technology and ergonomics built in.

4.1.1 Target Market Needs

We understand that our target market needs more than just office furniture. The need grew out of the special needs of personal computing, when combined with office furniture -- keyboards at correct height, monitors at correct height, proper channels for cables, and other amenities. Our target customer wants to have all of that plus fine furniture. There is a need for quality, reassurance of wood and good workmanship. We don't just sell office furniture, we sell office environment and design, plus workmanship.

4.1.2 Market Trends

Our market has finally grown to recognize the disparity between most of the standard office furniture sold through channels, and our own products. The development of the high-end office worker, office owners, and baby-boomer executive is an important trend for us. We now have people who are using computers who also appreciate the old-fashioned workmanship of good furniture.

4.1.3 Market Growth

According to XXXX, the market for office furniture is growing at XX percent per year, and is projected to increase. The market for PC-related office furniture is growing even faster, at YY percent per year, and is projected to top \$XX billion by the year XXXX.

Most important is the growth in home offices with personal computer equipment. As the cost of the computer goes down, steadily, the number of home offices goes up. According to XXX this is about 36 million right now, growing at 15 percent per year. Households spent \$XX billion last year to equip home offices, and 15 percent of that was spent on furniture.

4.2 Market Segmentation

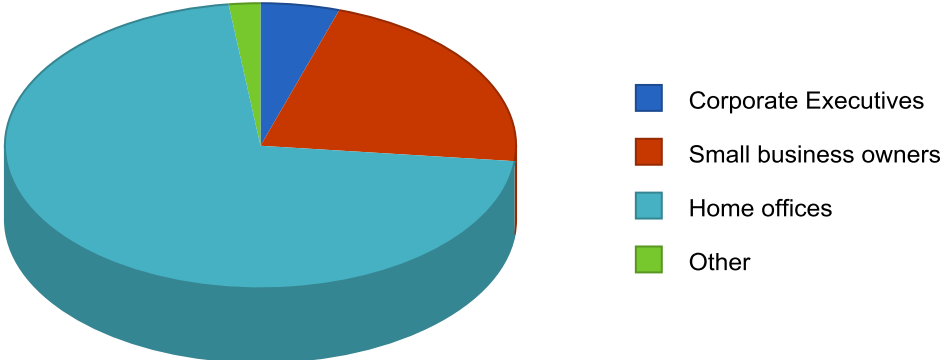
- **Corporate executives:** Our market research indicates about 2.5 million potential customers who are managers in corporations of more than 100 employees. The target customer is going to be at a high executive level.
- **Small business owners:** Our customer surveys indicate a strong market among the owners of businesses with fewer than 100 employees. There are 11 million such businesses in this country.
- **Home offices:** The home office business has proliferated during the 1990s, and we also have home offices for people employed outside the home. This is a big market, some 36 million home offices, growing faster than other markets.

Market Analysis Table

Market Analysis		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Corporate Executives	1%	2,500,000	2,525,000	2,550,250	2,575,753	2,601,511	1.00%
Small business owners	4%	11,000,000	11,440,000	11,897,600	12,373,504	12,868,444	4.00%
Home offices	10%	36,000,000	39,600,000	43,560,000	47,916,000	52,707,600	10.00%
Other	3%	1,000,000	1,030,000	1,060,900	1,092,727	1,125,509	3.00%
Total	8.23%	50,500,000	54,595,000	59,068,750	63,957,984	69,303,064	8.23%

Market Analysis Pie Chart

Market Analysis (Pie)



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4.3 Service Business Analysis

The office furniture industry has undergone a great deal of change in this decade. The growth of the office superstores made a few large brands dominant. They produce relatively inexpensive furniture that makes compromises in order to stay at the low price level.

Makers of higher quality furniture are in general shuffling for niches to hide in. Many of the more traditional furniture makers are looking for niches, trying to deal with declining sales as the main volume goes elsewhere.

4.3.1 Industry Participants

The main volume in the industry is now concentrated in four main brands, all of which compete for retail sales through major retail chain stores: Office Depot, Office Max, Staples, and others. These same four are also concentrating efforts as well in the major club discount stores: Price Club, Costco, Sams, etc.

The growth of the office superstores made a few large brands dominant. Designs are similar and quite competitive, costs and cost control is critical, and channel management and channel marketing are the keys to these business' continued success.

In mainstream office furniture, the rise of the office store channel has siphoned a lot of volume from the older and more traditional manufacturers. The channels that sold the more traditional lines are also suffering. What's left are smaller brands, smaller companies, and divisions of more traditional furniture companies.

4.3.2 Distribution

The four main manufacturers are selling direct to the office superstores and buying discount clubs. This accounts for the main volume of distribution. The office furniture customer seems to be growing steadily more comfortable with the retail buy in the chain store.

The major corporate purchases are still made directly with manufacturers. Although this is still a major channel for some of the more traditional manufacturers, it is essentially closed to new competition. The direct channel is dominated by two manufacturers and two distributors.

Published research indicates that 51% of the total sales volume in the market goes through the retail channel, most of those major national chains. Another 23% goes through the direct sales channel, although in this case direct sales include sales by distributors who are buying from multiple manufacturers. The remainder, 18%, is sold directly to buyers by catalogs.

4.3.3 Competition and Buying Patterns

In the mainstream business, channels are critical to volume. The manufacturers with impact in the national sales are going to win display space in the store, and most buyers seem content to pick their product off the store floor. Price is critical, because the channels take significant margins.

In direct sales to corporations, price and volume is critical. The corporate buyer wants trouble-free buying in volume, at a great price. Reliable delivery is as important as reliable quality.

In the high-end specialty market, *particularly in our niche*, features are very important. Our target customer is not making selections based on price. The ergonomics, design, accommodation of the computer features within the high-quality feel of good wood, is much more important than mere price. We are also seeing that assembly is critical to shipping and packing, but our customer doesn't accept any assembly problems. We need to make sure that the piece comes together almost like magic, and as it does, it presents a greater feel of quality than if it hadn't required assembly at all.

4.3.4 Main Competitors

AAAAA

AAAAAA has been operating since the middle 1980s, and grew up with computer-related furniture. It was one of the first, certainly the first we are aware of, to develop personal computer desks and market through advertising in computer magazines. Today they are about twice our size. They have a very nicely done catalog and good relationships with two distributors.

- **Strengths:** good marketing, strong advertising budget, relationships with distributors, strong direct sales.
- **Weaknesses:** the product is more standardized, and of lesser quality, with less sense of design and materials and workmanship.

BBBBBB

BBBBBB is a division of XXXXX Furniture, the second largest manufacturers of mainstream home furnishings. XXXXX bought BBBBB three years ago and is focusing on our niche. We see very good quality product, and an excellent sense of design, but little movement in channels or catalogs.

- **Strengths:** financial backing, product quality.
- **Weaknesses:** ABC has not seemed to understand our niche, where to find the buyers, how to market as a specialty niche instead of the more traditional furniture channels.

5.0 Strategic and Sales Plan

We focus on a special kind of customer, the person who wants very high quality office furniture customized to work beautifully with modern technology including personal computers, scanners, internet connections, and other high-tech items. Our customer might be in larger corporations, small or medium business, or in a home office with or without a home-office business. What is important to the customer is elegance, fine workmanship, ease of use, ergonomics, and practicality.

Our **marketing strategy** assumes that we need to go into specialty channels to address our target customer's needs. The tie-in with the high-end quality catalogs like XXXX is perfect, because these catalogs cater to our kind of customers. We position as the highest quality, offering status and prestige levels of purchase.

The **product strategy** is also based on quality, in this case the intersection of technical understanding with very high quality woodworking and professional materials, and workmanship.

Our most important **competitive edge** is our assembly strategy, which is based on interlocking wood pieces of such high quality that assembly is not only a pleasure for our customers, it is actually a feature that enhances the sense of quality.

5.1 Strategy Overview

Our **main strategy** is to position ourselves at the top of the quality scale, featuring our combination of superb technology and fine old-fashioned woodworking, for the buyer who wants the best quality regardless of price. **Tactics** underneath that strategy include research and development related to new designs and new technology, choosing the right channels of distribution, and communicating our quality position to the market. **Programs** are mainly those listed in the milestones table, including new design programs, new equipment to keep up with design, channel development, channel marketing programs, our direct sales, and our continued presence in high-end catalog channels and new presence in the web.

5.2 Value Proposition

We give the discriminating personal computer user, who cares about design and quality furniture and quality of working environment, a combination of highest quality furniture and latest technology, at a relatively high price.

5.3 Competitive Edge

Our competitive edge is our dominance of high-technology ergonomics and traditional high-quality furniture workmanship. Although there are many computer furniture manufacturers, and many computer lovers, few have brought the two crafts together as we have.

5.4 Marketing Strategy

Our product is **positioned** very carefully: this is high-quality office furniture combining workmanship and ergonomics for the customer who understands quality, is a user of high technology equipment, and is willing to spend money on the best. We do not use laminates or cheap manufacturing technology.

Our **marketing strategy** is based mainly on making the right information available to the right target customer. What we really do is make sure that those who have the budget and appreciate the product know that it exists, and know where to find it.

The marketing has to convey the **sense of quality** in every picture, every promotion, and every publication. We can't afford to appear in second-rate catalogs with poor illustrations that make the product look less than it is.

5.4.1 Pricing Strategy

We will maintain our pricing position as a premier provider. We are the best product available, for the most discriminating consumer. We intend to maintain our separation from the price competition at the lower end of the business.

5.4.2 Promotion Strategy

Our most important vehicle for sales promotion is the direct mail catalog published by the specialty retailer such as XXXX and its competitors. Our advertising budget of \$264 million goes mainly for space in the specialty catalog.

We also participate in major industry events, including both the Spring and Fall national computer furniture shows and the fall computer show. Our total budget for events is \$40,000, plus about half of the \$31,000 travel budget.

This year we will also promote our products with an in-house catalog including our own products plus related merchandise of interest to the same target market.

5.4.3 Distribution Strategy (note- this section omitted for this sample plan)

Our most important marketing program is XXXXX. X Person will be responsible, with budget of \$XX,XXX and milestone date of the XXXX. This program is intended to XXXXX. Achievement should be measured by XXXXXX.

Another key marketing program is XXXXXX. X Person will be responsible, with budget of \$XX,XXX and milestone date of XXXX. This program is intended to XXXXX. Achievement should be measured by XXXXXX.

5.4.4 Positioning Statement

For discriminating personal computer users who want to integrate their PCs with fine furniture, the XXXXX line offers exquisite workmanship and design combined with state-of-the-art ergonomics and technology. We make no design compromises for standardization.

5.5 Sales Strategy

Our strategy focuses first on maintaining the identity with the high-end buyer who appreciates the best available quality, but is also very demanding regarding computer systems and technology. We've been able to find these customers using a combination of direct mail catalogs and direct sales to distributors.

For the next year we continue to focus on growing presence in the high-end direct mail catalog that finds our specialty customer. We will work with XXXX and XXXXX more than ever, and we expect to gain position in the major airline catalogs as well.

Our work with distributors has been promising. We hope to continue the relationship with distributors selling directly to larger corporations, even though this takes working capital to support receivables.

5.5.1 Sales Programs

Specific sales programs:

1. **Catalog Sales:** develop placement with one additional catalog catering to the high-end office executive, paying of course for space and positioning. The budget is \$10,000 for this program, due March 15, with X Person responsible.
2. **Distributor Sales:** we need to develop at least one new distributor, spending for co-promotion as required, and making direct sales calls. The specific responsibility is X Person, and due date is May 15, with a budget of \$15,000.
3. **Direct Sales:** we will do a mailing of a new in-house catalog, developed by the marketing department, to add to our direct telephone sales. X Person will be responsible, without a budget or a deadline because the catalog is a marketing program.

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5.5.2 Sales Forecast

We are expecting to increase sales, growing from \$225,000 last year to \$450,000 in the next year, which is about doubling in size. The growth forecast is in line with our last year, and is relatively high for our industry because we are developing new channels. In 1999 and 2000 we expect growth closer to 50% per year, to a projected total of more than \$1 million in 2000.

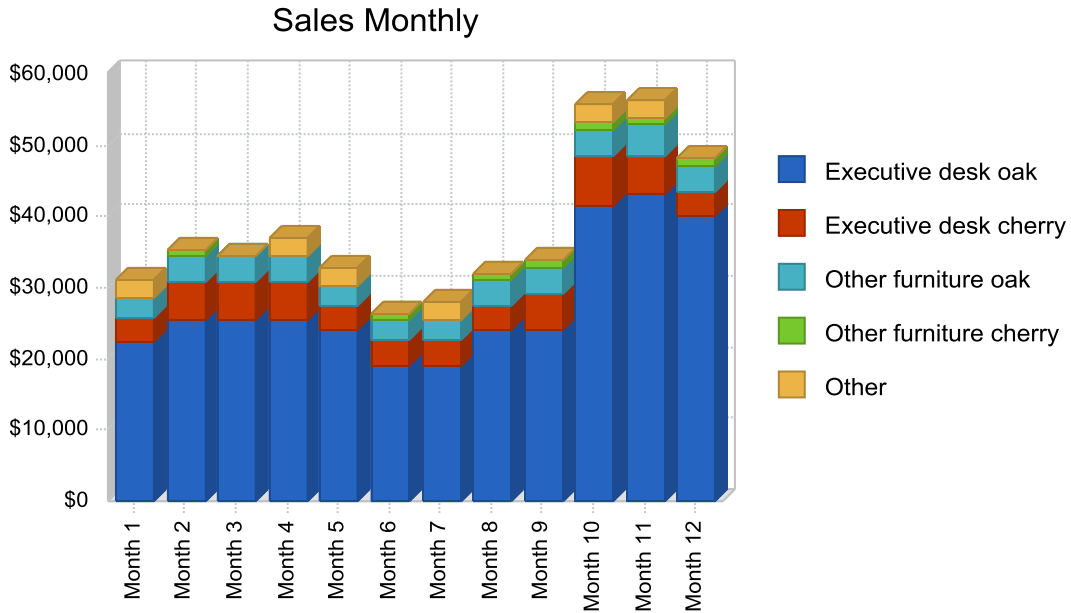
We are projecting significant change in the product line, or in the proportion between different lines. The key to our growth is the growth of the new channels, with the main desk.

Our seasonality, as shown in the chart, is still a factor in the business. We tend to sell much better in Spring and Fall, and sales drop in the Summer.

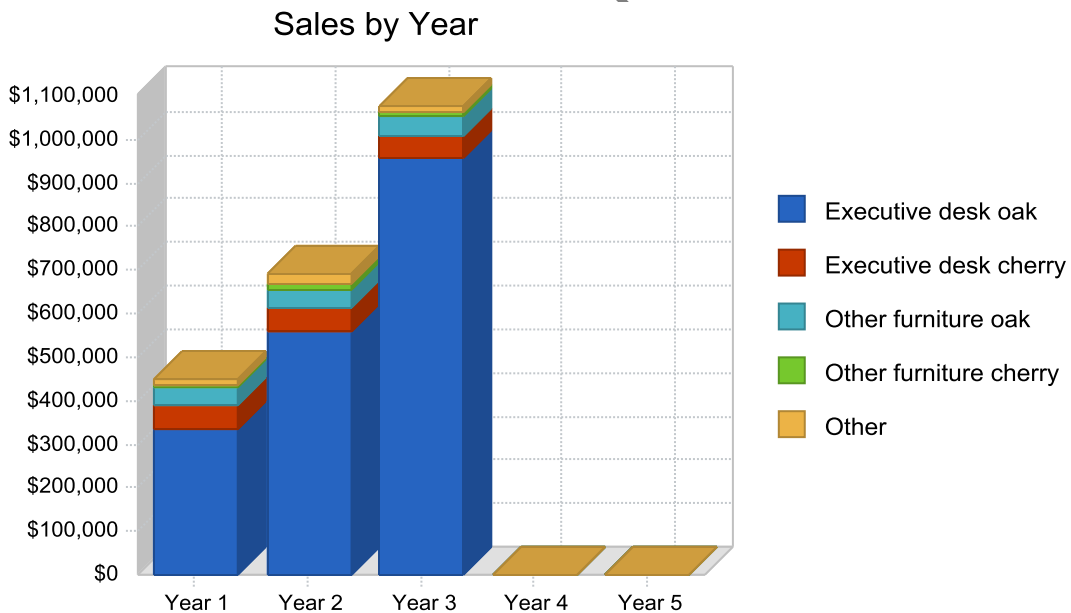
Sales Forecast Summary

<i>Sales Forecast</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Unit Sales					
Executive desk oak	209	350	600	0	0
Executive desk cherry	31	30	30	0	0
Other furniture oak	45	50	50	0	0
Other furniture cherry	7	10	10	0	0
Other	6	10	10	0	0
Total Unit Sales	298	450	700	0	0
Unit Prices					
	Year 1	Year 2	Year 3	Year 4	Year 5
Executive desk oak	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00
Executive desk cherry	\$1,750.00	\$1,750.00	\$1,600.00	\$1,600.00	\$1,600.00
Other furniture oak	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00
Other furniture cherry	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Other	\$2,500.00	\$2,500.00	\$1,600.00	\$1,600.00	\$1,600.00
Sales					
Executive desk oak	\$334,400	\$560,000	\$960,000	\$0	\$0
Executive desk cherry	\$54,250	\$52,500	\$48,000	\$0	\$0
Other furniture oak	\$40,500	\$45,000	\$45,000	\$0	\$0
Other furniture cherry	\$7,000	\$10,000	\$10,000	\$0	\$0
Other	\$15,000	\$25,000	\$16,000	\$0	\$0
Total Sales	\$451,150	\$692,500	\$1,079,000	\$0	\$0
Direct Unit Costs					
	Year 1	Year 2	Year 3	Year 4	Year 5
Executive desk oak	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Executive desk cherry	\$525.00	\$525.00	\$480.00	\$480.00	\$480.00
Other furniture oak	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00
Other furniture cherry	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Other	\$625.00	\$625.00	\$400.00	\$400.00	\$400.00
Direct Cost of Sales					
Executive desk oak	\$83,600	\$140,000	\$240,000	\$0	\$0
Executive desk cherry	\$16,275	\$15,750	\$14,400	\$0	\$0
Other furniture oak	\$8,100	\$9,000	\$9,000	\$0	\$0
Other furniture cherry	\$2,100	\$3,000	\$3,000	\$0	\$0
Other	\$3,750	\$6,250	\$4,000	\$0	\$0
Subtotal Direct Cost of Sales	\$113,825	\$174,000	\$270,400	\$0	\$0

Monthly Sales Chart



Yearly Sales Chart



5.6 Milestones

The accompanying table shows specific milestones, with responsibilities assigned, dates, and (in most cases) budgets. We are focusing in this plan on a few key milestones that should be accomplished.

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Milestones Table

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Spring trade show	1/1/1998	5/15/1998	\$10,000	Xxxxx	PR
Spring trade show	1/15/1998	5/15/1998	\$20,000	Xxxxx	Events
Spring trade show	1/15/1998	5/15/1998	\$6,000	Xxxxx	Travel
Our in-house catalog plan	1/31/1998	2/28/1998	\$0	Xxxxx	Other
First catalog	3/1/1998	4/15/1998	\$125,000	Xxxxx	Ads
New distributor	3/15/1998	3/30/1998	\$5,000	Xxxxx	Travel
New distributor	3/15/1998	4/30/1998	\$3,000	Xxxxx	Sales
Second catalog	4/1/1998	5/15/1998	\$85,000	Xxxxx	Ads
In-house catalog design	4/1/1998	5/1/1998	\$2,000	Xxxxx	Other
In-house catalog mailing	5/1/1998	6/1/1998	\$5,000	Xxxxx	Other
Third catalog placement	5/15/1998	6/15/1998	\$54,000	Xxxxx	Ads
Fall trade show	5/15/1998	10/15/1998	\$8,000	Xxxxx	PR
Fall trade show	5/15/1998	10/15/1998	\$20,000	Xxxxx	Events
Fall trade show	5/15/1998	10/15/1998	\$6,000	Xxxxx	Travel
Laptop product test	6/15/1998	6/20/1998	\$1,000	Xxxxx	Other
Laptop product release	1/1/1998	10/15/1998	\$15,000	xxxxx	PR
Totals			\$365,000		

6.0 Management Summary (note: we sometimes opt to put this section with or after the Company Section)

We are a small company owned and operated by XXXXXX, as a Subchapter S corporation. XXXX is the developer and designer of the products, and XXXXX manages the company as president.

6.1 Organizational Structure

XXXX, President, is responsible for overall business management. Our managers of finance, marketing, and sales report directly to XXXX.

XXXXX, designer, is responsible for product design and development, assembly, and manufacturing. Our workshop manager reports directly to XXXX.

As co-owners, XXXXX jointly develop business strategy and long-term plans. XXXXX is strong on product know-how and technology, and XXXX is strong on management and business know-how.

6.2 Management Team

XXXXX, president, had a successful career in retail before becoming half owner of XXXXX. She was an area manager of XXXXX, a buyer for XXXX, and merchandising assistant for XXXX. She has a degree in Literature from the University of XXXXX.

XXXXX, workshop manager, designed furniture for XXXXX Manufacturing before becoming half owner of XXXXX. He was responsible for one of the first executive desks designed to include customized fittings for personal computers, and was one of the first to design the monitor inside the desk under glass. He has an B.S. and M.S. in industrial design, from XXXX.

XXXXX, is marketing manager. XXXX joined XXXXX from the marketing department of the XXXX Furniture chain, having been in charge of national catalog production and catalog advertising.

Sample Business Plan – For example purposes only – Not a true indication of our highly customized and experienced work.

XXXX also managed direct sales at one of the furniture distributors that has since died to industry consolidation. XXX has a B.A. degree in literature from XXXXX.

6.3 Management Team Gaps

We depend on our professionals, our CPA and our attorney, for some key management help. We don't have a strong background in finance or business management.

As we grow we will need to develop more manufacturing technique, more mass production. XXXX grew up with the hand-made and custom furniture business, knows fine woodworking well, but admits a weakness in establishing standardized assembly.

6.4 Personnel Plan

The personnel table assumes slow growth in employees, and 10% per annum pay raises. We already have a strong benefits policy (with fully-paid medical, dental and life insurance, plus a profit sharing and 401K plan) and very low turnover.

Salaries are generally in line with market pay for our area, although our benefits are above standard market level, so we ultimately pay a bit more for our people than what might be considered standard in our market. XXXXX, however, is on average a lower wage location than most of the more developed industry areas.

As we grow, we expect to see steady increases in our personnel to match the increases in sales.

Personnel Payroll Table

<i>Personnel Plan</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Production Personnel					
Workshop manager	\$30,000	\$50,000	\$75,000	\$75,000	\$75,000
Assembly	\$21,600	\$30,000	\$60,000	\$0	\$0
Name or Title or Group	\$0	\$0	\$50,000	\$0	\$0
Subtotal	\$51,600	\$80,000	\$185,000	\$75,000	\$75,000
Sales and Marketing Personnel					
Marketing manager	\$37,000	\$65,000	\$72,000	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Subtotal	\$37,000	\$65,000	\$72,000	\$0	\$0
General and Administrative Personnel					
President	\$48,000	\$75,000	\$100,000	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Subtotal	\$48,000	\$75,000	\$100,000	\$0	\$0
Other Personnel					
Design	\$3,000	\$15,000	\$25,000	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
Subtotal	\$3,000	\$15,000	\$25,000	\$0	\$0
Total People	0	0	0	0	0
Total Payroll	\$139,600	\$235,000	\$382,000	\$75,000	\$75,000

7.0 Financial Plan (note: These are pretty simple financials. Based on the level of the business plan and the needs/purposes of the plan, we have the ability to produce many more sophisticated and highly detailed financials.)

The financial picture is quite encouraging. We have been slow to take on debt, but with our increase in sales we do expect to apply for a credit line with the bank, to a limit of \$150,000. The credit line is easily supported by assets.

We do expect to be able to take some money out as dividends. The owners don't take overly generous salaries, so some draw is appropriate.

7.1 Start-up Funding (note: this information will be included if it is a start up company)

Start Up Funding Requirements

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$0
Start-up Assets to Fund	\$0
Total Funding Required	\$0
Assets	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$0
Total Assets	\$0
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	
Owner	\$0
Investor	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$0
Loss at Start-up (Start-up Expenses)	\$0
Total Capital	\$0
Total Capital and Liabilities	\$0
Total Funding	\$0

7.2 Important Assumptions Behind the Financials

The accompanying table lists our main assumptions for developing our financial projections. The most sensitive assumption is the collection days. We would like to improve collection days to take pressure off of our working capital, but our increasing sales through channels makes the collection time a cost of doing business.

We also expect to see a decline in our inventory turnover ratio, another unfortunate side effect of increasing sales through channel. We find ourselves having to buy earlier and hold more finished goods in order to deal with sales through the channel.

General Assumptions Table

<i>General Assumptions</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Plan Month	1	2	3	4	5
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	90.00%	90.00%	90.00%	90.00%	90.00%
Tax Rate	25.42%	25.00%	25.00%	25.00%	25.00%
Other	0	0	0	0	0

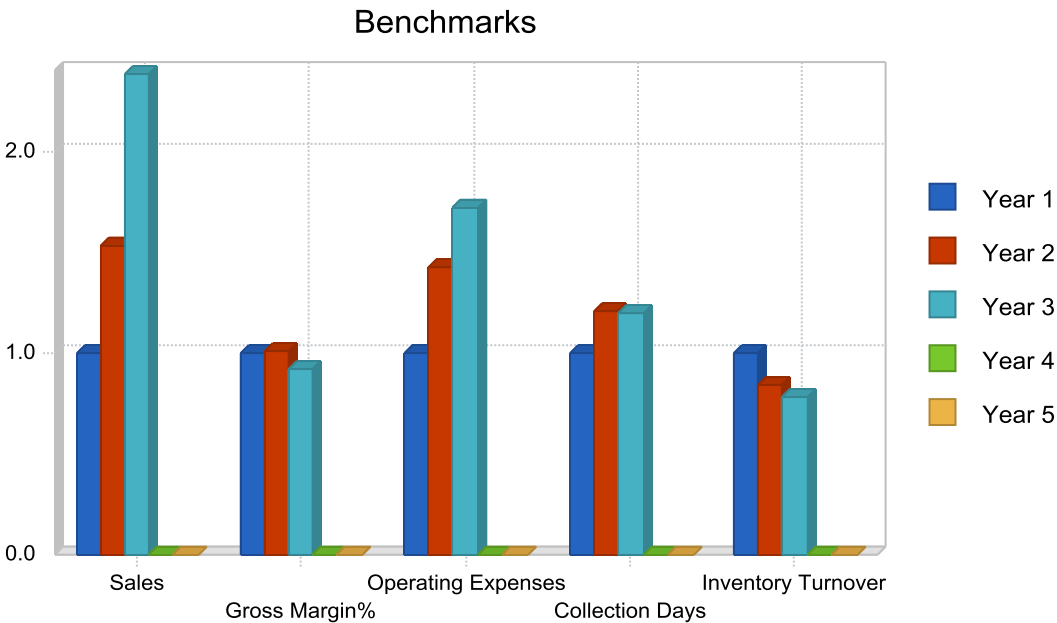
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7.3 Key Financial Indicators

The following chart shows changes in key financial indicators: sales, gross margin, operating expenses, collection days, and inventory turnover. The growth in sales will be very hard to manage. We expect our gross margin to be a bit lower than before, because our projections show a slight decline as we go into new product areas and face new competition.

The projections for collection days and inventory turnover show that we are already expecting a decline in these indicators, because of increasing sales through channels.

Financial Benchmarks Chart



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7.4 Break-even Analysis

Our break-even analysis is based on running costs, the "burn-rate" costs we incur to keep the business running.

Our assumptions on average unit sales and average per-unit costs depend on averaging.

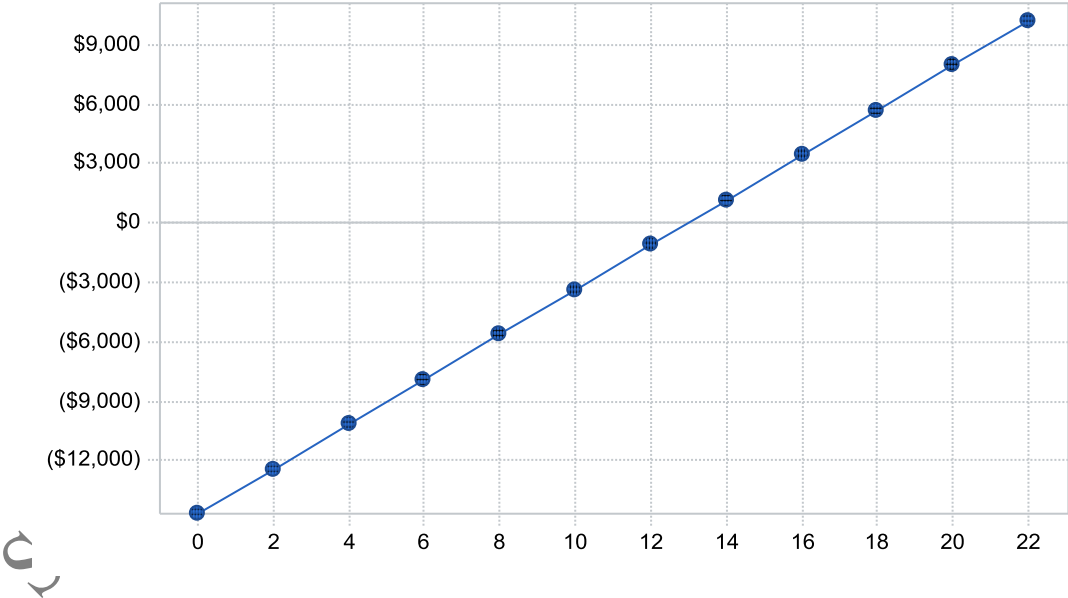
The essential insight here is that our sales level seems to be running comfortably above break-even.

Break-Even Analysis Table

<i>Break-even Analysis</i>	
Monthly Units Break-even	13
Monthly Revenue Break-even	\$19,627
Assumptions:	
Average Per-Unit Revenue	\$1,513.93
Average Per-Unit Variable Cost	\$381.96
Estimated Monthly Fixed Cost	\$14,675

Break-Even Analysis Chart

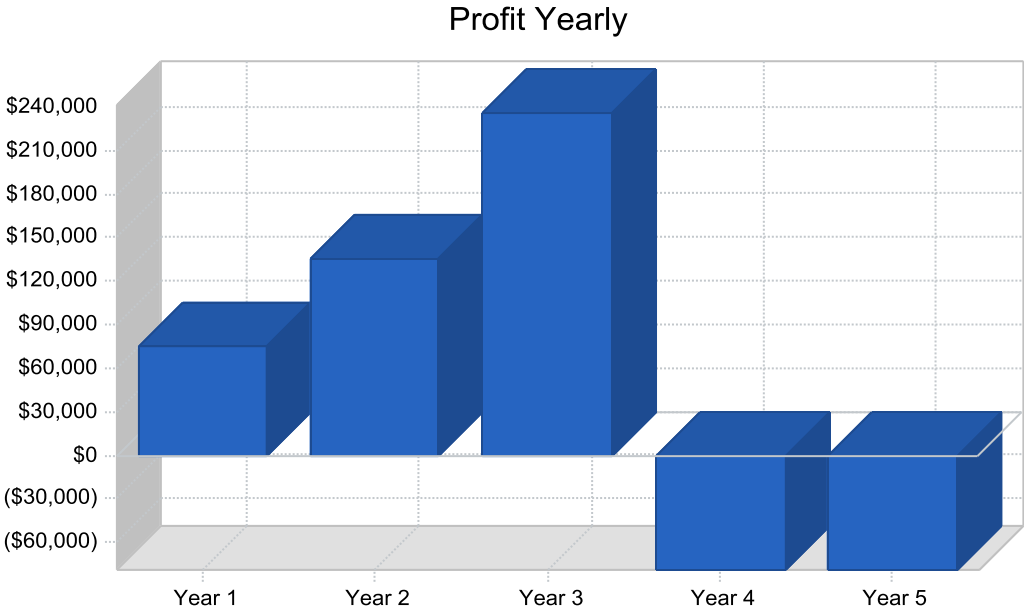
Break-even Analysis



7.5 Projected Profit and Loss

We do expect a significant increase in profitability this year, and in the future, because we have learned how to deal with the increasing sales levels of selling through channels. Despite the lower profitability levels of recent years, we expect to see very strong net profits in 1998, and remain at that level through 2000. Our higher sales volume has lowered our cost of goods and increased our gross margin. This increase in gross margin is important to profitability.

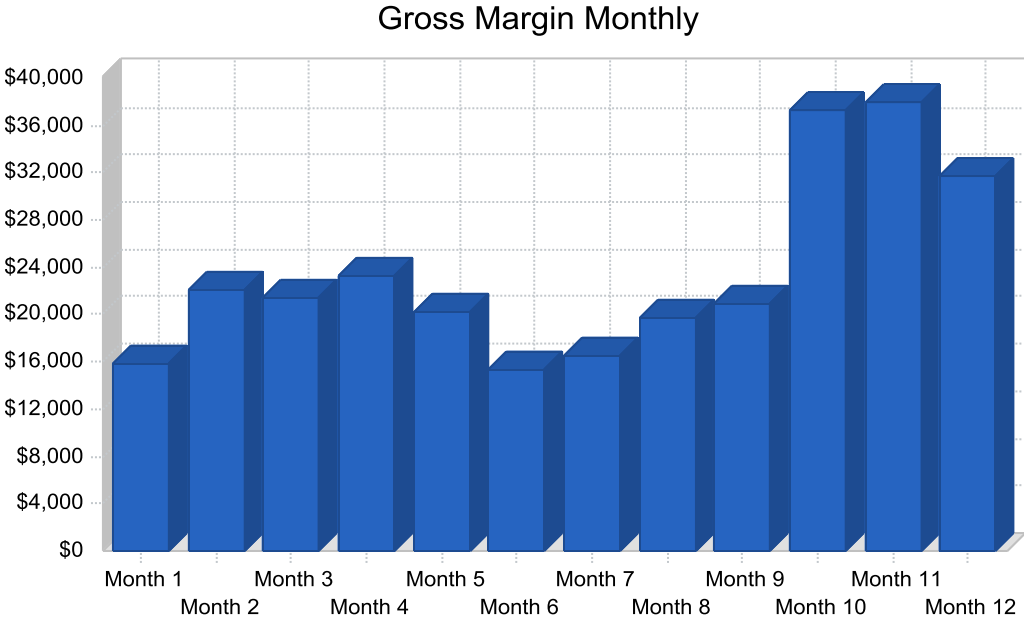
Yearly Profits Chart



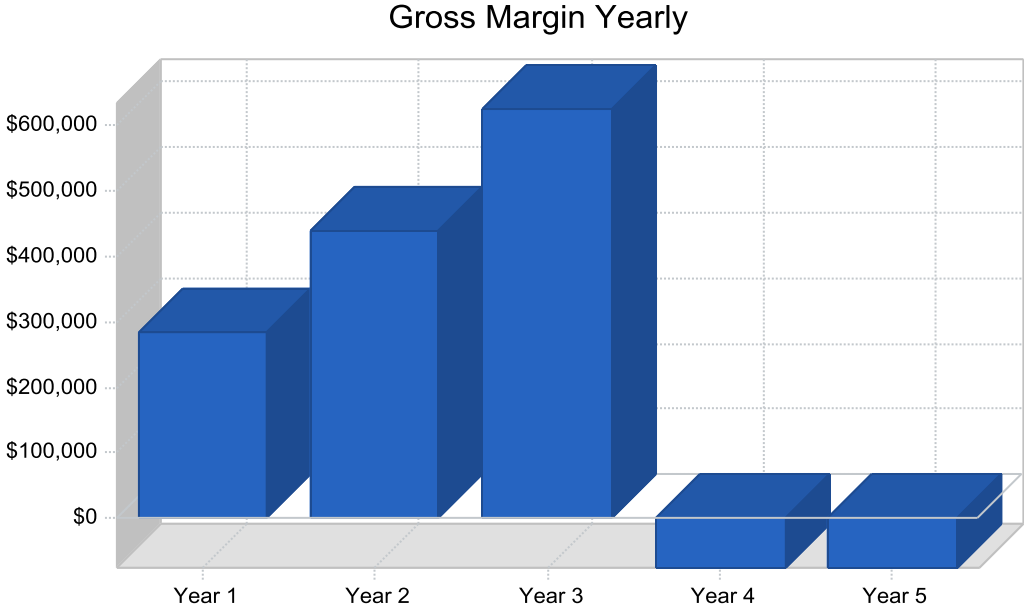
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Monthly Gross Margin Chart



Yearly Gross Margin Chart



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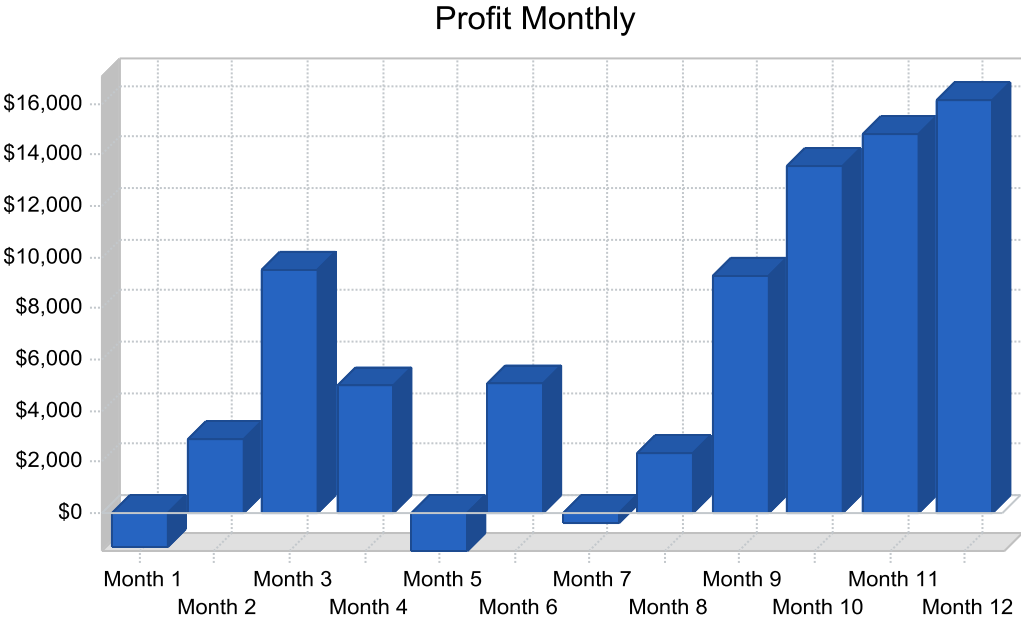
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Pro Forma Profit and Loss Statement

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$451,150	\$692,500	\$1,079,000	\$0	\$0
Direct Cost of Sales	\$113,825	\$174,000	\$270,400	\$0	\$0
Production Payroll	\$51,600	\$80,000	\$185,000	\$75,000	\$75,000
Other Costs of Sales	\$3,110	\$0	\$0	\$0	\$0
Total Cost of Sales	\$168,535	\$254,000	\$455,400	\$75,000	\$75,000
Gross Margin	\$282,615	\$438,500	\$623,600	(\$75,000)	(\$75,000)
Gross Margin %	62.64%	63.32%	57.79%	0.00%	0.00%
Operating Expenses					
Sales and Marketing Expenses					
Sales and Marketing Payroll	\$37,000	\$65,000	\$72,000	\$0	\$0
Advertising/Promotion	\$64,000	\$70,400	\$77,400	\$0	\$0
Miscellaneous	\$2,400	\$2,600	\$2,900	\$0	\$0
Events	\$6,250	\$6,900	\$7,600	\$0	\$0
Public Relations	\$750	\$800	\$900	\$0	\$0
Travel	\$4,500	\$5,000	\$5,500	\$0	\$0
Total Sales and Marketing Expenses	\$114,900	\$150,700	\$166,300	\$0	\$0
Sales and Marketing %	25.47%	21.76%	15.41%	0.00%	0.00%
General and Administrative Expenses					
General and Administrative Payroll	\$48,000	\$75,000	\$100,000	\$0	\$0
Marketing/Promotion	\$0	\$0	\$0	\$0	\$0
Depreciation	\$1,000	\$1,100	\$1,200	\$0	\$0
Leased Equipment	\$1,500	\$1,700	\$1,900	\$0	\$0
Rent	\$3,600	\$4,000	\$4,400	\$0	\$0
Utilities	\$2,400	\$2,600	\$2,900	\$0	\$0
Insurance	\$500	\$600	\$700	\$0	\$0
Payroll Taxes	\$0	\$0	\$0	\$0	\$0
Other General and Administrative Expenses	\$1,200	\$1,300	\$1,400	\$0	\$0
Total General and Administrative Expenses	\$58,200	\$86,300	\$112,500	\$0	\$0
General and Administrative %	12.90%	12.46%	10.43%	0.00%	0.00%
Other Expenses:					
Other Payroll	\$3,000	\$15,000	\$25,000	\$0	\$0
Consultants	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0	\$0	\$0
Total Other Expenses	\$3,000	\$15,000	\$25,000	\$0	\$0
Other %	0.66%	2.17%	2.32%	0.00%	0.00%
Total Operating Expenses	\$176,100	\$252,000	\$303,800	\$0	\$0
Profit Before Interest and Taxes	\$106,515	\$186,500	\$319,800	(\$75,000)	(\$75,000)
EBITDA	\$107,515	\$187,600	\$321,000	(\$75,000)	(\$75,000)
Interest Expense	\$6,094	\$5,875	\$4,875	\$3,875	\$3,875
Taxes Incurred	\$25,009	\$45,156	\$78,731	\$0	\$0
Net Profit	\$75,412	\$135,469	\$236,194	(\$78,875)	(\$78,875)
Net Profit/Sales	16.72%	19.56%	21.89%	0.00%	0.00%

Monthly Profit Chart



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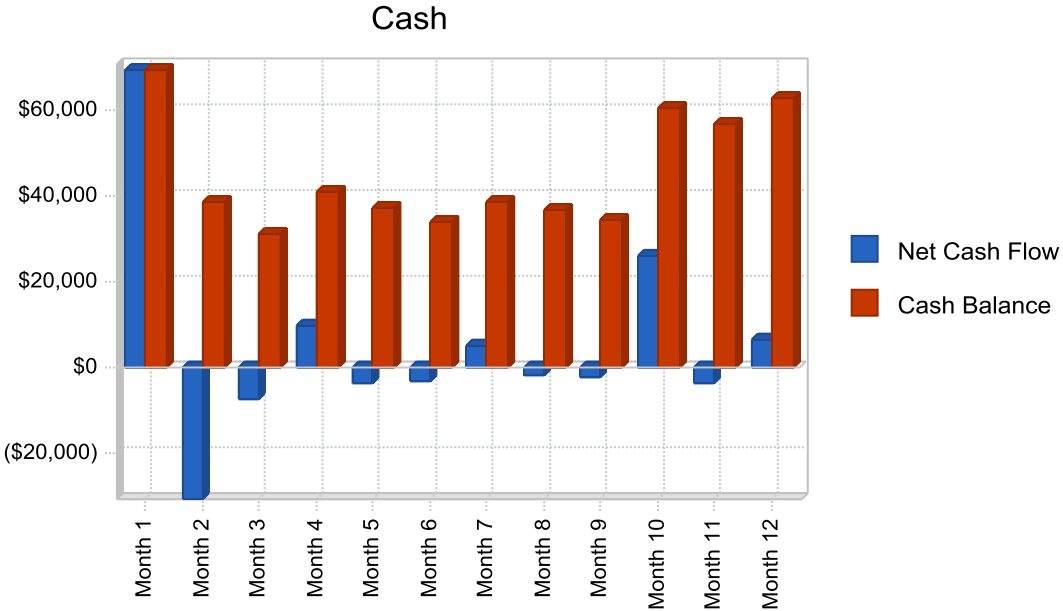
7.6 Projected Cash Flow

Although we expect to be more profitable in 1998, we still have drains on the cash flow. We need to invest \$25,000 in new assembly and manufacturing equipment, plus \$15,000 in new computer equipment, and another \$10,000 in miscellaneous short-term assets, including office equipment. Because of our increased sales through channels, and necessary increase in inventory levels, we need to increase working capital. We plan to extend our credit line to cover as much as \$150,000 in short-term credit, backed by receivables and inventory.

Pro Forma Cash Flow Statement

<i>Pro Forma Cash Flow</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$112,788	\$173,125	\$269,750	\$0	\$0
Cash from Receivables	\$261,361	\$478,182	\$743,283	\$184,161	\$0
Subtotal Cash from Operations	\$374,149	\$651,307	\$1,013,033	\$184,161	\$0
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$125,000	\$50,000	\$100,000	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$50,000	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$549,149	\$701,307	\$1,113,033	\$184,161	\$0
Expenditures					
Expenditures from Operations					
Cash Spending	\$139,600	\$235,000	\$382,000	\$75,000	\$75,000
Bill Payments	\$230,537	\$320,490	\$460,833	\$42,389	\$3,875
Subtotal Spent on Operations	\$370,137	\$555,490	\$842,833	\$117,389	\$78,875
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$66,250	\$50,000	\$120,000	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$50,000	\$20,000	\$30,000	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$486,387	\$625,490	\$992,833	\$117,389	\$78,875
Net Cash Flow	\$62,762	\$75,817	\$120,200	\$66,773	(\$78,875)
Cash Balance	\$62,762	\$138,579	\$258,778	\$325,551	\$246,676

Cash Flow Chart



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7.7 Projected Balance Sheet

Our projected balance sheet shows an increase in net worth to more than \$400,000 in 2000, at which point we expect to be making compelling profits on sales of \$1.1 million. With the present financial projections we will be careful in supporting our working capital credit line, and we are growing assets both because we want to -- new equipment -- and because we have to grow receivables and inventory to support growth in sales through channels.

Pro Forma Balance Sheet

<i>Pro Forma Balance Sheet</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$62,762	\$138,579	\$258,778	\$325,551	\$246,676
Accounts Receivable	\$77,001	\$118,194	\$184,161	\$0	\$0
Inventory	\$12,070	\$22,166	\$35,017	\$35,017	\$35,017
Other Current Assets	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$151,833	\$278,939	\$477,957	\$360,568	\$281,693
Long-term Assets					
Long-term Assets	\$50,000	\$70,000	\$100,000	\$100,000	\$100,000
Accumulated Depreciation	\$1,000	\$2,100	\$3,300	\$3,300	\$3,300
Total Long-term Assets	\$49,000	\$67,900	\$96,700	\$96,700	\$96,700
Total Assets	\$200,833	\$346,839	\$574,657	\$457,268	\$378,393
Liabilities and Capital					
Current Liabilities					
Accounts Payable	\$16,671	\$27,208	\$38,832	\$318	\$318
Current Borrowing	\$58,750	\$58,750	\$38,750	\$38,750	\$38,750
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$75,421	\$85,958	\$77,582	\$39,068	\$39,068
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$75,421	\$85,958	\$77,582	\$39,068	\$39,068
Paid-in Capital	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Retained Earnings	\$0	\$75,412	\$210,881	\$447,075	\$368,200
Earnings	\$75,412	\$135,469	\$236,194	(\$78,875)	(\$78,875)
Total Capital	\$125,412	\$260,881	\$497,075	\$418,200	\$339,325
Total Liabilities and Capital	\$200,833	\$346,839	\$574,657	\$457,268	\$378,393
Net Worth	\$125,412	\$260,881	\$497,075	\$418,200	\$339,325

7.8 Business Ratios

Our ratios look healthy and solid. Gross margin is projected to decline slightly, return on assets will run well above industry standards, and return on equity is excellent. Debt and liquidity ratios also look good, with our Quick ratio increasing over the next three years. The standard comparisons are based on SIC code 2521, manufacturers of wood office furniture.

Financial Ratios Table

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Year 4	Year 5	Industry Profile
Sales Growth	n.a.	53.50%	55.81%	n.a.	n.a.	4.60%
Percent of Total Assets						
Accounts Receivable	38.34%	34.08%	32.05%	0.00%	0.00%	23.80%
Inventory	6.01%	6.39%	6.09%	7.66%	9.25%	32.10%
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%	19.00%
Total Current Assets	75.60%	80.42%	83.17%	78.85%	74.44%	74.90%
Long-term Assets	24.40%	19.58%	16.83%	21.15%	25.56%	25.10%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	37.55%	24.78%	13.50%	8.54%	10.32%	38.40%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	15.90%
Total Liabilities	37.55%	24.78%	13.50%	8.54%	10.32%	54.30%
Net Worth	62.45%	75.22%	86.50%	91.46%	89.68%	45.70%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	62.64%	63.32%	57.79%	0.00%	0.00%	32.40%
Selling, General & Administrative Expenses	45.93%	43.76%	35.90%	0.00%	0.00%	18.90%
Advertising Expenses	14.19%	10.17%	7.17%	0.00%	0.00%	1.40%
Profit Before Interest and Taxes	23.61%	26.93%	29.64%	0.00%	0.00%	1.80%
Main Ratios						
Current	2.01	3.25	6.16	9.23	7.21	2.14
Quick	1.85	2.99	5.71	8.33	6.31	1.02
Total Debt to Total Assets	37.55%	24.78%	13.50%	8.54%	10.32%	54.30%
Pre-tax Return on Net Worth	80.07%	69.24%	63.36%	-18.86%	-23.24%	5.10%
Pre-tax Return on Assets	50.00%	52.08%	54.80%	-17.25%	-20.84%	11.10%
Additional Ratios						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Profit Margin	16.72%	19.56%	21.89%	0.00%	0.00%	n.a.
Return on Equity	60.13%	51.93%	47.52%	-18.86%	-23.24%	n.a.
Activity Ratios						
Accounts Receivable Turnover	4.39	4.39	4.39	0.00	0.00	n.a.
Collection Days	57	69	68	0	0	n.a.
Inventory Turnover	12.00	10.16	9.46	0.00	0.00	n.a.
Accounts Payable Turnover	14.83	12.17	12.17	12.17	12.17	n.a.
Payment Days	27	24	26	1,844	30	n.a.
Total Asset Turnover	2.25	2.00	1.88	0.00	0.00	n.a.
Debt Ratios						
Debt to Net Worth	0.60	0.33	0.16	0.09	0.12	n.a.
Current Liab. to Liab.	1.00	1.00	1.00	1.00	1.00	n.a.
Liquidity Ratios						
Net Working Capital	\$76,412	\$192,981	\$400,375	\$321,500	\$242,625	n.a.
Interest Coverage	17.48	31.74	65.60	-19.35	-19.35	n.a.
Additional Ratios						

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Assets to Sales	0.45	0.50	0.53	n.a.	n.a.	n.a.
Current Debt/Total Assets	38%	25%	14%	9%	10%	n.a.
Acid Test	0.83	1.61	3.34	8.33	6.31	n.a.
Sales/Net Worth	3.60	2.65	2.17	0.00	0.00	n.a.
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a.

7.9 Long-Term Plan (not included in this sample plan)

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Appendix—Note: This section will contain more items than shown in the sample plan.

Monthly Sales Forecast

<i>Sales Forecast</i>													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Unit Sales													
Executive desk oak	15%	14	16	16	16	15	12	12	15	15	26	27	25
Executive desk cherry	5%	2	3	3	3	2	2	2	2	3	4	3	2
Other furniture oak	5%	3	4	4	4	3	3	3	4	4	4	5	4
Other furniture cherry	5%	0	1	0	0	0	1	0	1	1	1	1	1
Other	20%	1	0	0	1	1	0	1	0	0	1	1	0
Total Unit Sales		20	24	23	24	21	18	18	22	23	36	37	32
Unit Prices													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Executive desk oak		\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00
Executive desk cherry		\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00
Other furniture oak		\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00	\$900.00
Other furniture cherry		\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Other		\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Sales													
Executive desk oak		\$22,400	\$25,600	\$25,600	\$25,600	\$24,000	\$19,200	\$19,200	\$24,000	\$24,000	\$41,600	\$43,200	\$40,000
Executive desk cherry		\$3,500	\$5,250	\$5,250	\$5,250	\$3,500	\$3,500	\$3,500	\$3,500	\$5,250	\$7,000	\$5,250	\$3,500
Other furniture oak		\$2,700	\$3,600	\$3,600	\$3,600	\$2,700	\$2,700	\$2,700	\$3,600	\$3,600	\$3,600	\$4,500	\$3,600
Other furniture cherry		\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other		\$2,500	\$0	\$0	\$2,500	\$2,500	\$0	\$2,500	\$0	\$0	\$2,500	\$2,500	\$0
Total Sales		\$31,100	\$35,450	\$34,450	\$36,950	\$32,700	\$26,400	\$27,900	\$32,100	\$33,850	\$55,700	\$56,450	\$48,100
Direct Unit Costs													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Executive desk oak	25.00%	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
Executive desk cherry	30.00%	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00	\$525.00
Other furniture oak	20.00%	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00
Other furniture cherry	30.00%	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Other	25.00%	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00	\$625.00
Direct Cost of Sales													
Executive desk oak		\$5,600	\$6,400	\$6,400	\$6,400	\$6,000	\$4,800	\$4,800	\$6,000	\$6,000	\$10,400	\$10,800	\$10,000
Executive desk cherry		\$1,050	\$1,575	\$1,575	\$1,575	\$1,050	\$1,050	\$1,050	\$1,050	\$1,575	\$2,100	\$1,575	\$1,050
Other furniture oak		\$540	\$720	\$720	\$720	\$540	\$540	\$540	\$720	\$720	\$720	\$900	\$720
Other furniture cherry		\$0	\$300	\$0	\$0	\$0	\$300	\$0	\$300	\$300	\$300	\$300	\$300
Other		\$625	\$0	\$0	\$625	\$625	\$0	\$625	\$0	\$0	\$625	\$625	\$0
Subtotal Direct Cost of Sales		\$7,815	\$8,995	\$8,695	\$9,320	\$8,215	\$6,690	\$7,015	\$8,070	\$8,595	\$14,145	\$14,200	\$12,070

Appendix—Note: This section will contain more items than shown in the sample plan.

Monthly Personnel Payroll

<i>Personnel Plan</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Production Personnel												
Workshop manager	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Assembly	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Name or Title or Group	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300
Sales and Marketing Personnel												
Marketing manager	\$4,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$4,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
General and Administrative Personnel												
President	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Other Personnel												
Design	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	\$12,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550

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Appendix—Note: This section will contain more items than shown in the sample plan.

Monthly Profit and Loss

<i>Pro Forma Profit and Loss</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$31,100	\$35,450	\$34,450	\$36,950	\$32,700	\$26,400	\$27,900	\$32,100	\$33,850	\$55,700	\$56,450	\$48,100
Direct Cost of Sales	\$7,815	\$8,995	\$8,695	\$9,320	\$8,215	\$6,690	\$7,015	\$8,070	\$8,595	\$14,145	\$14,200	\$12,070
Production Payroll	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300
Other Costs of Sales	\$3,110	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$15,225	\$13,295	\$12,995	\$13,620	\$12,515	\$10,990	\$11,315	\$12,370	\$12,895	\$18,445	\$18,500	\$16,370
Gross Margin	\$15,875	\$22,155	\$21,455	\$23,330	\$20,185	\$15,410	\$16,585	\$19,730	\$20,955	\$37,255	\$37,950	\$31,730
Gross Margin %	51.05%	62.50%	62.28%	63.14%	61.73%	58.37%	59.44%	61.46%	61.91%	66.89%	67.23%	65.97%
Operating Expenses												
Sales and Marketing Expenses												
Sales and Marketing Payroll	\$4,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Advertising/Promotion	\$8,000	\$8,000	\$0	\$8,000	\$8,000	\$0	\$8,000	\$8,000	\$0	\$8,000	\$8,000	\$0
Miscellaneous	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Events	\$0	\$750	\$0	\$0	\$3,000	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0
Public Relations	\$0	\$250	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$0	\$500	\$0	\$0	\$2,000	\$0	\$500	\$0	\$0	\$0	\$1,500	\$0
Total Sales and Marketing Expenses	\$12,200	\$12,700	\$3,200	\$11,200	\$16,700	\$3,200	\$11,700	\$11,200	\$3,200	\$13,700	\$12,700	\$3,200
Sales and Marketing %	39.23%	35.83%	9.29%	30.31%	51.07%	12.12%	41.94%	34.89%	9.45%	24.60%	22.50%	6.65%
General and Administrative Expenses												
General and Administrative Payroll	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Marketing/Promotion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
Leased Equipment	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Rent	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Utilities	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Payroll Taxes	15% \$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other General and Administrative Expenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total General and Administrative Expenses	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$4,725	\$6,225
General and Administrative %	15.19%	13.33%	13.72%	12.79%	14.45%	17.90%	16.94%	14.72%	13.96%	8.48%	8.37%	12.94%

Appendix—Note: This section will contain more items than shown in the sample plan.

Other Expenses:												
Other Payroll	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Expenses	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Other %	0.80%	0.71%	0.73%	0.68%	0.76%	0.95%	0.90%	0.78%	0.74%	0.45%	0.44%	0.52%
Total Operating Expenses	\$17,175	\$17,675	\$8,175	\$16,175	\$21,675	\$8,175	\$16,675	\$16,175	\$8,175	\$18,675	\$17,675	\$9,675
Profit Before Interest and Taxes	(\$1,300)	\$4,480	\$13,280	\$7,155	(\$1,490)	\$7,235	(\$90)	\$3,555	\$12,780	\$18,580	\$20,275	\$22,055
EBITDA	(\$1,300)	\$4,480	\$13,280	\$7,155	(\$1,490)	\$7,235	(\$90)	\$3,555	\$12,780	\$18,580	\$20,275	\$23,055
Interest Expense	\$625	\$615	\$563	\$552	\$510	\$469	\$417	\$406	\$396	\$510	\$542	\$490
Taxes Incurred	(\$578)	\$966	\$3,179	\$1,651	(\$500)	\$1,692	(\$127)	\$787	\$3,096	\$4,517	\$4,933	\$5,391
Net Profit	(\$1,348)	\$2,899	\$9,538	\$4,952	(\$1,500)	\$5,075	(\$380)	\$2,362	\$9,288	\$13,552	\$14,800	\$16,174
Net Profit/Sales	-4.33%	8.18%	27.69%	13.40%	-4.59%	19.22%	-1.36%	7.36%	27.44%	24.33%	26.22%	33.63%

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Appendix—Note: This section will contain more items than shown in the sample plan.

Monthly Cash Flow

<i>Pro Forma Cash Flow</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$7,775	\$8,863	\$8,613	\$9,238	\$8,175	\$6,600	\$6,975	\$8,025	\$8,463	\$13,925	\$14,113	\$12,025
Cash from Receivables	\$0	\$778	\$23,434	\$26,563	\$25,900	\$27,606	\$24,368	\$19,838	\$21,030	\$24,119	\$25,934	\$41,794
Subtotal Cash from Operations	\$7,775	\$9,640	\$32,046	\$35,800	\$34,075	\$34,206	\$31,343	\$27,863	\$29,493	\$38,044	\$40,046	\$53,819
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$75,000	\$5,000	\$0	\$5,000	\$0	\$0	\$0	\$5,000	\$5,000	\$20,000	\$10,000	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0
Subtotal Cash Received	\$82,775	\$39,640	\$32,046	\$40,800	\$34,075	\$34,206	\$31,343	\$32,863	\$59,493	\$58,044	\$50,046	\$53,819
Expenditures												
Expenditures from Operations												
Cash Spending	\$12,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550
Bill Payments	\$924	\$27,528	\$21,877	\$13,329	\$21,089	\$21,102	\$8,544	\$17,128	\$19,053	\$14,291	\$35,948	\$29,725
Subtotal Spent on Operations	\$13,474	\$39,078	\$33,427	\$24,879	\$32,639	\$32,652	\$20,094	\$28,678	\$30,603	\$25,841	\$47,498	\$41,275
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$6,250	\$6,250	\$6,250	\$5,000	\$5,000	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$13,474	\$70,328	\$39,677	\$31,129	\$37,639	\$37,652	\$26,344	\$34,928	\$61,853	\$32,091	\$53,748	\$47,525
Net Cash Flow	\$69,301	(\$30,688)	(\$7,631)	\$9,671	(\$3,564)	(\$3,446)	\$4,999	(\$2,065)	(\$2,361)	\$25,953	(\$3,702)	\$6,294
Cash Balance	\$69,301	\$38,613	\$30,982	\$40,654	\$37,090	\$33,644	\$38,643	\$36,577	\$34,217	\$60,170	\$56,468	\$62,762

Appendix—Note: This section will contain more items than shown in the sample plan.

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Appendix—Note: This section will contain more items than shown in the sample plan.

Monthly Balance Sheet

<i>Pro Forma Balance Sheet</i>													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$0	\$69,301	\$38,613	\$30,982	\$40,654	\$37,090	\$33,644	\$38,643	\$36,577	\$34,217	\$60,170	\$56,468	\$62,762
Accounts Receivable	\$0	\$23,325	\$49,135	\$51,539	\$52,689	\$51,314	\$43,508	\$40,065	\$44,303	\$48,660	\$66,316	\$82,720	\$77,001
Inventory	\$0	\$7,815	\$8,995	\$8,695	\$9,320	\$8,215	\$6,690	\$7,015	\$8,070	\$8,595	\$14,145	\$14,200	\$12,070
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$0	\$100,441	\$96,743	\$91,216	\$102,662	\$96,619	\$83,842	\$85,723	\$88,950	\$91,472	\$140,631	\$153,388	\$151,833
Long-term Assets													
Long-term Assets	\$0	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$50,000	\$50,000	\$50,000	\$50,000
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
Total Long-term Assets	\$0	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$50,000	\$50,000	\$50,000	\$49,000
Total Assets	\$0	\$100,441	\$121,743	\$116,216	\$127,662	\$121,619	\$108,842	\$110,723	\$113,950	\$141,472	\$190,631	\$203,388	\$200,833
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$26,789	\$21,442	\$12,626	\$20,370	\$20,827	\$7,975	\$16,487	\$18,602	\$13,086	\$34,943	\$29,150	\$16,671
Current Borrowing	\$0	\$75,000	\$73,750	\$67,500	\$66,250	\$61,250	\$56,250	\$50,000	\$48,750	\$47,500	\$61,250	\$65,000	\$58,750
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$101,789	\$95,192	\$80,126	\$86,620	\$82,077	\$64,225	\$66,487	\$67,352	\$60,586	\$96,193	\$94,150	\$75,421
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$101,789	\$95,192	\$80,126	\$86,620	\$82,077	\$64,225	\$66,487	\$67,352	\$60,586	\$96,193	\$94,150	\$75,421
Paid-in Capital	\$0	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$50,000	\$50,000	\$50,000	\$50,000
Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Earnings	\$0	(\$1,348)	\$1,552	\$11,090	\$16,042	\$14,542	\$19,616	\$19,236	\$21,598	\$30,886	\$44,438	\$59,238	\$75,412
Total Capital	\$0	(\$1,348)	\$26,552	\$36,090	\$41,042	\$39,542	\$44,616	\$44,236	\$46,598	\$80,886	\$94,438	\$109,238	\$125,412
Total Liabilities and Capital	\$0	\$100,441	\$121,743	\$116,216	\$127,662	\$121,619	\$108,842	\$110,723	\$113,950	\$141,472	\$190,631	\$203,388	\$200,833
Net Worth	\$0	(\$1,348)	\$26,552	\$36,090	\$41,042	\$39,542	\$44,616	\$44,236	\$46,598	\$80,886	\$94,438	\$109,238	\$125,412

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