

**MARICOPA COMMUNITY COLLEGES SBDC**

# THE BUSINESS PLAN: ROAD MAP TO SUCCESS

*An Entrepreneurs Handbook*



- Business Plan Basics
- Writing the Plan
- Using the Plan
- Recommended financial statements

**Revised 02/11**



### ***Business Plan Basics***

A business plan defines your business, identifies your goals, and serves as a tool to measure performance over time. A business plan helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is an important part of any loan application. Additionally, it can be used to motivate others and provide strategic vision for your company. The most important aspect of a business plan is that it can help you determine if you want to start the business at all!

### ***Plan your work***

The act of actually doing a plan is the most important aspect of the plan. It forces an entrepreneur to think through the steps they must perform to take an idea to reality. Today, hard work and common sense are not enough to automatically assure success. The importance of a comprehensive, thoughtful business plan cannot be overemphasized. Much hinges on it: outside funding, credit from suppliers, management of your operation, promotion, finances, and achievement of your goals and objectives.

Despite the critical importance of a business plan, many entrepreneurs drag their feet when it comes to preparing a written document. They argue that their marketplace changes too fast for a business plan to be useful or that they just don't have enough time. Just as a homebuilder would not begin construction without a blueprint, eager entrepreneurs shouldn't rush into a new business without a business plan.

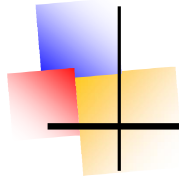
Before you begin writing your business plan, consider four core questions:

- What service or product does your business provide and what need does it fill?
- Who are the potential customers for your product or service and why will they purchase from you?
- How will you reach your potential customers?
- Where will you get the financial resources to start your business?

### ***Why Write a Plan?***

First, do a plan for yourself. Plan to update, change and amend your plan regularly. The process should continue through the life of your business, and it should guide you through every step.

Your plan will give potential investors the information they need to make a decision on whether to invest or not. It helps them to analyze risk and make an informed decision, which can be important if and when things get rough. It gives lenders the information they need to make an informed decision, also. It answers their questions of 'how much', 'how long is it required', and 'how and when will it be repaid'. It is today an essential element in applications for startup loans and Small Business Administration guarantees.



## ***AUTHORSHIP***

Investors and lenders expect a plan to be neatly typed and free of errors. Only use a professional to help you if it is absolutely necessary. Having another person write your business plan for you is not recommended. The plan should be real to the reader, not too slick or polished. Substance is more important than form. Don't waste scarce financial resources on a too-professional looking document.

Avoid the "trust me" school of thought. It does not work with business plans. Avoid the use of vague words such as 'might', 'probably', 'maybe', or 'perhaps'. Be positive and definitive or don't say it at all.

Confidentiality is also a consideration. Never hand out your plan to just anyone. Non-disclosure statements, control numbering, and labeling each page "confidential" are all methods of making sure your plan doesn't end up in the wrong hands.

## ***Lender Requirements***

They want to know your history. Your experience and credit history are important factors in making their decision. What is your collateral? What assets do you have and what are you willing to risk for your success? Lenders look for secondary sources of repayment. How will they get repaid if things don't work out as planned? What is your repayment plan? The asset financed should meet the term of the loan. Equipment loans should typically be no longer than five years. Accounts receivable and inventory are usually limited to one year. What is the demand for your product or services? Demonstrate through sales history, orders or other market data, including surveys and market studies for startups. Is there enough margin of error in your plan? Lenders want room for unplanned events which would not prohibit repayment of their loan. Are your plans and projections reasonable and realistic? Take a conservative approach which you are confident you can achieve. Be able to "out-perform" your projections.

## ***The Business Plan***

Put your completed plan in a 3-ring binder for yourself. Keep the plan as short as possible. Make changes, additions, and deletions over time, and keep it up to date. Your cover sheet should contain your company name, address, phone numbers, and logo if you have one.

## ***What Goes in the Business Plan?***

This is an excellent question. The body can be divided into nine sections:

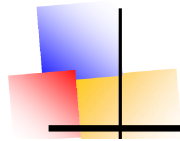


Table of Contents:

- 1) Executive Summary
- 2) Business Name
- 3) Business Information
- 4) Marketing Analysis
- 5) Marketing Strategy
- 6) Operating Plan
- 7) Management Plan
- 8) Financial Plan
- 9) Other Attachments

On the following pages, you can find a business plan with explanations for each section. This plan is a guide to use when writing your own plan. A plan will follow with fill in the blank sections. You can start keeping notes of your own and develop your plan.



On the following pages, you will find a business plan with explanations for each section. This plan is meant to be a guide to use when writing your own plan. A fill-in-the-blanks plan will follow so you can start developing your own plan.

Cover page

Business Plan

For

Sample Business

Owners:  
Your Name  
Address  
City, State, Zip Code  
Telephone  
Cell Phone  
Fax  
E-mail

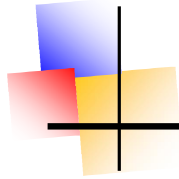


Table of Contents:

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## **1)EXECUTIVE SUMMARY**

Many investors like to read a brief summary of the business plan that highlights the important features. You probably should not write your summary until you have written the rest of your plan. Write the summary last. Allow plenty of time to write it. It will be the first thing that is read about your business and maybe the last unless it is convincing.

We suggest this section be two pages or fewer.

Include everything you would cover in a five minute interview. Provide the general fundamentals of the proposed business. What will your product be? Who will your customers be? Who are the owners? Loan amount? Structure? Management?

Include your mission. The mission statement should be a representation of the enterprise's purpose for existence. It should incorporate meaningful and measurable criteria addressing concepts such as moral/ethical position of the company, public image, target market, products/services, and geographic area and expectations of growth and profitability. The following are examples of mission statements from real enterprises:

3M

"To solve unsolved problems innovatively."

Mary Kay

"To give unlimited opportunity to women."

Merck

"To preserve and improve human life."

Sony (1950)

Become the company most known for changing the worldwide poor-quality image of Japanese products."



## 2) BUSINESS NAME

List the name you plan to call the business. Include whether or not the name is protected. Identify the type of business structure you chose for the business.

## 3) BUSINESS INFORMATION

This section should clearly present the business that you are in, the product you will offer, the status of your industry.

### A. The Industry

Present the current status of the industry. Is it a growth industry? What changes do you foresee? How will your company be poised to take advantage of them.

### B. The Company

Describe briefly what business area your company is in, or intends to enter; what products or services it will offer. Give location information and hours of operation.

### C. The Products or Services

The reader will be vitally interested in exactly what you are going to sell, what kind of product protection you have, and the opportunities and possible drawbacks to your product or service.

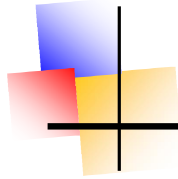
1. Description: Describe in detail your products or services. Emphasize any unique features of your product or service, and highlight any differences between what is currently on the market and what you will offer.

2. Proprietary Position: Describe any patents, trade secrets or other proprietary features. Discuss any industry lead that you might have that would enable you to achieve a favored position above others in your industry.

3. Future Products or Services: List all future products and Services that Show progression in the business.

4. Features Describe any features of your product or service that give it a competitive advantage or are unique.

5. Pricing: What are the pricing, fees, legal structure of your product or service? Pricing is one of the more important decisions you will have to make. Are your prices in line with your image? Do your prices cover costs and leave a margin for profit?



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## 4) MARKET ANALYSIS

No matter how good your product or service, your business can not succeed without effective marketing. It is very dangerous to assume that you already know about your intended market. You need to do market research to make sure you're on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

There are two kinds of market research: primary and secondary.

Secondary research uses published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. The information is available at a public library, industry associations, chambers of commerce, vendors who sell to your industry, and government agencies like the Small Business Development Center or the Small Business Administration.

Primary research means you gather your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and use a survey or focus group to learn about customer preferences.

In your plan, be as specific as possible, give statistics, numbers, and sources. The marketing plan will be the basis for sales and financial projections created later on in the planning process.

### A. Customers

Discuss who your customers are for the product or service. Classify potential customers into identifiable characteristics. For example, an automotive part might be sold to automotive manufacturers or to parts distributors supplying the replacement market.

Who and where are the major purchasers for the product or service?

What is the basis for their purchase decision: price, quality, service, personal contacts, political pressures or some combination of these factors?

If you have an existing business, list your current principal customers and discuss the trend in your sales to them.

### B. Competition

Make a realistic assessment of the strengths and weaknesses of competitive products and services. Who are your competitors? Name? Products/Service features? Consider factors such as price, service, location, and marketing program. How competitive is the market? High, Medium,



or Low? Are there a lot of companies doing the same thing as you or are you the only one?

#### C. Estimated Sales

Based upon your assessment of the advantages of your product or service; the market size and trends; customers; the competition and their products, and the sales trends in prior years; project your sales for each of the next five years. The growth of the company's sales should be related to the growth of its industry, the customers and the strengths and weaknesses of competitors.

#### D. Ongoing Market Evaluation

Explain how you will evaluate your target markets to assess customer needs; to guide product/service improvement and new product/service programs; and to guide product/service pricing.

#### E. Industry Analysis

This section should cover current industry conditions, industry leaders and the trends of the leaders, and research and technology. In the research and technology section, include what has changed in terms of technology that affects the industry.

### **5) MARKETING STRATEGY**

The marketing plan describes how you will reach your sales numbers. It should detail the overall marketing strategy, sales and service policies, pricing, distribution and advertising strategies that will be used to reach the sales projections. It should describe specifically what is to be done, how it will be done, and who will do it.

#### A. Overall Marketing Strategy

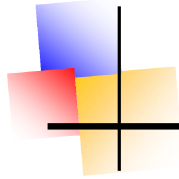
Describe the general marketing strategy. It should include a discussion of: What kinds of customer groups will be targeted initially? What features of the product or service will be emphasized to generate sales— e.g., quality, price, delivery, warranty? Indicate whether the product or service will be introduced nationally or on a regional level. Discuss any seasonal trends and what can be done to promote sales out of season.

#### B. Pricing

List the prices you expect to charge for your product or service. Include a sample menu, price list, or other means of showing how you plan to price products.

#### C. Sales Tactics

Describe the methods that will be used to make sales and to distribute the product or service. Will the company use its own sales force; sales representatives; or distributors?



#### D. Service and Warranty Policies

If your company will offer a product that will require service and warranties. Describe the kind and term of any warranties to be offered. Indicate whether service will be a profitable or breakeven operation.

#### E. Advertising and Promotion

Describe the approaches the company will use to bring its product to the attention of prospective purchasers. Will you use the newspaper, radio, yellow pages, billboard, magazine, or a website.

### **6) OPERATING PLAN**

A service business may need to focus on finding an appropriate location, minimizing overhead, leasing or buying the required equipment, and obtaining highly skilled or trained labor force. A retail business will need to discuss location, rent versus buy, remodeling, store layout, purchasing, and inventory control techniques. The guidelines given below are general enough to cover all businesses

#### A. Location

Describe the planned location of the business and discuss any advantages or disadvantages of the site. Describe whether you are leasing or purchasing the site

#### B. Strategy and Plans

Discuss the inventory required at various sales levels. Discuss how you will organize and operate your purchasing function to insure inventories are on hand for sale.

#### D. Labor Force

Exclusive of management functions (discussed later), does the local labor force have the necessary skills in sufficient quantity and quality to supply the services of your company. If the skills of the labor force are inadequate to the needs of the company, describe the kinds of training that you will use to upgrade their skills.

### **7) MANAGEMENT PLAN**

The management team is the key to turning a good idea into a successful business. Bankers and investors look for a committed management team with a balance of technical, managerial and business skills and experience in doing what is proposed.



#### A. Organization

Present the key management roles in the company and the individual who will fill each position. If the company is established and of sufficient size an organization chart can be attached as an exhibit.

#### B. Key Management Personnel

Describe the exact duties and responsibilities of each of the key members of the management team. A resume for each key management member should be attached to the business plan. These resumes should stress training, experience and accomplishments of each person in performing functions similar to that person's role in this business.

#### C. Management Compensation

State the salary that is to be paid to each key person.

#### D. Supporting Professional Services

State the legal, accounting, advertising and banking organizations that you have selected. Capable, reputable and well-known supporting service organizations that provide significant direct, professional assistance and can also add to the credibility of your plans.

### **8)THE FINANCIAL PLAN**

The financial plan is basic to the evaluation of a business opportunity and should represent the entrepreneur's best estimates of future operations. Because of the importance of financial projections as an indication of the potential feasibility of a new business, it is extremely important that any assumptions made in its preparation be fully explained and documented. The Small Business Development Center has a financial spreadsheet program to assist you with the completion of the financial projection. The spreadsheet creation is based on your data but it is compiled using an Excel spreadsheet that contains all the following components.

The five year financial spreadsheet projections contains the following:

- a. Balance Sheet
- b. Income Statement
- c. Cash flow Projections
- d.. Breakeven Analysis
- e. Ratios
- f. RMA analysis
- g. Assumptions
- h. Loan information and amortization

In the case of an existing business seeking expansion capital, balance



sheets and income statements for the current and at least two prior years should be presented as well. The SBDC can create an historical spreadsheet and projection, as well. Examples of financial projections have been provided in the appendix.

#### Fill-in-the-Blanks Plan

The following plan is designed for most businesses to fill in the blanks. The plan is available as a template on the SBDC website, <http://www.npcsbdc.com>. The plan is meant to help you cover the areas that are most important to the finance community.

#### Cover page

Business Plan

For

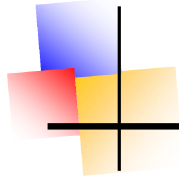
Sample Business

Owners:  
Your Name  
Address  
City, State, Zip Code  
Telephone  
Cell Phone  
Fax  
E-mail



Table of Contents:

Contents:	Page
1) Executive Summary	
2) Name of Business	
3) )Business Information	
4) Marketing Research	
5) Marketing Plan	
6) Operating Plan	
7) Management Team	
8) Financial Plan	
9) Other Attachments	



## 1)EXECUTIVE SUMMARY

A. (business name) is a new (or existing) business located in (or where it be located). The business specializes in (list product or service).

B, Specific request of the plan is to solicit funds in the amount of (list I dollar amount from lender/investor)

- i. Loan Amount?
- ii. Purpose (need)
- iii. Repayment source
- iv. Sources of funds:
  - Equity by owner/investors \$
  - Loan Secured by \$
  - Total Sources \$
- v. Uses of funds:
  - Purchase Land \$
  - Construction Costs
  - Fixtures, Furnishings & Eqmt
  - Startup Expenses
  - TOTAL USES \$

### C. Financial Data

(List profits for the first five years, refer to attached projection)

The before tax profit for the first five years is as follows:

Year

- 1
- 2
- 3
- 4
- 5

### D Legal Structure

The business is structured as a (sole proprietorship, LLC, Corporation)

### E. Management

(Owner's name) is the owner of the firm. (Owner's name) has a back-ground in (give experience information). (Owner) has (number of years) working at (list previous job that relates to the business you are opening).

(List similar information for all management)



**THE BUSINESS PLAN:  
ROAD MAP TO SUCCESS**

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F. Supporting Professional Services

1. Accountant                      Name  
                                            Address  
                                            Attn: Name & Phone
  
2. Lawyer                              Name  
                                            Address  
                                            Attn: Name & Phone
  
3. Banker                              Name  
                                            Address  
                                            Attn: Name & Phone
  
4. General Assistance: NPC  
                                            Small Business Development Center  
                                            P.O. Box 610, Holbrook, AZ 86025  
                                            Attn: Name & Phone

G. Location

(Business name) will be located at (address). (Business name) will (lease or purchase) (list building size and use). A schematic of the floor plan and is attached in the appendices.

H. Mission Statement

[Put mission statement here. Look at previous examples]

I. Products/Services

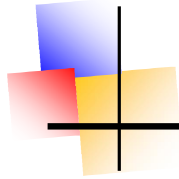
(Describe here what the product/service is and what it does).

J. Customers

We will be selling primarily to (private sector, wholesalers, retailers, government, etc). We will be targeting customers by (services/product line, geographic area, industry, sales)

K. Taxes & Licensing Requirements

(Name of your business) will be required to obtain the following tax, license and registrations:



- (local ) Business License
- (State License if applicable)
- Federal Employee Identification Number
- State Sales Tax Number ( TPT)
- Unemployment and Worker's Compensation Insurance
- Business Liability Insurance
- Sales Tax Exemption Certificate for Wholesaling
- Any other permits required will be obtained

## **2) Business Name**

The business will be known as (put name of business). The name (will be or is) protected by filing with the Secretary of State and the (list County) County Recorder. The business will operate as a (sole proprietorship, partnership, corporation, LLC).

## **3)Business Information**

### A. The Industry

1. The current status of the industry is (growth, decline or stable)
2. The business owners foresee the following changes in the industry (list changing market place information, demographics)
3. The company will take advantage of the industry changes by (list strategies you will use to penetrate the market)

### B. The Company

The purpose of this business is to provide (list what you are providing)

The proposed business will be located at (list location). The location is zoned ( list current zoning). (Business name) intends to (lease or purchase) the property. The cost of the (lease or purchase) is (list cost here).

The business hours will be from (List hours and days here). The business will be closed (nights, weekends, holidays).



### C. Products or Services

#### 1) Description

We will offer the following products, services and amenities:

a.

b.

c.

#### 2) Proprietary Position [brands, trademarks, unique features]

#### 3) Future Products and Services [if appropriate, showing progression of business]

a.

#### 4). Features:

The features we will emphasize are ( listed what features of your product or service that give you a competitive advantage . List what makes your product unique)

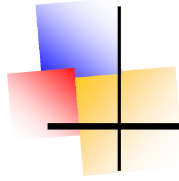
#### 5) Pricing:

a) We will use ( see below for choices) pricing structure

- Markup on cost ( list % mark up)
- Suggested retail price
- Competitive
- Below Competition

b) Our pricing will be consistent with our business image of ( low cost, high quality, best service)

c) Our prices will cover our operating costs and leave a margin of ( list net profit)



## 4) MARKET ANALYSIS

### A. Customers

1. We will be selling primarily to (private sector, wholesalers, retailers, government). (If you are in business list who you are selling to currently and the trends) The basis of the purchasing decision is (price, quality, service, personal contacts, political pressure, or some combination of these factors)

2. We will specific target customers by (list specific target such as income, age, field of employment, etc)

- a) Geographic area (list geographic area)
- b) Target sales of ( list item you are using to target customers)

### B. Competition

The White Mountain area is rapidly expanding through residential and commercial development. (Business name) targets the (List target market) with. Potential exists for (list other potential targets)

At the present time, there is (list the number of competitors) that offer direct competition. The market is (high, medium or low) in terms of direct competition.

<b>Comparative Competitor Analysis</b>							
Busi- ness	Prod- duct	Qual ity	Price	Ser- vice	Loca- tion	Mar- keting Pro- gram	Other

Note: Range 1-5 (5 being highest/best possible score.)

### C. Estimated Sales

Based upon our assessment of the advantages of our product or service; the market size and trends; customers; the competition and their products, we made the following sales projection for the next five years.

- (list years and sales amount)
- 1.
  - 2.
  - 3.
  - 4.
  - 5.



#### D. Ongoing Market Evaluation

(Business name) will evaluate the target markets to access customer need by (surveying customers, collecting data on sales, watching trends of top selling items, other)

#### E. Industry Analysis (use research data to complete)

- 1) Current industry conditions
- 2) Industry leaders
- 3) Industry research and technology
- 4) Marketing Strategy
- 

#### A. Overall Marketing Strategy

The business will begin by targeting (list target market here). (Business name) will be promoted in various (national or local) media. The product or service will be introduced featuring (quality, price, delivery, warranty). Formal advertising is planned to begin (give date) before the business is scheduled to open.

The business is expected to be (seasonal, year round). In the off season, the business will be promoted by (list what you will do to bring in customer in an off season, if applicable).

#### B. Pricing

The (following or attached) price list will be used for our products or services.

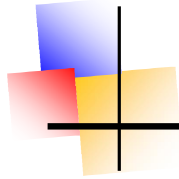
#### C. Sales Tactics

(Business name) will use its( own sales force; sales representatives; or distributors) to make sales and distribute products.

#### D. Service and Warranty Policies

(Business name) will offer a warranty with the following terms:

- 1)list term of warranty 30 days, 1 year, etc.)
- 2)The warranty will ( cost how much or will be include with the purchase)
- 3) Service will be (profitable, breakeven).



#### E. Advertising and Promotion

The primary marketing strategies include:

- Paid advertising
- Billboards
- Direct marketing
- Classified advertising
- Display advertising
- Yellow page advertising
- Direct Mail
- Client referrals
- Word of mouth
- Web-site

### **6) OPERATING PLAN**

#### A. Location

(Business name) will be located at (address). (Business name) will (lease or purchase) a ( list building size and use). A schematic of the floor plan is attached. The (advantages or disadvantages) of the site are (list advantages such as highway frontage or disadvantages such as tax laws or access to transportation, or closeness to competitor).

#### B. Strategy and Plans

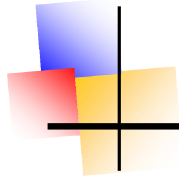
The opening inventory requirement is estimated to be (list dollar amount of inventory). Inventory turns for the industry are (list RMA turns number).

To ensure inventory is available for sale, the inventory will be (tracked manually, point of sale, performed monthly, performed weekly).

#### C. Labor Force

The local labor force (does or does not) have the necessary skills in sufficient quantity and quality to supply the services of our company. ( If the skills of the labor force are inadequate to the needs of the company, describe the kinds of training that you will use to upgrade their skills such as paying for training, on-the job training)





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## **8) FINANCIAL PLAN**

The five year financial spreadsheet projections containing the following information are attached. The assumptions are based on [describe overall basis of projections, based on owners estimates, using historical as basis, etc.]

- a. Balance Sheet
- b. Income Statement
- c. Cash flow Projections
- d.. Breakeven Analysis
- e. Ratios
- f. RMA analysis
- g. Assumptions
- h. Loan information and amortization

## **9) OTHER ATTACHMENTS**

PERSONAL FINANCIAL STATEMENT	TRAFFIC STUDIES
RESUME OF THE PRINCIPALS	VISITATION STATISTICS
FRANCHISE APPLICATION	COST ESTIMATES
PROJECT ELEVATIONS & DRAWINGS	FRANCHISE AGREEMENT
FIXTURES, FURNITURE	SITE MAP
& EQUIPMENT ESTIMATES	ARIZONA MAPS
FINANCIAL PROJECTIONS	

## **Startup Projection Instructions for filing out this spreadsheet**

This spreadsheet is for start-up businesses to use for initial projections. The input requires you to input your startup balance sheet and income statements, and output includes five years of projections, including balance sheet, cash flow statement, income statement, break-even analysis, and ratio analysis. The format allows monthly input for year one, quarterly for years two and three, and annually for years four and five. You will move left to right in entering data on the sheets.

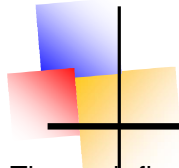
Before you get started, your computer may require some modifications. With Excel 97 you need to invoke an advanced feature, called ValuePak. Begin by going to Tools, selecting Add-Ins, and then Analysis Tool Pak. This should be all that is required to get your advanced formulas (dates, etc.) to work. Also, the program utilizes some Macros, and you will get a warning when you first load it. Simply select 'Invoke Macros' and proceed. You can be assured that we have not included virus or other harmful things for your computer.

Start by entering your beginning balance sheet information. Fields shown in blue are data entry fields. Do not make changes to fields shown in black, as these have formulas which when altered may affect the integrity of the data. The program will automatically balance your balance sheet, but you can make adjustments as required. On the bottom of the adjustments to the following balance sheet. For example, loan proceeds would require the loan be shown on the next balance sheet, in order for your balance sheet to balance properly.

The breakeven analysis shown next does not require input, unless the shown fixed costs are not correct. You can manually make changes to the costs, which will change the breakeven as indicated.

The 1st Year Balance Sheet is next. The Excess Cash figure on the balance sheet indicates an "out of balance" situation. If the excess cash is a sizeable figure, you must find where the input may require fixing. The most typical place to find "excess" is in adjustments made to the cash flow sheet proceeding.

spreadsheet enter the number years for depreciation for fixed assets. You may have to average for all asset categories. By entering the



The cash flow statement which follows allows you to make adjusting entries for inventory increases, loan proceeds, fixed asset increases, owners draws, etc. Draws will automatically deduct from net worth, while other adjustments such as inventory increases will automatically make changes to inventory on the next balance sheet. Capital expenditures shown must be manually added to the next balance sheet in order to balance. Accounts Receivable can be provided by input at the bottom of the cash flow page, with an input for percentage (100% would indicate all of a clients sales are on credit) and days turns (30 would indicate that a client collects their receivables in 30 days). Other variables, such as interest income, loan proceeds and other cash receipts, will normally require

Input for years two through five in the sheets which follow. Years two and three will require quarterly input of sales and other variables. Typically, the projection can be updated easily using percentage variables shown at the bottom of the income statement. Increase sales by a given percent, along with cost increases. Loans shown during year one should not require any further input, and will show loan payments and depreciation of fixed assets over time. The cash flow statements will normally require input of owners draws, inventory increases, capital expenditures, and the like.

The RMA Analysis section requires you input (in Blue) the standards for the industry, provided by Robert Morris Associates. Once you input the specific variables, the program compares your figures to the industry and shows a 'common size' comparison, which uses a percentage of the standard above or below.

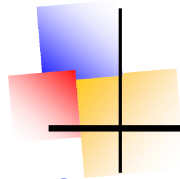
Any page can be printed out individually, but the most typical projection will involve printing the consolidated reports shown at the end of the workbook, including balance sheet, cash flow, income statement, ratios, breakeven analysis, and assumptions. For cases with a loan, a printout of the Pmt Schedule is also indicated.

Finally, before finishing, remember to save your file with a unique name. The workbook you are using is a template, and should not be saved with changes, unless you intend on making them permanent. Happy projecting!



**Sample Company  
Balance Sheet  
For Periods Ending**

<b>ASSETS</b>		<b>04/30/97</b>	<b>04/30/98</b>	<b>04/30/99</b>
Current Assets				
Cash	1,000	2,000	3,000	9,000
Inventory	10,000	10,000	10,000	12,000
Accts Rec	3,000	3,000	1,000	3,000
Excess Cash		-	-	-
Office Sup	500	500	500	500
Prepays/Dep	500	500	500	500
Total Current	15,000	16,000	15,000	25,000
Land	10,000	10,000	10,000	10,000
Buildings	80,000	80,000	90,000	110,000
Equipment	275,000	275,000	375,000	350,000
Other Assets	-	-	-	-
Accum Dep (225,000)		(250,000)	(250,000)	(275,000)
Total Net Fixed Assets	140,000	115,000	225,000	195,000
<b>Total Assets</b>	<b>155,000</b>	<b>131,000</b>	<b>240,000</b>	<b>220,000</b>
<b>LIABILITIES</b>				
Current Liabilities				
CPLTD	5,000	5,000	5,000	5,000
Acct Pay	1,000	2,000	2,000	12,000
Accrued	1,000	1,000	1,000	1,000
Taxes Pay	1,000	1,000	1,000	1,000
Oth Expense	1,000	1,000	1,000	1,000
Total Current Liab	9,000	10,000	10,000	20,000
Long Term Liabilities				
Term Debt	20,000	15,000	10,000	5,000
Other	-	-	-	-
Total Long Term	20,000	15,000	10,000	5,000
Total Liabilities	29,000	25,000	20,000	25,000
<b>OWNERS EQUITY</b>				
Common Stock	20,000	20,000	20,000	20,000
Retained	106,000	86,000	200,000	175,000
Total Owners Equity	126,000	106,000	220,000	195,000
<b>Total Liab &amp; Eq</b>	<b>155,000</b>	<b>131,000</b>	<b>240,000</b>	<b>220,000</b>



**Sample Company  
Income Statement  
For Periods Ending**

	04/30/97	04/30/98	04/30/99
<b>Gross Sales</b>	250,000	300,000	350,000
Less: Ret & Allow	-	-	-
Net Sales	250,000	300,000	350,000
Cost of Goods	100,000	100,000	125,000
<b>GROSS PROFIT</b>	150,000	200,000	225,000
<b>G &amp; A Expenses</b>			
Salary Expense	25,000	30,000	35,000
Rent	12,000	12,000	1,200
Payroll taxes	3,000	3,000	3,000
Travel & Enter.	1,000	1,000	1,500
Prof. & Acctg.	1,000	1,000	1,500
Depreciation Exp.	2,000	2,000	3,000
Insurance Exp.	2,000	2,000	2,000
Interest	1,000	1,000	1,000
Rep & Maint.	4,000	1,000	3,000
Util. & Phone	2,500	4,000	5,000
Office Supplies	500	500	1,000
Property taxes	-	-	-
Marketing	2,000	2,000	3,000
Other Expense	-	-	-
<b>Total G&amp;A Exp.</b>	56,000	59,500	60,200
<b>Net Income</b>	94,000	140,500	164,800
Income Taxes	30,000	20,000	35,000
<b>Net Income AT</b>	64,000	120,500	129,800

**Sample Company  
Cash Flow Statement  
For Periods Ending**

04/30/97 04/30/98 04/30/99

**Cash Receipts**

Sales	250,000	300,000	350,000
A/P Increases (Decreases)	1,000	500	500
A/R Decreases (Increases)	500	500	500
<b>Total Cash Sales</b>	<b>252,000</b>	<b>301,500</b>	<b>350,000</b>

**Financing Income**

Interest Income	500	500	500
Loan Proceeds	500	500	500
Other	500	500	500
<b>Tot. Cash Receipt</b>	<b>253,500</b>	<b>303,000</b>	<b>351,500</b>

**Cash Outflows**

Cost of Goods	100,000	100,000	125,000
Oper. Expenses	25,000	23,500	18,200
Income taxes	30,000	20,000	35,000
Salary expenses	28,000	33,000	38,000
Princ. Loan pmts	500	5,000	5,000
Interest Loan pmts	1,000	1,000	1,000
Capital Increase	500	1,000	1,000
Inventory Increase	200	5,000	2,000
Owners Draw	500	1,000	1,000
<b>Total Cash Outflows</b>	<b>185,700</b>	<b>189,500</b>	<b>226,200</b>

**Net Cash Flow**

67,800 113,500 125,300

**Opening Cash Bal**

1,000 2,000 3,000

Cash Receipts	253,500	303,000	351,500
Cash Outflows	185,700	189,500	226,200
<b>Ending Cash Bal</b>	<b>68,800</b>	<b>115,500</b>	<b>128,300</b>



**Sample Company**

**Cash Flow Statement  
For Year Ending**

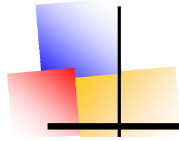
	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99
<b>Cash Receipts</b>									
Sales	3465	3465	3465	3465	3465	3465	3465	3465	3465
A/R Sales	0	0	0	0	0	0	0	0	0
A/R Collections	0	0	0	0	0	0	0	0	0
<b>Total Cash Sales</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>
<b>Financing Income</b>									
Interest Income	0	0	0	0	0	0	0	0	0
Loan Proceeds	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Tot. Cash Receipt</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>	<b>3465</b>
<b>Cash Outflows</b>									
Cost of Goods	1750	1750	1750	1750	1750	1750	1750	1750	1750
Oper. Expenses	1105	1105	1105	1105	1105	1105	1105	1105	1105
Salary expenses	554	554	554	554	554	554	554	554	554
Income taxes	-87	-86	-86	-85	-84	-84	-83	-82	-82
Princ. Loan pmts	257	259	261	263	265	268	270	272	272
Interest Loan pmts	171	169	166	164	162	160	157	155	153
Capital Increase	0	0	0	0	0	0	0	0	0
Inventory Inc(Dec)	0	0	0	0	0	0	0	0	0
Owners Draw	0	0	0	0	0	0	0	0	0
<b>TOTAL CASH</b>	<b>3749</b>	<b>3750</b>	<b>3751</b>	<b>3751</b>	<b>3752</b>	<b>3753</b>	<b>3753</b>	<b>3754</b>	<b>3755</b>
<b>NET CASH FLOW</b>	<b>-284</b>	<b>-285</b>	<b>-286</b>	<b>-286</b>	<b>-287</b>	<b>-288</b>	<b>-288</b>	<b>-289</b>	<b>-290</b>
<b>Opening Cash Bal</b>	<b>2000</b>	<b>1716</b>	<b>1430</b>	<b>1145</b>	<b>858</b>	<b>571</b>	<b>283</b>	<b>-5</b>	<b>-294</b>
Cash Receipts	3465	3465	3465	3465	3465	3465	3465	3465	3465
Cash Outflows	3749	3750	3751	3751	3752	3753	3753	3754	3755
<b>Ending Cash Bal.</b>	<b>1716</b>	<b>1430</b>	<b>1145</b>	<b>858</b>	<b>571</b>	<b>283</b>	<b>-5</b>	<b>-294</b>	<b>-584</b>





**Sample Company  
Income Statement  
For Year Ending**

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gross Sales	29167	29167	29167	29167	29167	29167	29167	29167
Less: Ret & Allow	0	0	0	0	0	0	0	0
Net Sales	29167	29167	29167	29167	29167	29167	29167	29167
Cost of Goods	10417	10417	10417	10417	10417	10417	10417	10417
GROSS PROFIT		18750	18750	18750	18750	18750	18750	18750
	314449							
<b>G &amp; A Expenses</b>								
Salary Expense	2917	2917	2917	2917	2917	2917	2917	2917
Rent	100	100	100	100	100	100	100	100
Payroll taxes	250	250	250	250	250	250	250	250
Travel & Enter.	125	125	125	125	125	125	125	125
Prof. & Acctg.	125	125	125	125	125	125	125	125
Depreciation Exp.		250	250	250	250	250	250	250
Insurance Exp.	167	167	167	167	167	167	167	167
Interest	83	83	83	83	83	83	83	83
Rep & Maint.	250	250	250	250	250	250	250	250
Util. & Phone	417	417	417	417	417	417	417	417
Office Supplies	83	83	83	83	83	83	83	83
Taxes	0	0	0	0	0	0	0	0
Marketing		250	250	250	250	250	250	250
	13976							
Total G&A Exp.	5017	5017	5017	5017	5017	5017	5017	5017
Net Income BT	13733	13733	13733	13733	13733	13733	13733	13733
Income Taxes	2917	2917	2917	2917	2917	2917	2917	2917
Net Income AT	10817	10817	10817	10817	10817	10817	10817	10817

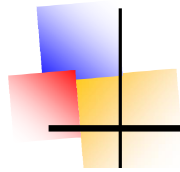


					4/30/00	4/30/01	4/30/02	4/30/03	4/30/04	
Dec	Jan	Feb	Mar	Apr						
9167	29167	29167	29167	29167	350000	525000	577500	635250	698775	
	0	0	0	0	0	0	0	0	0	0
9167	29167	29167	29167	29167	350000	525000	577500	635250	698775	
0417	10417	10417	10417	10417	125000	288752	317624	349388	384326	
8750	18750	18750	18750	18750	18750	225000	236248	259876	285862	
917	2917	2917	2917	2917	35003	39554	41530	43607	45787	
00	100	100	100	100	1200	1356	1424	1495	1570	
50	250	250	250	250	3000	5828	10124	6423	6744	
25	125	125	125	125	1500	1696	1780	1869	1962	
25	125	125	125	125	1500	1696	1780	1869	1962	
50	250	250	250	250	250	3000	3392	3560	3738	3925
67	167	167	167	167	2000	2260	2459	2582	2711	
3	83	83	83	83	1000	0	0	0	0	
50	250	250	250	250	3000	3392	3732	3919	4115	
17	417	417	417	417	5000	5652	6216	6527	6853	
3	83	83	83	83	1000	1132	1244	1306	1371	
	0	0	0	0	0	319	351	369	387	
50	250	250	250	250	250	3000	10588	11648	12705	
017	5017	5017	5017	5017	60203	76865	85848	86409	91363	
3733	13733	13733	13733	13733	164797	159383	174028	199453	223086	
917	2917	2917	2917	2917	35000	39846	43507	49863	66926	
0816	10816	10816	10816	10816	129797	119537	130521	149590	156160	



## **Sample Company Balance Sheet For Year Ending**

	<b>2/1/99</b>	<b>1/31/00</b>	<b>1/31/01</b>	<b>1/31/02</b>	<b>1/31/03</b>	<b>1/31/04</b>
<b>ASSETS</b>						
Current Assets						
Cash	2000	-1476	-4421	-6881	-8572	-9451
Inventory	20000	20000	20000	20000	20000	20000
A/R	0	0	0	0	0	0
ExCash		0	1	1	1	2
Office Supplies	500	500	500	500	500	500
Prepaid / Dep	750	750	750	750	750	750
Total Current Assets	<b>23250</b>	<b>19774</b>	<b>16831</b>	<b>14371</b>	<b>12680</b>	<b>11800</b>
Land	5000	5000	5000	5000	5000	5000
Buildings	5000	5000	5000	5000	5000	5000
Equipment	500	500	500	500	500	500
Other Fixed	5000	5000	5000	5000	5000	5000
Accum Depr	0	-2100	-4200	-6300	-8400	-10500
Total Net Fixed Assets	<b>15500</b>	<b>13400</b>	<b>11300</b>	<b>9200</b>	<b>7100</b>	<b>5000</b>
Total Assets	<b>38750</b>	<b>33174</b>	<b>28131</b>	<b>23571</b>	<b>19780</b>	<b>16800</b>
<b>LIABILITIES</b>						
Current Liabilities						
CPLTD	3228	3575	3959	4384	5238	0
Trade Payable	0	0	0	0	0	0
Accrued Salary	0	0	0	0	0	0
Taxes Payable	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Current Liabil	<b>3228</b>	<b>3575</b>	<b>3959</b>	<b>4384</b>	<b>5238</b>	<b>0</b>
Long Term Liabilities						
Term Debt LTP	16772	13198	9239	4855	-383	0
Other	0	0	0	0	0	0
Total Long Term Liab	<b>16772</b>	<b>13198</b>	<b>9239</b>	<b>4855</b>	<b>-383</b>	<b>0</b>
Total Liabilities	<b>20000</b>	<b>16772</b>	<b>13198</b>	<b>9239</b>	<b>4855</b>	<b>0</b>
<b>OWNERS EQUITY</b>						
Capital	18750	16402	14933	14332	14925	16800
Total Owners Equity	<b>18750</b>	<b>16402</b>	<b>14933</b>	<b>14332</b>	<b>14925</b>	<b>16800</b>
Total Liabilities and Eq	<b>38750</b>	<b>33174</b>	<b>28131</b>	<b>23571</b>	<b>19780</b>	<b>16800</b>



**Sample Company**  
**RMA Analysis**  
**For Year Ending**

RMA 1/31/00 1/31/01 1/31/02 1/31/03 1/31/04  
 Std. Ind.- - - - - Common Size (%) - - - - -

**LIQUIDITY**

Current Ratio	1.20	461%	354%	273%	202%	#DIV/0!
Acid Test Ratio	0.80	-52%	-1.40	-1.96	-2.05	#DIV/0!
A/R Turnover	30	0%	0%	0%	0%	0%
Inventory days	45	772%	702%	638%	580%	528%
A/P turnover	30	0%	0%	0%	0%	0%

**SOLVENCY**

Debt to Worth	1.200	85%	74%	54%	27%	0%
Debt to Assets	1.800	28%	26%	22%	14%	0%

**PROFITABILITY**

Return on Equity	0.12	-170%	-117%	-50%	47%	133%
Return on Assets	0.06	-169%	-124%	-61%	71%	266%

**THE BUSINESS PLAN:  
ROAD MAP TO SUCCESS**

**Sample Company**

**Assumptions to Projections**

Depreciable years for Fixed Assets	5
Loan Amount	20000
Interest Rate Assumption	10.25%
Amortization in Years	5
Payment (Principal & Interest)	\$427.41

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenues	\$42,000	46200	50820	55902	61492
Revenues Percent Increase		10%	10%	10%	10%
General Expense Percent Increase		5%	5%	5%	5%
COGS Percent	50%	50%	50%	50%	50%
Marketing Expense Percent	7.0%	7.0%	7.0%	7.0%	7.0%
Total Payroll Tax Percent	10.75%	10.75%	10.75%	10.75%	10.75%
Returns & Allowance Percent	1.0%	1.0%	1.0%	1.0%	1.0%
Income Tax Percent	30%	30%	30%	30%	30%
A/R Turnover Days	0	0	0	0	0
A/R Turnover Percentage	0%	0%	0%	0%	0%

**Sample Company  
Financial Ratios  
For Year Ending**

**2/1/99 1/31/00 1/31/01 1/31/02 1/31/03 1/31/04**

**LIQUIDITY**

Current Ratio	7.20	5.53	4.25	3.28	2.42	#DIV/0!
Acid Test Ratio	0.62	-0.41	-1.12	-1.57	-1.64	#DIV/0!
A/R Turnover days		0	0	0	0	0
Inventory days		348	316	287	261	237
A/P turnover days		0	0	0	0	0

**SOLVENCY**

Debt to Worth	1.067	1.023	0.884	0.645	0.325	0.000
Debt to Assets	0.516	0.506	0.469	0.392	0.245	0.000

**PROFITABILITY**

Return on Equity		-0.204	-0.141	-0.060	0.057	0.159
Return on Assets		-0.101	-0.075	-0.036	0.043	0.159

**MARICOPA COMMUNITY  
COLLEGES SBDC**

2400 North Central Avenue, Suite 104  
Phoenix, AZ 85004  
480-784-0590

Web Page: [www.maricopasbdc.com](http://www.maricopasbdc.com)



Special arrangements for the handicapped will be made if requested one week in advance. Contact Mark Engle (480) 784-0596.

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