

SAMPLE
SBA BUSINESS
PLAN

MEAT GRILL
RESTAURANT

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BPLANWRITER

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Meat Grill Restaurant

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Meat Grill is planning to open its Restaurant in June 2017 in Sunset Boulevard, Los Angeles City, California. The restaurant will offer Latin American and other international cuisine. The business plan lays out a simple strategy for developing a single location restaurant by investing \$50,000 and lending \$200,000 from a financial institution.

MARKET NEED

The Full-Service Single Location Restaurant industry has experienced prosperous growth over the past five years, as consumers have regained their appetite for spending. Over the period, per capita, disposable incomes has experienced consistent growth, in particular for households with earning over \$50,000, which are more likely to spend money at restaurants. The household's income of over \$50,000 represents around 52% of Los Angeles residents.

There is no Latin American Fine Dining Restaurant around five miles of Sunset Boulevard. Moreover, nearly 45.5 million of tourist visits last year in Los Angeles, California in which 1.8 million are Latin visitor. This is due to Hollywood and other attractive places there. Further, the Latin American near Sunset Boulevard is 41.68%. The household income above \$50,000 comprises of 46% of residents living within five miles radius of the Restaurant. By establishing Meat Grill in the proximity of Hollywood and downtown, the restaurant will be in a good position

to capture the significant market share of Fine Dining Restaurants that serve Latin American cuisines.

TARGET MARKET

Meat Grill will focus on targeting the customers in the age bracket of 30 to 40 years old that are earning \$50,000 or more. Demographic research shows that around 46% of the residents earn \$50,000 within five miles radius of Meat Grill Restaurant. The target market also includes the tourists visiting Los Angeles.

MARKET OVERVIEW

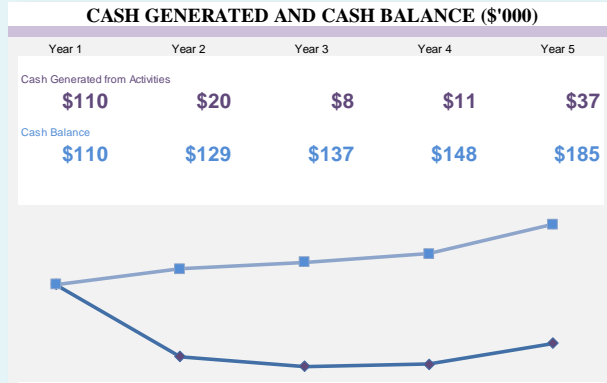
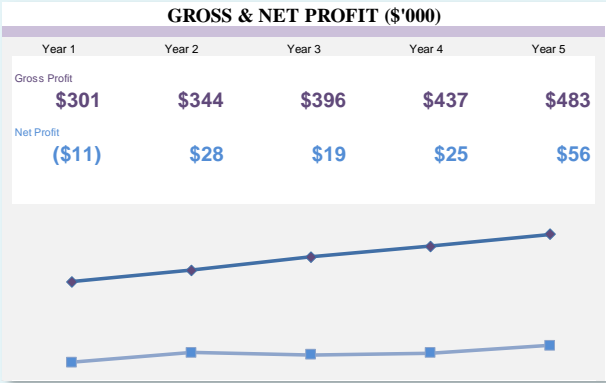
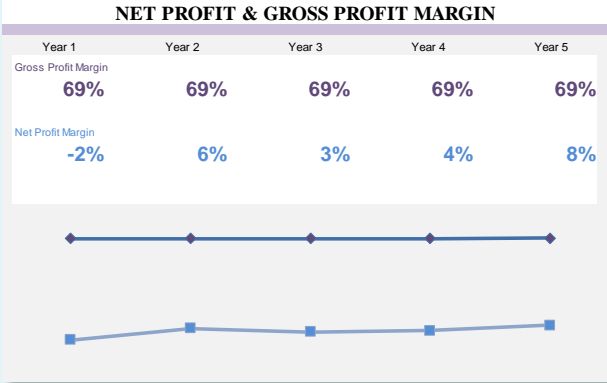
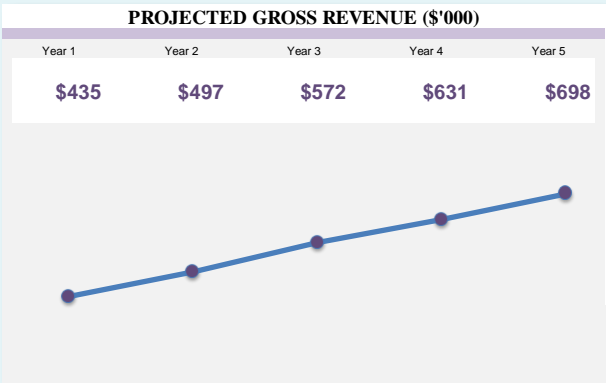
The major markets for the Full-Service Single Location Restaurants industry can be divided into factors including geographic location, income, age and family structure. According to the US Census Bureau, the average consumer spends 5.4% of their annual expenditure on food and beverages consumed outside the home. Over the five years to 2016, IBIS World estimates industry revenue will grow at an average annual rate of 3.5% to \$180.7 billion. Revenue is expected to continue its upward trajectory in 2016, growing an estimated 1.3%.

MANAGEMENT

Mr. John Martial is the owner of Meat Grill Restaurant. He brings about 15 years of experience in hospitality industry. He was the sales manager of a well-known restaurant in California and is a Master of Management in Hospitality.

FINANCIAL SUMMARY

The restaurant aims to achieve break-even of sales by year one. The financial summary is as follows:





Meat Grill Restaurant

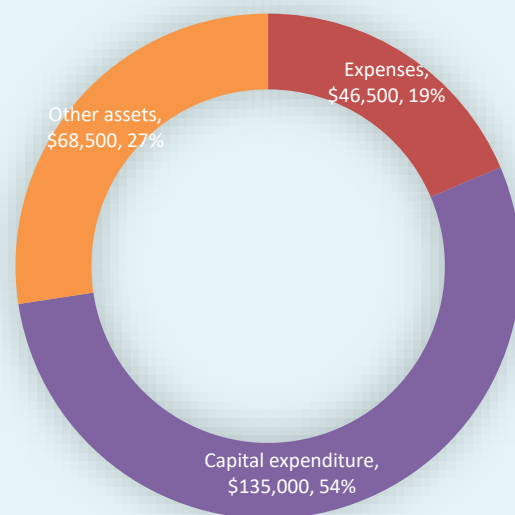
START-UP SUMMARY

Total start-up funding requirement is \$200,000. The Company is seeking a loan of \$175,000 from financial institution while owner will contribute \$25,000. The funding requirement and its utilization is tabulated below.

Funding Utilization Summary	
Expenses	\$46,500
Capital expenditure	\$135,000
Other assets	\$68,500
Total funding utilization	\$250,000

Funding Requirement	
Owner's contribution	\$50,000
Bank loan	\$200,000
Total funding requirement	\$250,000

Funding Utilization Breakdown	
Expenses	
Legal fees	\$3,000
Business launch and promotion	\$5,000
Website development	\$2,500
Restaurant & office supplies	\$1,000
Build Out	\$35,000
Total start-up expenses	\$46,500
Capital expenditure	
Furniture & fixtures	\$65,000
Equipment	\$45,000
Computer & POS	\$10,000
Bar set up	\$15,000
Total capital expenditure	\$135,000
Other assets	
Working capital	\$48,500
Inventory	\$20,000
Total other assets	\$68,500



COMPANY SUMMARY

Meat Grill is a fine dining restaurant that will become an eye-catching to not only to the local customers but the foreigners as well. The restaurant will offer a unique, diverse, and fresh Latin American cuisine that consists of meat, spices, organic fruits, and vegetables with an exceptional wine collection. The unique menu will constantly be offering the customers the opportunity to explore different meal options that capture their taste imaginations and leave them satisfied at the end of each meal.

The restaurant will be well positioned in Sunset Boulevard, Los Angeles City, California. It matches the ideal location of a Single Located Restaurant as it is located in the proximity of Los Angeles downtown. The restaurant will be registered as a limited liability company (LLC) in the state of California.



MISSION STATEMENT

At Meat Grill, we have a very clear and distinct mission, to amaze our consumers by providing them the highest degree of Latin cuisine possible and by providing them with the high-quality of services in a soothing and comfortable environment.

BUSINESS OBJECTIVES

The business objectives will evolve around the following principles:

- Create a unique and diverse menu that will differentiate us from the rest of the restaurants in California.
- Maintain tight control of costs and operations through cost-effective management skills.
- Serve the products that are of the highest quality, as well as keeping the customers satisfied with our hospitality.
- Provide 100% satisfaction to our clients and maintaining the level of excellent services among other industry players.
- Achieve break-even in the first year of operations.





Meat Grill Restaurant

MENU

Meat Grill will focus on Latin American cuisines. Following are the sample dishes that will be the part of the menu:

Churrasco: Churrasco is a Spanish and Portuguese term referring to beef or grilled meat. Churrasco is a famous cuisine in Uruguay, Brazil, Bolivia, Argentina, Chile, Colombia and other Latin American countries.

Korean Taco: Korean Tacos are a Korean-Mexican fusion dish. The cuisine is famous for some city areas in the United States and Canada. Korean tacos consist of Korean-style fillings, such as bulgogi and kimchi, placed on top of small traditional Mexican corn tortillas.

Arepa: The Arepa is a plane, round, unleavened pie of dripped, ground seeds of maize, or more commonly nowadays maize meal or corn flour that can be grilled, baked, browned, bubbled or steamed. It can be bettered or filled with meat, eggs, shrimp, salad, tomatoes, cheese, or fish depending on the meal.

Empanadas: This crispy, half-moon shaped pastry has a hot, salty filling of cheese, meat, or vegetables. Empanadas are made by folding dough or bread with filling consisting of a variety of meat, cheese, vegetables, and others.

Chocotorta: A favorite cake made by dunking the chocolate cookies in milk, intermix with layers of dulce de leche and cream cheese mixed so that the layer of entrenched cookies is at the base and top of the cake.

Picarones: Crisper than a square doughnut, picarones are deeply browned rings of flavored pumpkin and sweet potato yeast batter, served with spiced molasses syrup. The picarones themselves are not very sweetened, but the fruity molasses syrup divergences perfectly with the delicious flavors of the pumpkin and sweet potato.

Tres Leches Cake: It's a sponge cake soaked in a mixture of cream, vaporized milk, and condensed milk, and then iced with beaten cream and fresh fruit. It's so widespread in Latin America that customers can find many varieties of it, with extra ingredients such as chocolate and coconut.

Queso Flameado: Queso Flameado is a dish of hot melted cheese and spicy chorizo that is often served flambé. Often compared to cheese fondue, it is a celebration meal; it is widespread at cookouts and in restaurants as an appetizer.

Chorizo: Potato peels are acknowledged to have a room in the royal court of bar and pub appetizers. Loaded up to customers taste, loaded high with cheese, bacon, chives, sour cream and a few tablespoons of butter, these appetizers can be more like a full meal than a starting bite.

MARKET RESEARCH



Revenue	Annual Growth 2011-2016	Annual Growth 2016-2021
\$180.7bn	3.5%	2.1%
Profit	Wages	Businesses
\$8.1bn	\$62.0bn	254,934

The Full-Service Single Location Restaurants industry has experienced prosperous growth over the past five years. Since 2011, the thriving economy and rising consumer spending have led to consistent growth in restaurant spending. The fine dining division has done principally well over the past five years due to a speedy recovery in the income levels of wealthy consumers and the corporate sector.

Over the five years to 2016, IBIS World estimates industry revenue will grow at an average annual rate of 3.5% to \$180.7 billion. Revenue is expected to continue its upward trajectory in 2016, growing an estimated 1.3%.

MARKET ANALYSIS

The Full-Service Single Location Restaurant industry has experienced prosperous growth over the past five years, as consumers have regained their appetite for spending. Over the period, per capita, disposable earnings has experienced consistent growth, in particular for households with incomes over \$50,000, which are more likely to spend money at restaurants. As a result, many consumers that typically opt for less costly meals have opted for pricier menu items instead.

While the industry remains highly competitive, price competition has eased somewhat as consumers have increased spending, leading to a higher average industry profit margin. Over the five years to 2021, consumer spending is expected to grow at an average annual rate of 2.5%, representing a slightly faster rate of growth than the previous five years.

MARKET SEGMENTATION

The primary markets for the Full-Service Single Location Restaurants industry can be divided into some factors including geographic location, income, age and family structure. Given the flexible nature of the industry, a sign of primary markets can be contingent by annual expenditure on food and beverages consumed outside the home. According to the US Census Bureau, the average consumer spends 5.4% of their annual earnings on food and drink consumed outside the home.

An estimated 40.1% of industry demand comes from consumers in the nation's highest income quintile. In 2015, the average consumer in the most top income bracket spent \$6,040 on food and beverages consumed outside the home, according to the US Census Bureau. The average user in the lowest income quintile spent \$1,268 on out-of-home food consumption in 2015. The three middle-income quintiles represent more than 50.0% of industry demand, showing how important the middle-class consumer is to the sector's performance. While these consumers do not typically spend big on luxury food items, they contribute to the steady demand for middle-of-the-range chain restaurants. The industry's leading markets supply chain has not altered dramatically over time as spending patterns within earning brackets are relatively established. There were some restrictions on budgets during the recession, but this arisen across all demographics, so it did not influence the industry's dominant markets distribution.

RESTAURANT IN CALIFORNIA¹



PRODUCT SEGMENTATION – MEXICAN RESTAURANT

The Full-Service Single Location Restaurants industry is divided based on the primary type of food served. The diverse and disintegrated nature of the industry means many restaurants do not fit neatly into one category. Also, fusion cuisine, which combines elements of different culinary traditions, has become increasingly popular. Given these considerations, IBISWorld has segmented restaurants based on their core offering.

Staples of Mexican cuisine include corn, beans, and chili peppers. Mexican restaurants are known for their intense and varied flavors and a variety of spices. Mexican cuisine has had a large influence on the Southwest of the United States. In states such as Texas, where variations such as Tex-Mex have been adopted, Mexican style restaurants can account for well over 20.0% of all establishments. Growing immigration has contributed to a rise in Mexican food consumption over the past five years, driven in part by an increase in the Hispanic population, which now accounts for about 17.0% of the total population in the United States.



¹California - Restaurant Industry at a Glance 2017 - http://www.restaurant.org/Downloads/PDFs/State-Statistics/2017/CA_Restaurants; www.bplanwriter.com

TARGET MARKET

Meat Grill Restaurant will intend to look after to the higher quintile of income level group of people. The target market will be as follows:



RESIDENTS

Meat Grill will target individual and household earning \$50,000 or above. About 46% of the household in five miles radius has income greater than \$50,000 per annum. The average age an individual within 5 miles radius is 36. There are around 41.68% of the population are Latin American which is assumed to be the major target market of Meat Grill Restaurant.

TOURIST

The target customer of Meat Grill restaurant also includes the tourists. A record-breaking 45.5 million tourists visited Loss Angeles California in 2015 in which 1.8 million were Latin visitor.

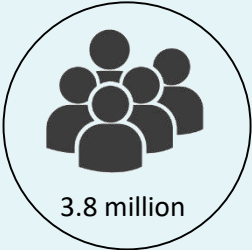
DEMOGRAPHICS

Los Angeles is the second-most-populous city in the United States, the most populous town in California and the county seat of Los Angeles County. Situated in Southern California, Los Angeles is famous for its sprawling metropolis, Mediterranean climate, and ethnic diversity and as a major center of the American entertainment industry.

Sunset Boulevard is a boulevard in the central and western part of Los Angeles County, California that stretches from Figueroa Street in Downtown Los Angeles to the Pacific Coast Highway at the Pacific Ocean.



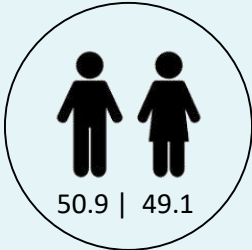
Population



Median Household Income



Gender



BUSINESS STRATEGIES

OPERATIONAL STRATEGY

QUALITY MANAGEMENT: Meat Grill will intent to maximize product quality within constraints, costs and price limits by the hiring of experienced professionals. Meat Grill will buy fresh vegetables, meat, and spices for the preparation of food. Customers will fill feedback forms so that Meat Grill will achieve benchmark results.

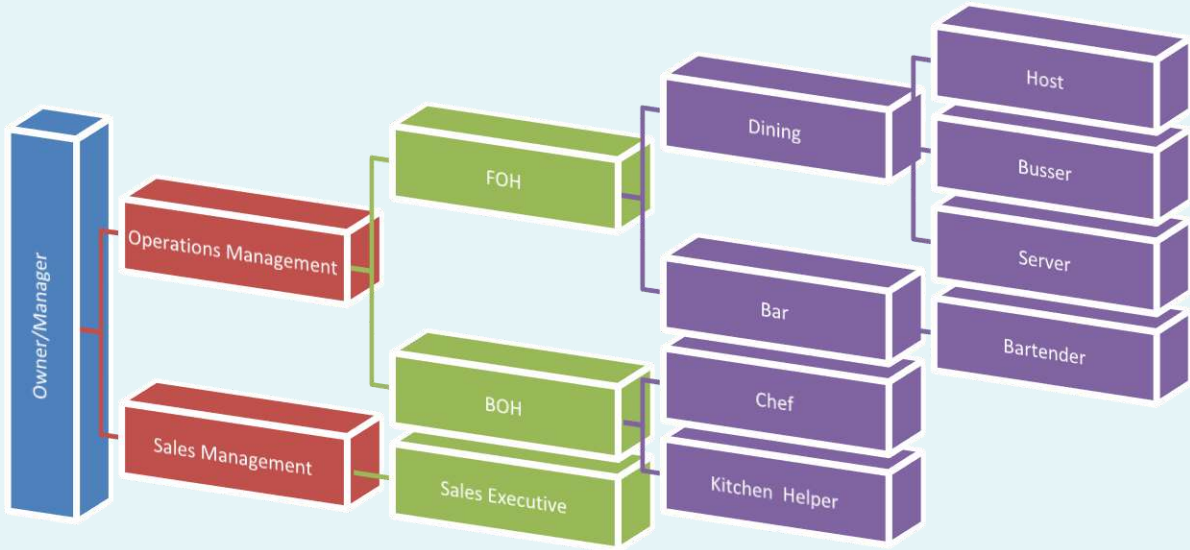
LOCATION STRATEGY: The facility will be well visible in Sunset Boulevard, Los Angeles City, California. It matches the ideal place of a single located restaurant as it is located in the proximity of Los Angeles downtown. Sunset Boulevard provides the path between Hollywood and Beverly Hills. It attracts many vacationers due to its location. Meat Grill will be a destination with its charming atmosphere, international menu, and dining hall.

LAYOUT DESIGN AND STRATEGY: The estimated floor plan will be established on 2800+ square foot. The restaurant's floor plan will comprise of fine dine-in area for 100 customers. The facility will include private dining; bar with bar seating; outdoor lounge; front kitchen; rear kitchen, bathroom, electrical room, server station, back office and waiting area.

INVENTORY MANAGEMENT: Meat Grill goal will to minimize inventory costs. For better acknowledging of food costs, the inventory management system will offer the ability to track an ingredient used in a recipe or dish. The system will also assists in controlling food wastage, thus allows restaurant to control cost.

HUMAN RESOURCES AND TRAINING: The Meat Grill will hire experienced professionals which include Sales Executive, Chef, Bartender, Host, Dishwasher, and Server. Meat Grill will provide necessary training in an orientation to all of his employees.

The organizational structure will be as follows:



CRITICAL SUCCESS FACTORS



ACCESS TO MULTI-SKILLED AND FLEXIBLE WORKFORCE
In order to meet peak customer demands period, Meat Grill will hire suitably skilled and trained staff on hourly rates.



PROXIMITY TO KEY MARKETS
It is important to be in an excellent, easily accessible location that is close to target markets. Meat Grill will be located on the Sunset Boulevard which is one of the busiest boulevards in Los Angeles.



ABILITY TO QUICKLY ADOPT NEW TECHNOLOGY
Owner of Meat Grill Restaurant will utilize new technology to increase productivity and lower labor costs.



ABILITY TO CONTROL STOCK ON HAND
Meat Grill Restaurant will reduce unnecessary expenses by managing orders, inventory, and food waste as they are the major cost of a restaurant.



COMPETITIVE LANDSCAPE

Overall, concentration is extremely low because the vast numbers of businesses are only, owner-operated establishments that are not part of a chain or franchise operation. As a result, no industry operator comprises more than 5.0% of industry revenue.

The low level of concentration in the industry results in fierce competition among players. The industry has low barriers to entry and owners typically compete on price, menu offerings cuisine, and customer service. Owner-operators are prominent in the industry, putting a significant proportion of their own time and effort into running a restaurant. The industry is known for its massive staff turnover, which depends on the number of casual staff who works in the industry while studying. The relatively low wages and lack of a well-defined career path deter many employees from seeing the industry as a long-term employment opportunity. Meat Grill will be facing future competitors who are as follows:



Location	Los Angeles, California
Founded in	2013
Website	http://fogodechao.com
Products	Picanha, Beef Ancho, Filet Mignon and wines
Average Pricing	\$10 to \$15/meal

Carlitos Gardel

Location	Los Angeles, California
Founded in	1996
Website	http://www.carlitosgardel.com
Products	Empanada, Provolone, Achuras and wines
Average Pricing	\$10 to \$15/meal

COMPETITIVE ADVANTAGES



LOCATION: Meat Grill will be well positioned and visible near the 24th Avenue Street of Sunset Blvd. The restaurant will have enough parking spaces for customers to park their automobiles. The restaurant will provide security through CCTV cameras.



QUALIFIED MANAGEMENT TEAM: Mr. John Martial is the owner of this restaurant having 15 years of experience in restaurant and hotel industry and is a Masters of Management in Hospitality degree. Miss Sheila Whitaker is the Head Chef having ten years of experience in well-known restaurants. Every staff will be well trained according to the concept and hospitality of Latin American culture.



CUSTOMER SERVICE: Meat Grill will provide exceptional customer service to its valuable patrons. Meat Grill will welcome customers' feedback to improve overall customer experience.



MARKETING CAMPAIGN: The Restaurant will put forward aggressive and focused marketing strategies.



Meat Grill Restaurant

SWOT ANALYSIS

S

Strengths

- The Latin American concept of fine dining is new to the area
- Skilled Management staff
- Perfect spot for restaurant
- Exceptional customer service

W

Weaknesses

- Meat Grill name lacks brand equity
- Limited available funds

O

Opportunities

- Growth of food tourism
- Customer is moving towards healthy lifestyle
- Robust supply chain

T

Threats

- Intense competition
- Financial crises
- Health & safety regulation
- Barriers to entry is low

BARRIERS TO ENTRY AND SUCCESS

The industry's barriers are low since an operator can lease equipment, fittings and furniture, premises lowering the initial capital costs, borrowings and outlays. In actual, industry concentration is low, as the top four players account for less than 5% of market share. This percentage indicated the extreme small business and disintegrated nature of this industry. No first player dominance exists within it. Given the current high operator/owner revenue in this industry, it may also be likely to enter through the acquisition of an existing restaurant or closed restaurant operation. However, some renovating costs may be related to this method.

Despite low barriers to entry, barriers to success (i.e. the capability to stay profitable and in operation for more than a few initial years) are high. This is mainly due to the extremely competitive nature of the industry and the low-profit margins available.

MARKETING STRATEGIES

Marketing for Meat Grill will be done through a range of mediums including the Internet, print media and trade shows. However, 60% of the business will come from referrals and word of mouth. A user-friendly website, social media and SEO (Search Engine Optimization) drive the marketing force on the internet.

NETWORKING/ASSOCIATION

- Leverage on word of mouth marketing (referrals)
- Attend food-related exhibitions and expos

SPECIAL OCCASION DELIGHT

- Prepare a special menu and provide exclusive discounts and coupons to customers visiting on occasions such as Valentine's Day, Easter, Thanksgiving, Christmas and Independence days

SIGNAGE

- Position our flexi banners at strategic locations

TRADE SHOWS & WORKSHOP

- Arrange trade shows, and distribute handbills and fliers
- Participate in food competition and attend shows to publicize and expand the business exposure and scope

MARKETING COLLATERAL

- Distribution of marketing collaterals such as pocket calendars.

SOCIAL MEDIA AND ELECTRONIC MARKETING

- The restaurant will market its product on the social media website such as Facebook, Instagram, and Twitter
- The upcoming deals will be published on social media website

PRINT MARKETING

- Introduce business by sending introductory letters to residents, business owners and organizations near the Sunset Boulevard
- The restaurant will advertise a business in community-based newspapers and local radio stations
- List restaurant business on business directories

WEBSITE

- User-friendly website with search engine optimization.





MANAGEMENT

ABOUT THE FOUNDER



Mr. John Martial is the owner of this restaurant having 15 years of experience in restaurant and hotel industry around California and is a Master of Management in Hospitality degree. He has worked in the Brand Management Department in the capacity of Brand Manager at Edrington Americas. Apart from this, she was also associated with Aspen Club & Spa, Colorado in the capacity of Guest Services Manager. His hospitality skills and industry exposure were remarkable which is evident from the fact that the Club increased guest memberships by 10% each year.

HEAD CHEF



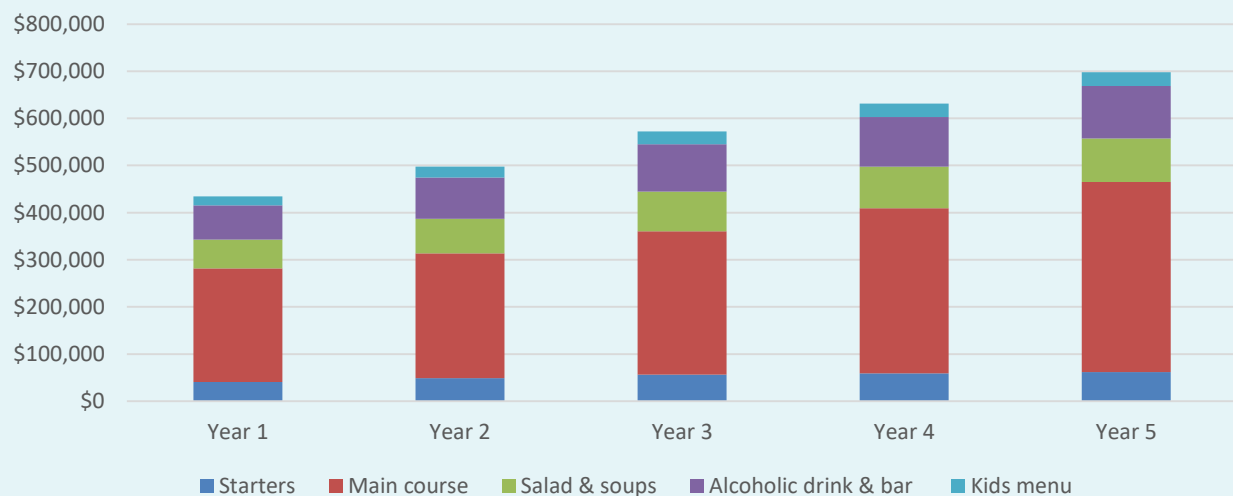
Ms. Sheila Whitaker received a Bachelor's degree in Arts from the University of Texas, Austin. She has also completed a Grande Diploma in Culinary Arts from The French Culinary Institute. She has worked in many high-end restaurants in NYC such as Daniel. She has catered many high profile events, political fundraisers, and galas. She was also the Executive Chef at the nutrition and food-oriented private school in California.

FINANCIAL PROJECTION

Based on assumptions, below is the financial projection for the next five years.

REVENUE PROJECTION

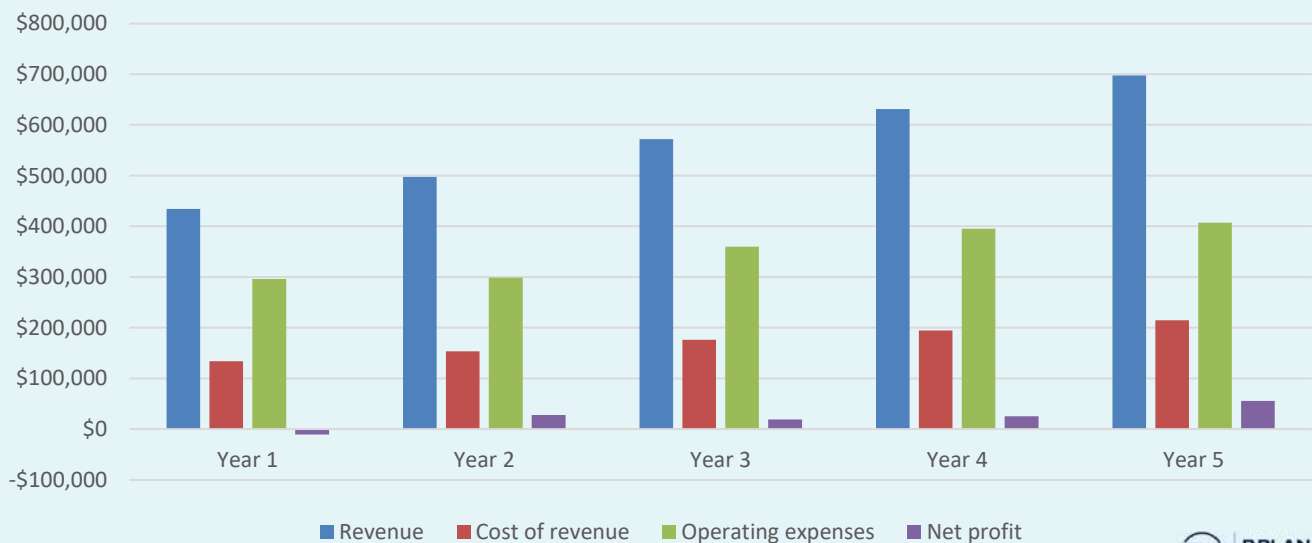
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Starters	\$40,679	\$48,815	\$56,137	\$58,944	\$61,891
Main course	\$240,825	\$264,908	\$304,644	\$350,340	\$402,891
Salad & soups	\$61,009	\$73,211	\$84,192	\$88,402	\$92,822
Alcoholic drink & bar	\$72,786	\$87,343	\$100,444	\$105,466	\$110,739
Kids menu	\$19,269	\$23,123	\$26,591	\$27,921	\$29,317
Total Revenue	\$434,568	\$497,399	\$572,008	\$631,073	\$697,661
Direct Cost of Revenue					
Starters	\$10,170	\$12,204	\$14,034	\$14,736	\$15,473
Main course	\$72,248	\$79,472	\$91,393	\$105,102	\$120,867
Salad & soups	\$12,202	\$14,642	\$16,838	\$17,680	\$18,564
Alcoholic drink & bar	\$36,393	\$43,671	\$50,222	\$52,733	\$55,370
Kids menu	\$2,890	\$3,468	\$3,989	\$4,188	\$4,398
Subtotal cost of revenue	\$133,902	\$153,458	\$176,477	\$194,440	\$214,672



PROJECTED INCOME STATEMENT

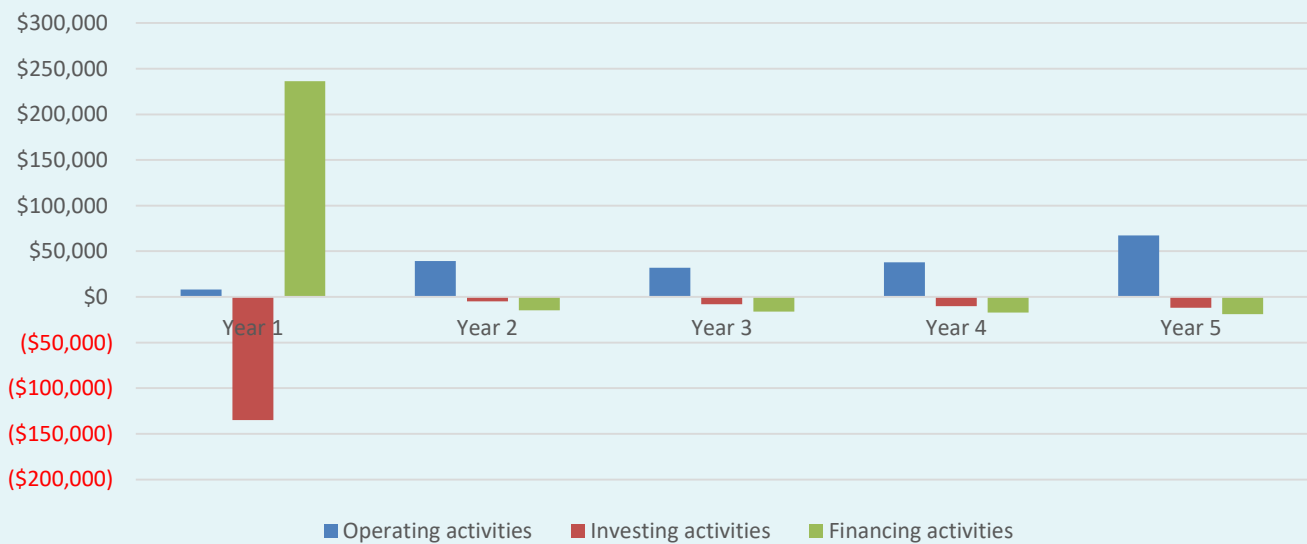
Below is the Meat Grill Restaurant's income statement for the next five years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$434,568	\$497,399	\$572,008	\$631,073	\$697,661
Less: Cost of revenue	\$133,902	\$153,458	\$176,477	\$194,440	\$214,672
Gross profit	\$300,665	\$343,941	\$395,532	\$436,633	\$482,989
Gross profit %	69.19%	69.15%	69.15%	69.19%	69.23%
Expenses					
Rent & rates	\$54,000	\$55,350	\$56,734	\$58,152	\$59,606
Fees & subscription	\$3,000	\$3,075	\$3,152	\$3,231	\$3,311
Telephone, internet & postage	\$6,000	\$6,150	\$6,304	\$6,461	\$6,623
Utilities	\$9,000	\$9,225	\$9,456	\$9,692	\$9,934
General insurance	\$1,200	\$1,230	\$1,261	\$1,292	\$1,325
Office supplies	\$4,200	\$4,305	\$4,413	\$4,523	\$4,636
Legal & professional	\$3,000	\$3,075	\$3,152	\$3,231	\$3,311
Promotion & marketing	\$9,600	\$9,840	\$10,086	\$10,338	\$10,597
Repair & maintenance	\$8,400	\$8,610	\$8,825	\$9,046	\$9,272
Startup Cost	\$46,500	\$0	\$0	\$0	\$0
Interest on Loan Repayment	\$15,508	\$14,378	\$13,155	\$11,830	\$10,395
Depreciation	\$13,500	\$14,000	\$14,800	\$15,800	\$17,000
Payroll taxes & benefits	\$13,789	\$18,450	\$24,262	\$27,426	\$28,249
Salaries & benefits	\$123,667	\$165,470	\$217,593	\$245,975	\$253,355
Total Operating Expenses	\$295,856	\$298,780	\$360,036	\$395,168	\$407,219
Profit before taxation	\$4,810	\$45,161	\$35,496	\$41,466	\$75,770
Income tax	\$0	\$3,013	\$3,351	\$4,445	\$9,806
Net profit	(\$10,698)	\$27,770	\$18,989	\$25,190	\$55,569
Net profit %	-2.46%	5.58%	3.32%	3.99%	7.96%



PROJECTED CASH FLOW STATEMENT

	Year 1	Year 2	Year 3	Year 4	Year 5
OPERATING ACTIVITIES					
Profit/loss before taxation	(\$10,698)	\$27,770	\$18,989	\$25,190	\$55,569
Adjustment					
Depreciation	\$13,500	\$14,000	\$14,800	\$15,800	\$17,000
	\$2,802	\$41,770	\$33,789	\$40,990	\$72,569
Changes in working capital					
Inventory	(\$20,000)	(\$2,000)	(\$4,000)	(\$5,000)	(\$7,500)
Accounts payable	\$25,471	(\$314)	\$2,074	\$1,994	\$2,347
Net cash provided by (used in) operating activities	\$8,273	\$39,456	\$31,863	\$37,985	\$67,415
INVESTING ACTIVITIES					
Capital expenditure	(\$135,000)	(\$5,000)	(\$8,000)	(\$10,000)	(\$12,000)
Net cash provided by (used in) investing activities	(\$135,000)	(\$5,000)	(\$8,000)	(\$10,000)	(\$12,000)
FINANCING ACTIVITIES					
Owner's contribution	\$50,000	\$0	\$0	\$0	\$0
Proceed from long-term debt	\$200,000	\$0	\$0	\$0	\$0
Repayment of long-term debt	(\$13,610)	(\$14,740)	(\$15,964)	(\$17,289)	(\$18,723)
Net cash provided by (used in) financing activities	\$236,390	(\$14,740)	(\$15,964)	(\$17,289)	(\$18,723)
Net increase (decrease) in cash and cash equivalent	\$109,662	\$19,716	\$7,900	\$10,696	\$36,692
Beginning balance	\$0	\$109,662	\$129,378	\$137,278	\$147,974
Cash and cash equivalent	\$109,662	\$129,378	\$137,278	\$147,974	\$184,666

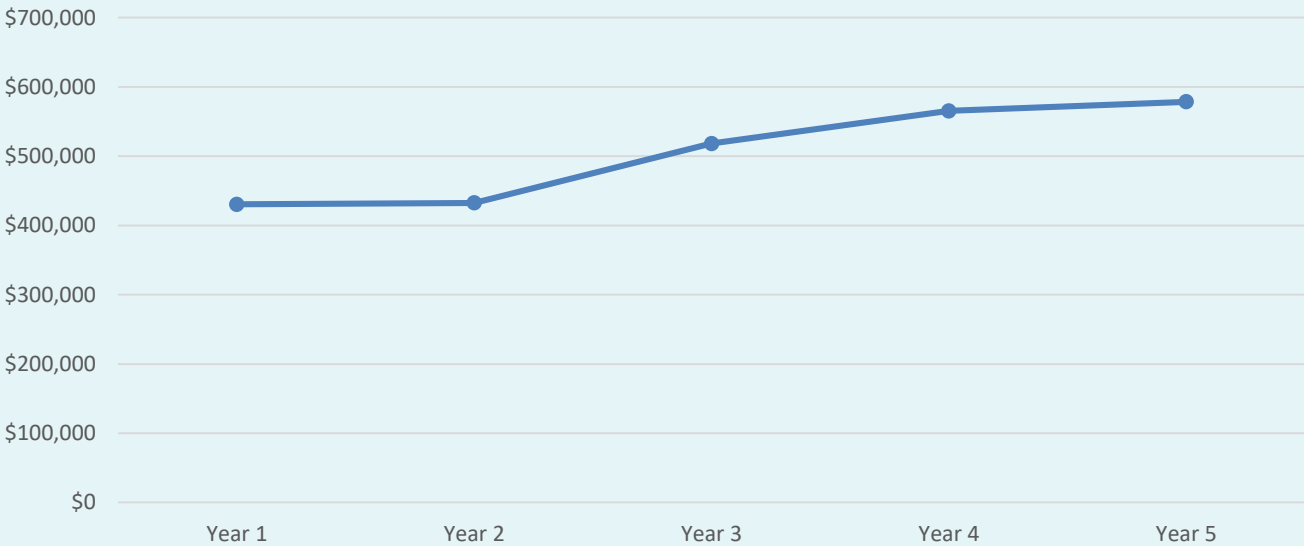


PROJECTED BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current assets					
Cash	\$109,662	\$129,378	\$137,278	\$147,974	\$184,666
Inventory	\$20,000	\$22,000	\$26,000	\$31,000	\$38,500
Total current assets	\$129,662	\$151,378	\$163,278	\$178,974	\$223,166
Long-term assets					
Long-term assets	\$135,000	\$140,000	\$148,000	\$158,000	\$170,000
Accumulated depreciation	\$13,500	\$27,500	\$42,300	\$58,100	\$75,100
Total long-term assets	\$121,500	\$112,500	\$105,700	\$99,900	\$94,900
Total assets	\$251,162	\$263,878	\$268,978	\$278,874	\$318,066
Liabilities and capital					
Current liabilities					
Accounts payable	\$25,471	\$25,158	\$27,231	\$29,226	\$31,572
Total current liabilities	\$25,471	\$25,158	\$27,231	\$29,226	\$31,572
Non-current liabilities					
Non-current liabilities	\$186,390	\$171,649	\$155,686	\$138,397	\$119,674
Total non-current liabilities	\$186,390	\$171,649	\$155,686	\$138,397	\$119,674
Capital					
Capital	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Retained earnings	(\$10,698)	\$17,071	\$36,061	\$61,251	\$116,820
Total Capital	\$39,302	\$67,071	\$86,061	\$111,251	\$166,820
Total Liabilities and Capital	\$251,162	\$263,878	\$268,978	\$278,874	\$318,066

BREAK-EVEN ANALYSIS

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$434,568	\$497,399	\$572,008	\$631,073	\$697,661
Cost of revenue	\$133,902	\$153,458	\$176,477	\$194,440	\$214,672
Gross profit	\$300,665	\$343,941	\$395,532	\$436,633	\$482,989
Contribution margin	69.19%	69.15%	69.15%	69.19%	69.23%
Salaries & benefits	\$123,667	\$165,470	\$217,593	\$245,975	\$253,355
Fixed operating expenses	\$174,197	\$133,688	\$140,798	\$145,222	\$147,259
Breakeven sales calculation	\$430,518	\$432,635	\$518,297	\$565,404	\$578,673
Breakeven Sales (Annual)	\$430,518	\$432,635	\$518,297	\$565,404	\$578,673
Breakeven Sales (Monthly)	\$35,877	\$36,053	\$43,191	\$47,117	\$48,223



RATIO ANALYSIS

	Year 1	Year 2	Year 3	Year 4	Year 5
Profitability %'s:					
Gross Margin	69.19%	69.15%	69.15%	69.19%	69.23%
Net Profit Margin	-2.46%	5.58%	3.32%	3.99%	7.96%
EBITDA to Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Assets	-4.26%	10.52%	7.06%	9.03%	17.47%
Return on Equity	-27.22%	41.40%	22.07%	22.64%	33.31%
Activity Ratios:					
Accounts Payable Turnover	5.26	6.10	6.48	6.65	6.80
Asset Turnover	1.73	1.88	2.13	2.26	2.19
Leverage Ratios:					
Debt to Equity	4.74	2.56	1.81	1.24	0.72
Debt to Assets Ratio	74.21%	65.05%	57.88%	49.63%	37.63%
Interest Coverage Ratio	1.31	4.14	3.70	4.51	8.29
Liquidity Ratios:					
Current Ratio	5.09	6.02	6.00	6.12	7.07
Current Debt to Total Assets Ratio	10.14%	9.53%	10.12%	10.48%	9.93%
Additional Indicators:					
Revenue to Equity Ratio	11.06	7.42	6.65	5.67	4.18

NOTE TO READERS

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