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SAMPLE PLAN

ACME INC.

BUSINESS PLAN

NOTE: This plan is a sample prepared by Building Blocks Business Planning where the original business name and other pertinent information have been changed for client privacy purposes. Any similarities with actual companies are purely coincidental.

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Executive Summary

Introduction

ACME Inc. operating under business name ACME (also referred to as “Company”) is a bakery retail establishment located in a prime shopping center in Richmond, British Columbia. Company’s main aim is to offer its products at a competitive price to meet the demand of the middle-to higher income local area residents and tourists. The Company expects to catch the interest of a regular loyal customer base with its broad variety of baked goods and pastry products. ACME Inc. has plans to build a strong market position in the city, due to the owner’s extensive 25 years of industry experience, mild competitive climate in the area and a comprehensive marketing strategy.

The Company

ACME Inc. started as a family business in year 1996 incorporated under business name ACME Holdings Ltd. Since then, it has expanded into two locations, one in Richmond and one in Vancouver. Under ABC’s management, the company had great success and achieved \$XXX million in sales in 2019. As the leases of both locations expire this year and the founding member (ABC’s mother) decided to retire, ABC decided to restructure and rebrand the business. To have a fresh and clean start, he incorporated a new entity, ACME Inc. in which the Company will operate under. In addition, he will terminate the current two stores and shift all focus to starting a new ACME Inc. location at Sample Mall in Richmond. The new storefront will have an attractive and appealing design with a modern concept. ABC aims to rebrand the bakery using innovative ideas and effective marketing strategies. As the owner, general manager and baker, ABC brings to the Company 25 years of extensive experience in the retail bakery industry. He has fully managed and operated ACME Inc.’s previous two locations and built a loyal customer base for the bakery. ABC’s passion and dedication to continue the success of his family business is what makes him excellent at his job.

The bakery specializes in offering a range of high quality baked goods and pastries at competitive prices. Its target markets are local residents and tourists in the middle-to-higher income range.

Company Ownership

ACME Inc. is registered in the province of British Columbia. The Company was formed in 2019 with the trade name ACME Inc.. The Company is solely owned by ABC (100%).

Company Location

The Company will maintain a physical storefront at the following location:

Sample Location

Sample Address

Richmond BC

Financial

Company's owner, ABC, will contribute \$300,000 of its own capital and borrow \$300,000 as a business bank loan. This will cover the bulk of the start-up expenses and initial working capital required. Company's break-even Analysis is based on the forecasted average of the first two-year figures for total sales, initial expenditures and all other operating expenses. Such analysis shows that Company is expected to break-even by the fourteenth month of operations. In addition, based on financial forecast, it is estimated to reach a total sales of \$1.15M in year 1 and \$2M by year 3, with a 6% and 17% net profit margin respectively. With the growth in sales, the company is also expected to grow in size to a total of 13 employees by year 3.

Use of Funds

The table below outlines the sources and uses of funding:

SOURCES & USES

Sources of Funds

Owner's Investment	\$300,000.00
Business Bank Loan	\$300,000.00
Total Sources	\$600,000.00

Uses of Funds

Start-up Expenses

Legal Services	\$2,000.00
Premise Renovation	\$400,000.00
Business consultation	\$5,000.00
Other	\$3,000.00
Total Start-up Expenses	\$410,000.00

Start-up Assets

Working Capital	\$50,000.00
Equipment	\$140,000.00
Total Start-up Assets	\$190,000.00

Total Uses	\$600,000.00
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COMPANY OVERVIEW

ACME Inc. aims to offer high quality pastry products at a competitive price to meet the demand of the middle-to higher-income local market area residents and tourists.

Keys to Success

ACME Inc.'s keys to success include, but are not limited to:

1. Providing the highest quality product with personal customer service.
2. Competitive pricing.
3. A well-established brand name in business since year 1996.
4. Owner's 25 years of extensive industry experience.
5. Owner's know-how and personal hands on knowledge as the Master pastry chef.
6. Unbeatable location with mild competitive climate in the area.

Product Description

ACME Inc. offers a broad range of freshly prepared bakery and pastry products made to suit the customer, down to the smallest detail. The bakery provides specialty breads in Japanese and French styles, tarts and pastries such as fresh fruit mousse and mango fruitcake. All of its baked goods are made without additional coloring or preservatives. Its products are perfect for casual consumption, wedding, birthday or special occasions.

Below is the list of products available:

- Specialty Buns (variety of toppings and fillings)
- Breads
- Cookies
- Swiss Rolls
- Pastries
- Cakes (Whole or By the Slice)
- Wedding Cakes
- Customized Cakes



ACME Inc. also plans to offer the following marketable and special occasion products to attract more segments of customers:

- Salted egg infused products

Salted eggs have always been a staple in many Asian cuisines. Lately, salted egg infused products such as salted egg chips have created a new craze in Asia. ACME Inc. plans on creating a new product line featuring this concept. It will include products such as salted egg croissants and salted egg savoury biscuits. Given the high population of Asians in Richmond, introducing these new bakery goods will be a big hit in the area.



- Special Occasion Products

To attract more customers, ACME Inc. will introduce seasonal products cater to special occasions. For example, moon cakes for Lunar Festivals. Its moon cakes are all made local without any added preservatives. In addition, the bakery will offer Chinese pastries and snacks for Chinese New Year, cookies for Christmas and Valentine's Day.



SAMPLE

MARKET ANALYSIS

The Market

The bakery market in Canada, including frozen bakery and desserts, registered total value sales of C\$8.6 billion and total volume sales of 1.2 million tonnes in 2011 with C\$1.2 billion of that is attributed to unpackaged/artisanal bread and C\$73.1 million for bread substitutes such as crisp bread or snack bread.¹ In 2015 the annual spending on baked goods in British Columbia per household averaged \$561². Demand can be high for baked good because many people have no time to bake at home, making convenience a large factor that impacts growth and sustainability of this market segment.

There are currently about 30 dedicated bakeries in the city of Richmond, with fewer than 15 of these being Asian influenced bakeries like ACME Inc.

Market Segmentation

ACME Inc. will focus on middle and upper-income markets. These market segments make up a large portion of the Richmond and Vancouver population, and consume the majority of artisanal bakery products.

Existing Customers

In 2019 the sales of the existing Richmond and Vancouver ACME Inc. grossed \$XXX and \$XXX respectively, and have been growing annually since 2000. They are critical to sustaining Company in the long run.

Local Residents

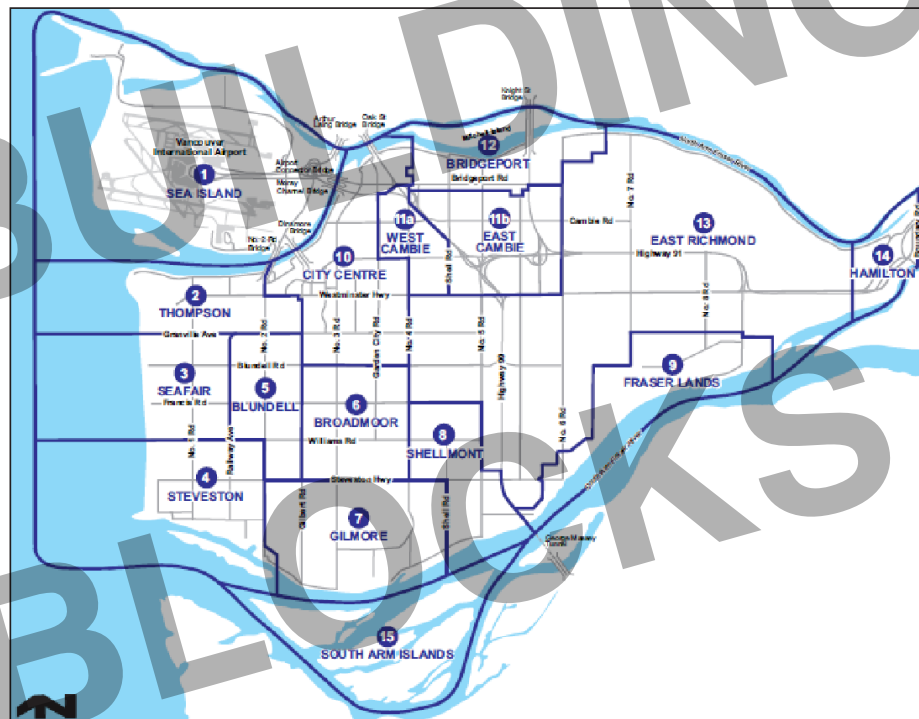
ACME Inc. aims to also build a larger regular customer base with the locals in the surrounding neighbourhoods which are continuing to grow with new developments annually. These communities include West Cambie, City

¹ <https://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6333-eng.pdf>

² <http://www5.statcan.gc.ca/cansim/a05?lang=eng&id=2030028>

Centre, Broadmoor and Shellmont which have a combined population of approximately 120,000³. The immediate neighborhood of West Cambie itself is estimated to be the home of 10,514 individuals in 2017.⁴ This will add to the already healthy, consistent revenue base and increase the stability of the business overall.

Richmond's Planning Areas Map



Foot Traffic

ACME Inc. will be opening at Sample Richmond Mall, which is a 372,000-square-foot outdoor mall. At 90% capacity, there are currently 42 retail shops and restaurants already in business, including Walmart. Signage is already being prepared for the bakery by the complex and added sandwich boards will increase the visibility and awareness of the bakery within the complex. High visibility and competitive products and services are critical to capture this segment of the market.

³ https://www.richmond.ca/_shared/assets/Population_Hot_Facts6248.pdf

⁴ Based on annual average growth rate of 5%

Target Market Segment Strategy

ACME Inc.'s primary target markets will be the local residents and foot traffic as existing customers are expected to return to the new location (they will be notified of the new location in advance of the closure of the current locations and advertising via newspaper advertising and social media). There are plans to increase awareness for the new location in the neighborhood with the use of traditional and internet marketing. Aside from marketing efforts, providing high quality products and services at competitive prices are vital to maintain the local market share of these target markets.

Market Needs

Due to Richmond's high Asian population (47% in 2011)⁵, Asian influenced bakeries such as ACME Inc. are in high demand year round due to their familiarity with this style of bakery that specialize in breads, both Japanese and French styles, tarts and pastries such as fresh fruit mousse and mango fruitcake. The specialty buns which come in an array of fillings and toppings are popular as a snack or lunch for children and adults alike especially among Asians, though many other ethnicities are also becoming more aware of these products. Many of the products available at ACME Inc. are not baked goods that one usually has time to bake at home, so the convenience of having quality baked goods readily available is high.

There are multiple dwelling complex surrounding the Sample Richmond Mall, which currently contain over 500 individual units, and over 500 more in development (completed by 2019) in a two-block radius.

Service Business Analysis

According to Euromonitor (2011), Canada's bakery market is becoming more fragmented as artisanal bakery manufacturers expand their activities. This

⁵ https://www.richmond.ca/__shared/assets/2006_Ethnicity20987.pdf

trend was especially dominant within the bread, cakes and pastry sub-categories, of which artisanal bakery accounted for a 42% share⁶ of the market. Consumers in the Richmond/Vancouver area have been treated to a high quality of living and they expect even higher quality when it comes to their food. Consumers of baked goods are presented with numerous options for outlets when it comes to purchasing baked goods which can range from gas stations, corner stores and coffee shops to supermarkets and artisanal bakeries. Despite being the only dedicated artisanal bakery in the complex, ACME Inc. will continue to position itself as the place to purchase high-quality baked goods at a reasonable price.

Competition and Buying Patterns

Competition is not high in the area and do not offer the same quality and service as ACME Inc. This is especially true in the West Cambie area where Company is the sole artisanal bakery in the neighborhood. Local customers are looking for high quality products sold at reasonable prices sold in a comfortable setting.

Competitors for baked goods can range from gas stations, corner stores and coffee shops to supermarkets and other artisanal bakeries, but the majority of these competitors' target markets are not consumers of baked goods other than artisanal Asian bakeries, and none provide the dedication to quality that ACME Inc. promises when it comes to baked goods that customers have come to expect. The leading competitors would be other artisanal bakeries in the surrounding neighborhoods, but the closest Asian bakery is approximately 2kms away. Patrons of artisanal bakeries are looking for a unique experience where they cannot only purchase high quality baked goods, but are also treated to an array of unique pastries and personalized cakes for various special occasions.

⁶ <https://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6333-eng.pdf>

Consumers of baked goods are generally looking for convenient quality baked goods, specialty buns that are typically eaten as a breakfast, companion to lunch or just as a snack are especially popular in Asian bakeries.

STRATEGY AND IMPLEMENTATION

ACME Inc. intends to succeed by delivering exceptional customer service and offering pastries that pamper its customers' exquisite taste.

S.W.O.T.

The SWOT analysis provides concise information on the strengths and weaknesses about the Company as well as the opportunities and threats it faces. This information is important in crafting the marketing strategies of ACME Inc. as they give direction to which the strategies must be focused.

Strengths

The owner has 25 years of experience in the local bakery industry. ABC has operated and managed ACME Inc.'s previous two successful locations in Richmond and Vancouver since the brand's inception. He is also the Master pastry chef. ABC's past track record is a core benefit since all the knowledge come from within the Company rather than relying on third-party company. Throughout the years, ABC has had extensive exposures with local businesses in various industries. His network and contacts will definitely be an advantage to the bakery. In addition, being in business since year 1996, ACME Inc. has become a renowned and reputable brand with a solid regular loyal customer base, which will carry forward to this new location.

Weaknesses

Although ACME Inc. will have a new and stylish storefront with well-packaged products, it does not currently have an outstanding online presence. It is lacking digital marketing. However, with the opening of this new store, the bakery plans to launch a series of effective online marketing strategy across various social media channels.

Opportunities

Sample Richmond Mall is a newly established shopping centre with notable brands such as Walmart, Sport Chek, Apple and Starbucks. These well-known brands will attract a tremendous amount of foot traffic from local residents as well as tourists. In addition, the City of Richmond is one of the fastest growing areas. There are numerous condos and high rises newly built surrounding this location and new developments continuously being constructed. This growing community brings in new families and individuals well within the targeted range of middle-to higher-income consumers. The inflow of traffic creates an opportunity for a bakery shop in this area. Furthermore, there is no other similar type bakery shop in close proximity to the area, which minimizes competition.

Threats

British Columbia is ranked as one of the higher taxed province, which may be a barrier of entry for some new businesses, but many will view this as a payoff for better quality consumers with higher purchasing power.

Competitive Edge

ACME Inc. is positioned to experience rapid growth and outperform competitors for the following reasons:

- **Location:** The relatively low level of competition in the local area in this particular niche.

- **Management:** The Company's senior management has insight, creativity and experience, which are relevant and transferable within operations, sales and finance in the retail bakery industry.
- **Marketing:** The Company has created a marketing plan to position ACME Inc. as a superior baked goods company using aggressive marketing strategies.
- **Experience:** Owner's experiences in retail store operations and management, inventory control, people management and as a baker.

Key Advantages

- ACME Inc. has designed its personnel plan with cost efficiency and flexibility as factors.
- The Company offers high quality baked goods and pastries which are in high demand in the local market place.
- Based on previous experiences and analysis, the Company's management has designed its strategic growth and operating plans to be scalable which also provides enhancement for revenue growth.

MARKETING AND SALES

ACME Inc. has designed a series of marketing and promotional strategies aimed to maintain current customer base and persuade new potential customers to purchase the Company's bakery products and to:

- Create brand awareness
- Maintain and build a favourable brand image
- Increase customer retention rate
- Increase customers' confidence in ACME Inc.'s products
- Leverage needs and emotions of people who like bakery goods
- Build strong and lasting relationships with customers

Marketing Channels

ACME Inc. will rely on traditional advertising, promotional events, online advertising and word-of-mouth to acquire customers. Specific channels will include:

Press Advertising

ACME Inc. plans to implement this traditional form of general advertising, including local newspapers.

Promotional Events

ACME Inc. plans to host promotional events as a method to advertise business name and introduce new products to the community.

Website

Nowadays an effective website is as important as a presentable storefront to engage customers. ACME Inc. plans to launch a new website that is visually appealing and easy to navigate. It will feature product information and pictures for customers to scroll through. Customers can also sign up to receive special announcements, new product launch, coupons and sales.

Online advertising

A robust online presence has become a necessity for any modern business, as the Internet is rapidly becoming the most influential arena for client research and decision-making. The bakery will engage in online advertising through channels such as Google Adwords, Facebook Advertising and Instagram Advertising and will undertake strategic search engine optimization campaign to ensure that its website is among the top results for consumers looking for delicious bakery goods in the area.

Social media videos and posts

ACME Inc. understands the power and efficiency that social media can bring to the Company. By posting videos and photos on a regular basis, this tactic can grab customers' attention; remind them about their love for bakery goods or to check out new product flavour. Seeing visually appealing photos can encourage customers to take action.

Below is a summary of our content marketing schedule:

Online Platform	Content	Frequency of Updates
Instagram Business Page	Video & Photo Posts	1 Post per Week
Facebook Business Page	Video & Photo Posts	1 Post per Week
WeChat	Video & Photo Posts	1 Post per Week

These videos and posts will also help to organically improve ACME Inc.'s search engine results while building the Company's cachet as a leader in its industry.

Word-of-mouth marketing

ACME Inc. understands word-of-mouth marketing is very important to the brand. Study shows that people are 4x more likely to buy when referred by friends.⁷ To implement its word-of-mouth marketing, the Company has the following strategies:

- Encourage user-generated content: Content created and shared by consumers about brands and products are believed to be the most honest and trusted opinions. The bakery can get users to generate content by having a unique hashtag to identify content created about ACME Inc. It can also create an incentive for users to share social media posts by offering free gift and discount.
- Share customer testimonials/reviews: Testimonials and reviews will be hosted on the Company's website and pulled from popular review sites such as Yelp.
- Get Product Ratings: Give customers the ability to rate products. Create a top-10-product list for display at the store. This strategy can increase engagement, boost a sense of community and show customers that the store values their feedback.

⁷ <https://www.impactbnd.com/blog/word-of-mouth-marketing-strategies-infographic>

MANAGEMENT TEAM

ABC

Owner /General Manager / Master Bakery and Pastry Chef

As the Company's General Manger ABC's role is instrumental in forging the success of the Company. As General Manager/Baker, his responsibility is to ensure the Company provides high quality products at competitive prices while maintaining a profitable business.

ABC has lived in Asia, studied in United Kingdom and is now residing in Vancouver. His international experience allows him to have exposure to cuisines from different parts of the world. When ACME Inc. started business 25 years ago, ABC took on the role as a baker and later advanced to managing operations and sales.

ABC has the know-how and expertise to replicate this successful method to his new location and continue expanding the bakery chain.

FINANCIAL PROJECTIONS

Three Year Goals

The following table and graph illustrate ACME Inc.'s financial goals during the next three years:

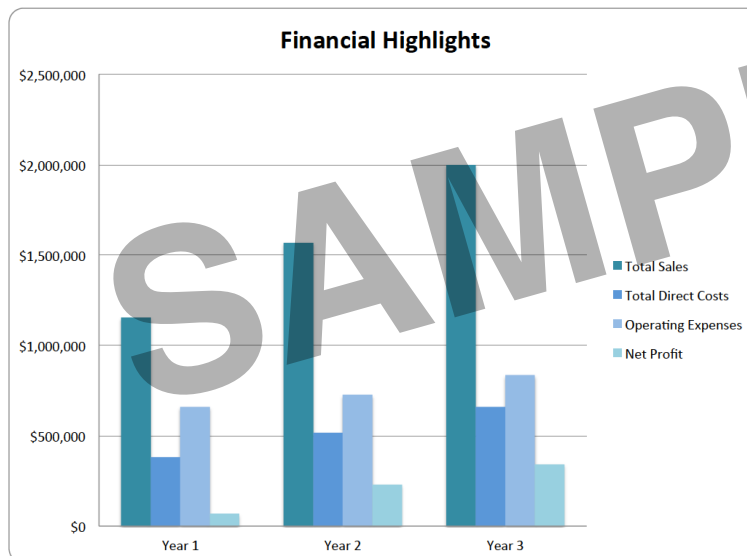
FINANCIAL HIGHLIGHTS

	Year 1	Year 2	Year 3
Total Sales	\$1,153,950	\$1,568,700	\$1,998,722
Total Direct Costs	\$380,804	\$517,671	\$659,578
Gross Margin	\$773,147	\$1,051,029	\$1,339,144
Operating Expenses	\$660,748	\$727,353	\$836,531
EBITDA	\$166,299	\$377,576	\$556,513
Net Profit	\$67,780	\$228,758	\$341,868

Profitability Ratios

Gross Margin/Sales	67%	67%	67%
EBITDA/Sales	14%	24%	28%
Net Profit %	6%	15%	17%

Net Cash Flow	\$91,680	\$252,658	\$365,768
Ending Cash Balance	\$141,680	\$394,338	\$760,106



Sales Forecast

The table below shows the units and pricing assumptions underlying the sales forecast:

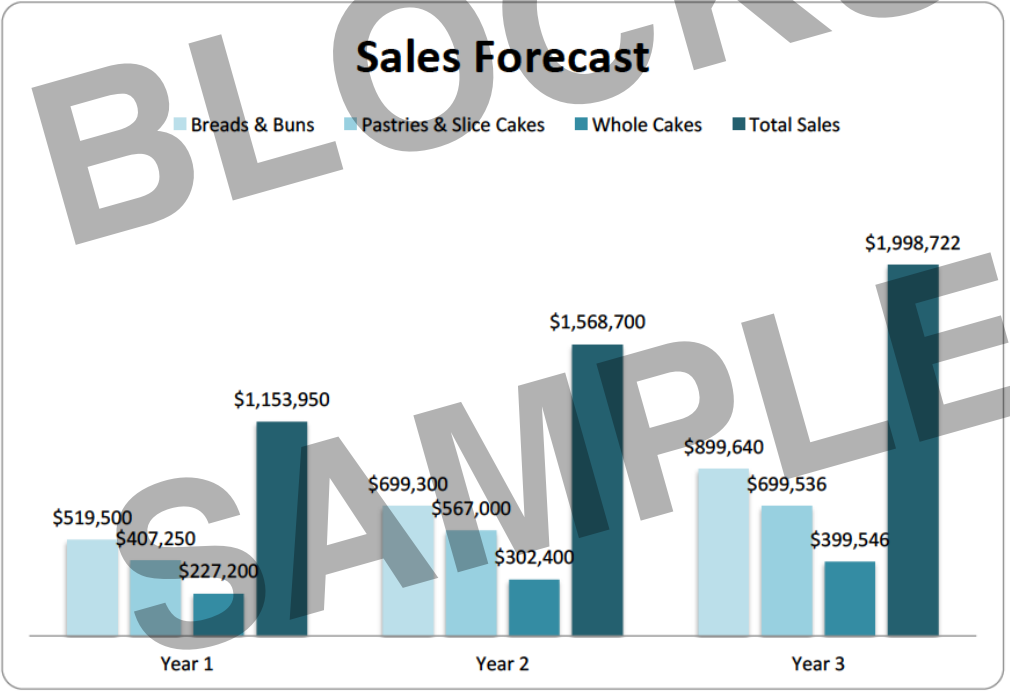
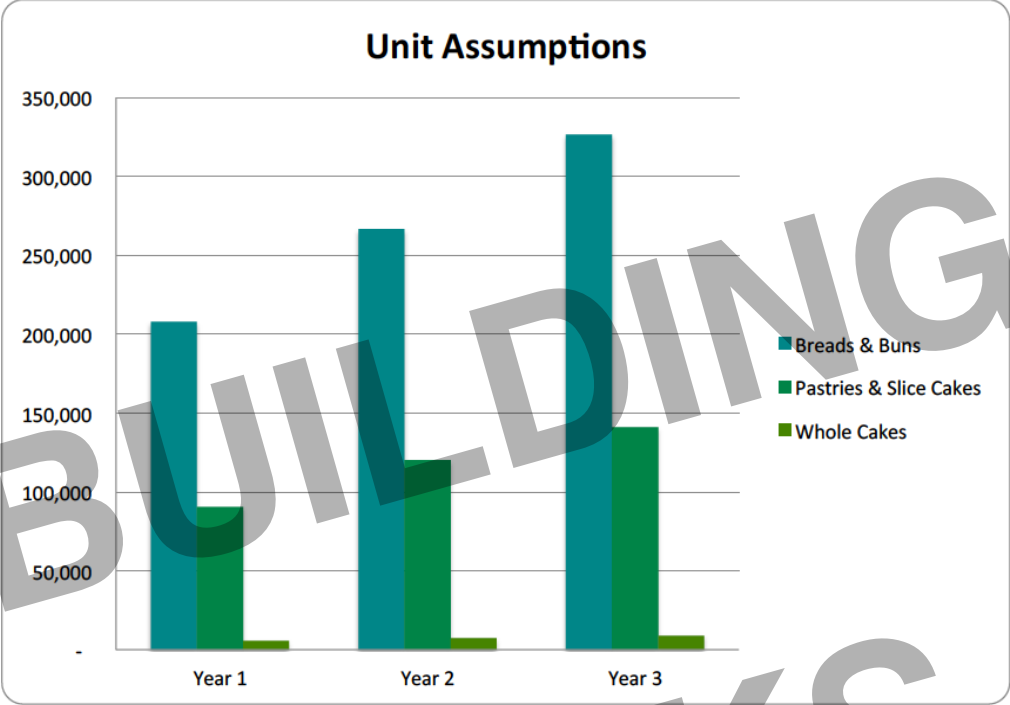
UNIT ASSUMPTIONS

	Year 1	Year 2	Year 3
Units			
Breads & Buns	207,800	266,400	326,400
Pastries & Slice Cakes	90,500	120,000	141,000
Whole Cakes	5,680	7,200	9,060
Unit Price			
Breads & Buns	\$2.50	\$2.63	\$2.76
Pastries & Slice Cakes	\$4.50	\$4.73	\$4.96
Whole Cakes	\$40.00	\$42.00	\$44.10
Direct Unit Cost			
Breads & Buns	\$0.83	\$0.87	\$0.91
Pastries & Slice Cakes	\$1.49	\$1.56	\$1.64
Whole Cakes	\$13.20	\$13.86	\$14.55

The following is a three-year sales forecast. Direct costs include all costs which can be directly tied to sales and include “cost of goods.”

REVENUE FORECAST

	Year 1	Year 2	Year 3
Sales			
Breads & Buns	\$519,500	\$699,300	\$899,640
Pastries & Slice Cakes	\$407,250	\$567,000	\$699,536
Whole Cakes	\$227,200	\$302,400	\$399,546
Total Sales	\$1,153,950	\$1,568,700	\$1,998,722
Direct Costs			
Breads & Buns	\$171,435	\$230,769	\$296,881
Pastries & Slice Cakes	\$134,393	\$187,110	\$230,847
Whole Cakes	\$74,976	\$99,792	\$131,850
Total Direct Costs	\$380,804	\$517,671	\$659,578
Gross Margin	\$773,147	\$1,051,029	\$1,339,144
Gross Margin/Sales	67%	67%	67%



Payroll Details

Below is ACME Inc.'s personnel forecast.

Personnel wages indicate the average wage per position and personnel costs are total wages for each position.

PERSONNEL FORECAST

	Year 1	Year 2	Year 3
Personnel Count			
General Manager / Baking Manager	1	1	1
Bakers	5	5	6
Sales Support	3	4	5
Marketing & Sales Support	1	1	1
Total Personnel	10	11	13
Personnel Wage			
General Manager / Baking Manager	\$100,000	\$100,000	\$100,000
Bakers	\$30,000	\$31,500	\$33,075
Sales Support	\$24,000	\$25,200	\$26,460
Marketing & Sales Support	\$25,000	\$26,250	\$27,563
Personnel Costs			
General Manager / Baking Manager	\$100,000	\$100,000	\$100,000
Bakers	\$150,000	\$157,500	\$198,450
Sales Support	\$72,000	\$100,800	\$132,300
Marketing & Sales Support	\$25,000	\$26,250	\$27,563
Total Payroll	\$347,000	\$384,550	\$458,313
Payroll/Sales	30%	25%	23%

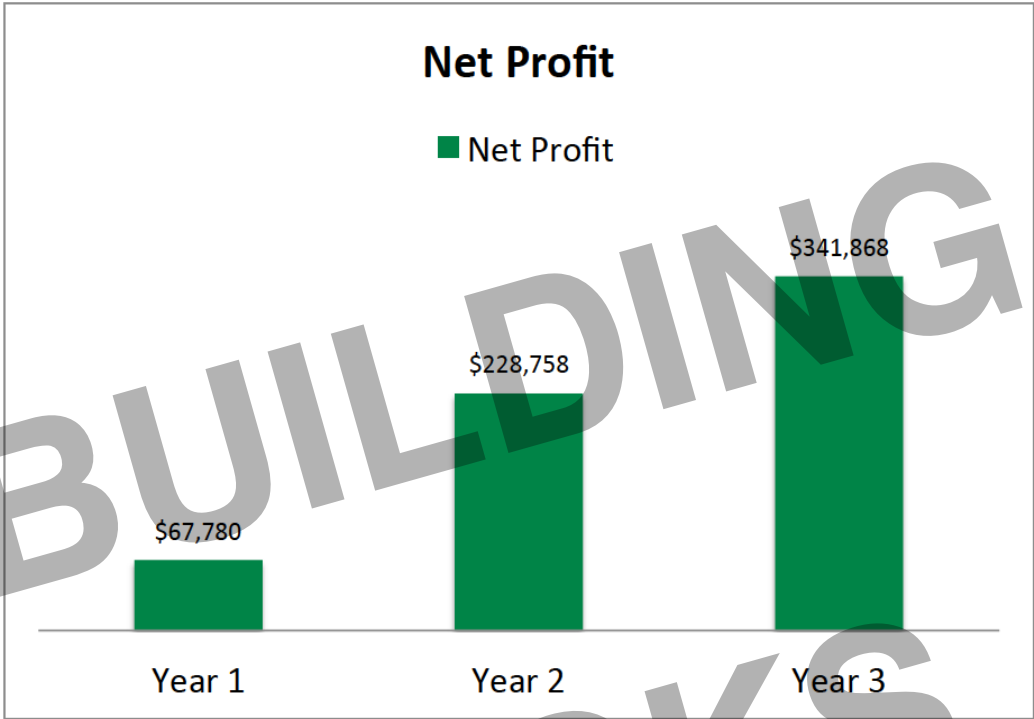
Projected Profit & Loss

Company intends to deploy its funding to maximize growth and profitability. In the Forecasted Profit and Loss Statement below, gross margin equals sales minus direct costs. The “bottom line” or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

PROFIT & LOSS STATEMENT

	Year 1	Year 2	Year 3
Total Sales	\$1,153,950	\$1,568,700	\$1,998,722
Total Direct Costs	\$380,804	\$517,671	\$659,578
Gross Margin	\$773,147	\$1,051,029	\$1,339,144
Gross Margin/Sales	67%	67%	67%
Expenses			
Marketing & Advertising	\$34,619	\$47,061	\$59,962
Rent	\$120,000	\$126,000	\$132,300
Utilities	\$14,400	\$14,688	\$14,982
SG&A	\$8,400	\$8,568	\$8,739
Business Insurance	\$2,040	\$2,081	\$2,122
Professional Fees	\$6,000	\$6,120	\$6,242
Storage	\$8,400	\$8,568	\$8,739
Loss and Breakage	\$11,540	\$15,687	\$19,987
Repairs & Maintenance	\$2,400	\$2,448	\$2,497
Payroll	\$347,000	\$384,550	\$458,313
Payroll Taxes & Benefits	\$52,050	\$57,683	\$68,747
Depreciation	\$53,900	\$53,900	\$53,900
Total Operating Expenses	\$660,748	\$727,353	\$836,531
Profit Before Interest & Tax	\$112,399	\$323,676	\$502,613
EBITDA	\$166,299	\$377,576	\$556,513
Interest Expense	\$12,022	\$10,763	\$30,066
Taxes Incurred	\$32,596	\$84,156	\$130,679
Net Profit	\$67,780	\$228,758	\$341,868
Net Profit %	6%	15%	17%

*Interest expense calculated based on a prime + 1% loan with a 10-year-term.



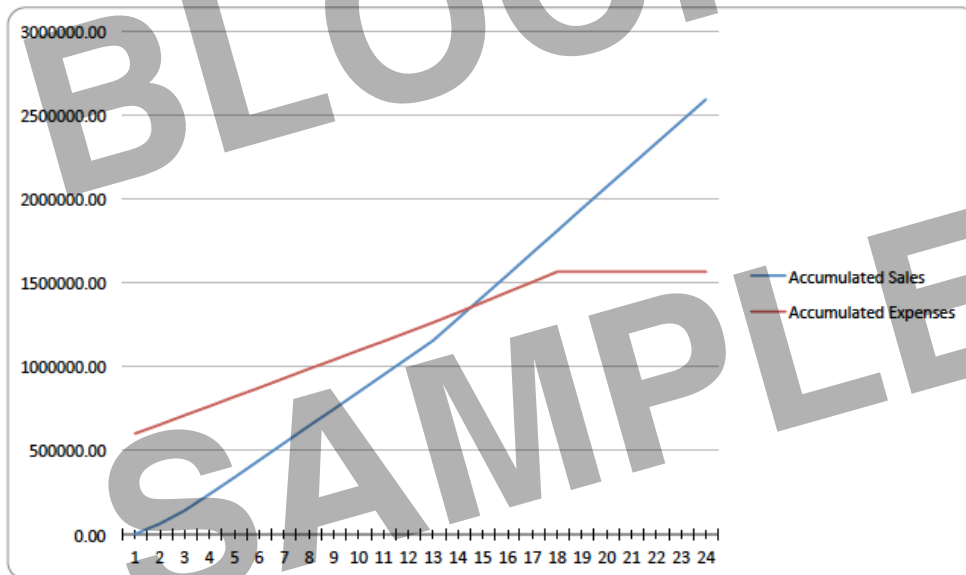
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Break-even Analysis

The table and chart below demonstrate when ACME Inc. is expected to become profitable. Breakeven occurs when accumulated sales equals accumulated expenses. The monthly accumulated sales is calculated by adding the current month's gross sales to all previous months' gross sales. The monthly accumulated expense is calculated by adding the start-up expenses to the current month's operating expenses and previous months' operating expenses. According to the forecasted financials, month 14 will be the point at which break-even will occur.

BREAK-EVEN ANALYSIS

Break-Even Month	14
Accumulated Gross Sales	\$1,415,400

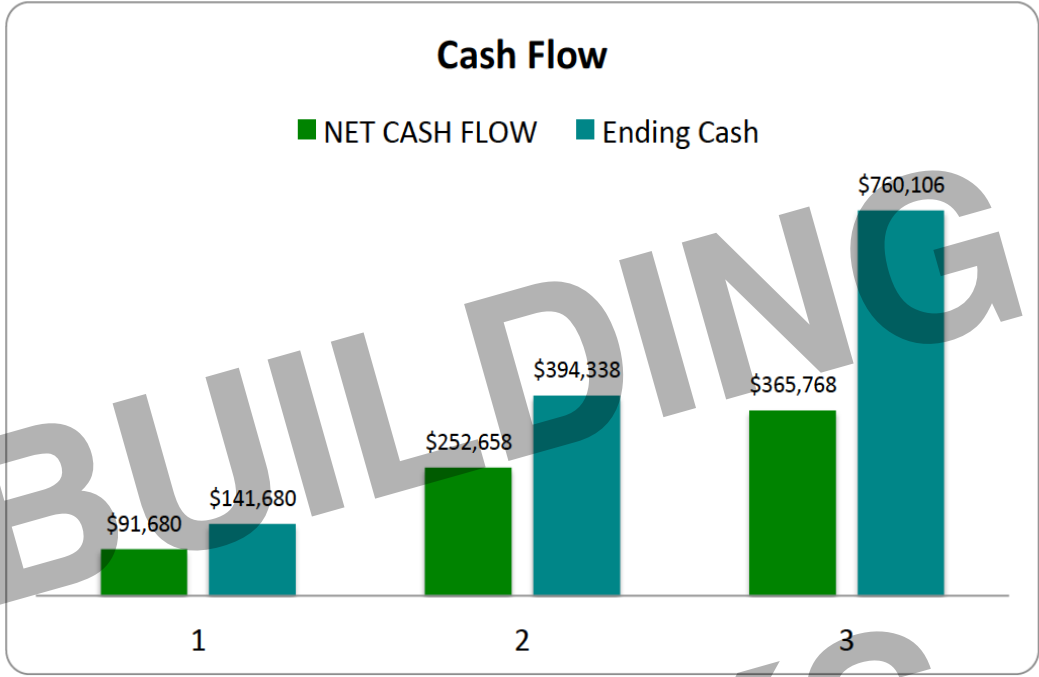


Projected Cash Flow

The following depictions of ACME Inc.'s projected cash flow show that the Company expects to maintain sufficient cash balances over the three years of this plan. The forecasted cash flow statement differs from the forecasted profit and loss statement. Forecasted cash flow is intended to represent the actual flow of cash in and out of the Company. In comparison, the sales and expense projections on the P&L statement include "non-cash" items and exclude funding and investment illustrations.

CASH FLOW STATEMENT

	Year 1	Year 2	Year 3
OPERATING			
Net Profit	\$67,780	\$228,758	\$341,868
<u>Adjustments to Net Profit</u>			
Depreciation & Amortization	\$53,900	\$53,900	\$53,900
Increase (-)/Decrease (+) in Accounts Receivable	\$0	\$0	\$0
Increase (-)/Decrease (+) in Inventory	\$0	\$0	\$0
Increase (+)/Decrease (-) in Accounts Payable	\$0	\$0	\$0
Net Cash from Operating Activities	\$121,680	\$282,658	\$395,768
INVESTING			
Purchase of Other Current Assets	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0
Purchase of Long-term Assets	\$0	\$0	\$0
Sale of Long-term Assets	\$0	\$0	\$0
Net Cash from Investing Activities	\$0	\$0	\$0
FINANCING			
Investment	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
Current Borrowing Repayment	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Long-term liability Repayment	-\$30,000	-\$30,000	-\$30,000
Net Cash from Financing Activities	-\$30,000	-\$30,000	-\$30,000
NET CASH FLOW			
Beginning Cash	\$50,000	\$141,680	\$394,338
Ending Cash	\$141,680	\$394,338	\$760,106



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Projected Balance Sheet

The forecasted balance sheet below highlights ACME Inc.'s projected assets, liabilities, and capital:

BALANCE SHEET

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$141,680	\$394,338	\$760,106
Accounts Receivable	\$0	\$0	\$0
Inventory	\$0	\$0	\$0
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$141,680	\$394,338	\$760,106
Fixed Assets			
Long-term Assets	\$540,000	\$540,000	\$540,000
Accum. Depreciation	\$53,900	\$107,800	\$161,700
Land	\$0	\$0	\$0
Total Fixed Assets	\$486,100	\$432,200	\$378,300
Total Assets	\$627,780	\$826,538	\$1,138,406
Liabilities and Owners' Equity			
Current Liabilities			
Accounts Payable	\$0	\$0	\$0
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$0	\$0
Long-term Liabilities			
Bank Loan	\$270,000	\$240,000	\$210,000
Total Liabilities	\$270,000	\$240,000	\$210,000
Owners' Equity			
Paid-in Capital	\$300,000	\$300,000	\$300,000
Retained Earnings	-\$10,000	\$57,780	\$286,538
Accum. Earnings	\$67,780	\$228,758	\$341,868
Total Owners' Equity	\$357,780	\$586,538	\$928,406
Total Liabilities and Owners' Equity	\$627,780	\$826,538	\$1,138,406

Sensitivity Analysis

The sensitivity analysis below assumes that sales are 15% higher or lower than figures projected earlier in this business plan:

BEST CASE SCENARIO

SALES IS 15% GREATER THAN PROJECTED			
	Year 1	Year 2	Year 3
Total Sales	\$1,327,043	\$1,804,005	\$2,298,531
Total Direct Costs	\$437,924	\$595,322	\$758,515
Gross Margin	\$889,118	\$1,208,683	\$1,540,015
Gross Margin/Sales	67%	67%	67%
Operating Expenses	\$667,672	\$736,766	\$848,523
Net Profit	\$151,965	\$338,457	\$481,639
Net Profit/Sales	11%	19%	21%
Net Cash Flow	\$175,865	\$362,357	\$505,539
Ending Cash Balance	\$225,865	\$588,222	\$1,093,760

WORST CASE SCENARIO

SALES IS 15% LESS THAN PROJECTED			
	Year 1	Year 2	Year 3
Total Sales	\$980,858	\$1,333,395	\$1,698,914
Total Direct Costs	\$323,683	\$440,020	\$560,642
Gross Margin	\$657,175	\$893,375	\$1,138,272
Gross Margin/Sales	67%	67%	67%
Operating Expenses	\$653,824	\$717,941	\$824,538
Net Profit	-\$16,404	\$119,058	\$202,097
Net Profit/Sales	-2%	9%	12%
Net Cash Flow	\$7,496	\$142,958	\$225,997
Ending Cash Balance	\$57,496	\$200,454	\$426,451

APPENDIX

BUILDING

BLOCKS

SAMPLE

BALANCE SHEET

Year 1	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												
Current Assets												
Cash	\$39,100.83	\$38,920.42	\$46,619.02	\$56,773.42	\$67,356.15	\$77,947.63	\$88,547.86	\$99,156.84	\$109,774.57	\$120,401.05	\$131,036.28	\$141,680.26
Accounts Receivable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inventory	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Current Assets	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Current Assets	\$39,100.83	\$38,920.42	\$46,619.02	\$56,773.42	\$67,356.15	\$77,947.63	\$88,547.86	\$99,156.84	\$109,774.57	\$120,401.05	\$131,036.28	\$141,680.26
Fixed Assets												
Long-term Assets	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00	\$540,000.00
Accum. Depreciation	\$4,491.67	\$4,983.33	\$13,475.00	\$17,966.67	\$22,458.33	\$26,950.00	\$31,441.67	\$35,933.33	\$40,425.00	\$44,916.67	\$49,408.33	\$53,900.00
Land	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Fixed Assets	\$535,508.33	\$535,016.67	\$526,525.00	\$522,033.33	\$517,541.67	\$513,050.00	\$508,558.33	\$504,066.67	\$499,575.00	\$495,083.33	\$490,591.67	\$486,100.00
Total Assets	\$574,609.17	\$569,937.08	\$573,144.02	\$578,806.75	\$584,897.81	\$590,997.63	\$597,106.19	\$603,223.50	\$609,349.57	\$615,484.38	\$621,627.94	\$627,780.26
Liabilities and Owners' Equity												
Current Liabilities												
Accounts Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Current Borrowing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Current Liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal Current Liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long-term Liabilities												
Bank Loan	\$297,500.00	\$295,000.00	\$292,500.00	\$290,000.00	\$287,500.00	\$285,000.00	\$282,500.00	\$280,000.00	\$277,500.00	\$275,000.00	\$272,500.00	\$270,000.00
Total Liabilities	\$297,500.00	\$295,000.00	\$292,500.00	\$290,000.00	\$287,500.00	\$285,000.00	\$282,500.00	\$280,000.00	\$277,500.00	\$275,000.00	\$272,500.00	\$270,000.00
Paid-in Capital												
Retained Earnings	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Accum. Earnings	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00	\$100,000.00
Total Owners' Equity	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00
Total Liabilities and Owners' Equity	\$597,500.00	\$595,000.00	\$592,500.00	\$590,000.00	\$587,500.00	\$585,000.00	\$582,500.00	\$580,000.00	\$577,500.00	\$575,000.00	\$572,500.00	\$570,000.00