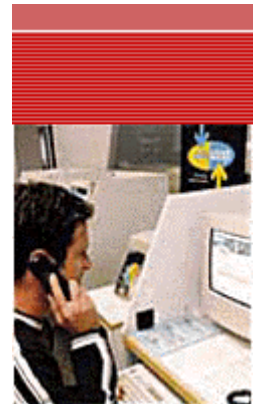


# Business Success Consulting Sample Business Plan (Service)



**Sample Plan**  
**Business Plan for the period**  
**Starting May 1998**

## **Executive Summary**

### **Business Description**

Business Success Consulting is a new business located in North Creek, British Columbia, specializing in consulting services for small and medium sized businesses. Primary services will include market feasibility studies, business plans, operational reviews, re-engineering, strategic planning, seminars and workshops. Our mission is to provide our clients with business services that help them become more successful and to become a leader in consulting to small and medium sized businesses.

To keep our overhead costs low, Business Success Consulting will be located in the home of Mark B. Assets. The home is equipped with a computer, fax machine and photocopier.

### **Ownership and Management**

Business Success Consulting is a sole proprietorship, owned by Mark B. Assets. As the business expands the firm may develop strategic alliances with other companies. Mark B. Assets is a Certified Management Consultant and a member of the Institute of Management Consultants of British Columbia. He has a commerce degree from the University of Brigham and a Masters in Business from the University of South Seymour. Mark B. Assets has been a consultant for 15 years with Smith and Smith specializing in small and medium sized businesses.

Business Success Consulting will initially only have one employee, Mark B. Assets. Additional staff support will be obtained on a subcontract basis. Secretarial service will be contracted out as required to TempServ company in North Creek.

### **Key Initiatives and Objectives**

Business Success Consulting is currently in the process of obtaining a bank loan for \$30,000 to finance the start up of the business. Our key objective during the first 12 months of operation is to develop a profitable consulting business. To do this, a strong client base will be developed through networking with local business leaders and business associations, affiliating with small business loan divisions of the local banks, and holding seminars and workshops. During the first four months of operations eight small business seminars and four small business workshops will be developed.

### **Marketing Opportunities**

Due to high overhead costs Smith and Smith recently restructured to focus more on large corporate and government clients. This meant the elimination of their small business division. Large consulting firms such as Smith and Smith typically target larger businesses and government contracts; thus creating an opportunity for smaller consulting firms such as Business Success Consulting to provide small and medium sized businesses with affordable consulting services.

There are currently no other firms that specialize in this type of consulting located within the region. Mark B. Assets left Smith and Smith to continue to provide small and medium sized businesses with much needed affordable consulting services.

## **Competitive Advantages**

The key competitive advantages of Business Success Consulting are the small business experience and expertise of Mark B. Assets as well as the business's relatively low overhead costs compared to competitive consulting firms. Mark B. Assets is a Certified Management Consultant with extensive consulting experience for small and medium sized businesses.

Overhead costs are comparatively low because Business Success Consulting will be based at the home of Mark B. Assets and labour costs will be low as there are no other full time employees.

## **Marketing Strategy**

Our target markets will be small and medium sized new and existing businesses in the surrounding region. Business Success will market its services by placing an ad in the yellow pages, listing with all local business and industry associations, developing a brochure to be distributed to lending institutions and clients, becoming an active member of a number of business and consulting associations, networking with the local business community, and developing workshops and seminars for small businesses. Our seminars and workshops will be used to promote our other consulting services. Attendees will be able to pick up our corporate brochure and ask any questions regarding the services we provide. The corporate brochure will outline Business Success Consulting's services and fee structure. The brochure will also highlight the past experience and level of expertise of Mark B. Assets. The brochures will be distributed at our workshops and seminars, to lending institutions, associations, key business leaders, and to potential clients.

Business Success Consulting will not do much advertising except for placing an ad in the local yellow pages. Within the next three years, Business Success Consulting may develop an Internet site highlighting key services, level of expertise and fee structure. Mark B. Assets will join local business associations to maintain contacts in the business community as well as to stay well informed about the business issues that are important to local businesses.

## **Summary of Financial Projections**

The revenue of Business Success Consulting are projected to increase from \$121,770 in 1998 to \$181,170 by 2000. Revenues will see strong growth of 22% annually as the business grows and expands. The Cost of Sales are 55% including total wages (including subcontractors) at 45% and goods and materials at 10%. The Net Income is projected to increase from \$12,330 in 1998 to \$17,279 in 2000. Corporate profits will be taxed at the corporate rate of 22.8% while Mark B. Assets' wages of \$40,000 per year will be taxed at prevailing personal tax rates.

# Confidentiality and Recognition of Risks

## Confidentiality Clause

The information included in this business plan is strictly confidential and is supplied on the understanding that it will not be disclosed to third parties without the written consent of Mark B. Assets.

## Recognition of Risk

The business plan represents our best estimate of the future of Business Success Consulting. It should be recognized that not all of major risks can be predicted or avoided and few business plans are free of errors of omission or commission. Therefore, investors should be aware that this business has inherent risks that should be evaluated prior to any investment.

# Business Overview

## Business History

Business Success is a management consulting business that is scheduled to begin operations on March 1, 1997. Business Success will be a sole proprietorship, owned by Mark B. Assets. Mark B. Assets left the large consulting firm of Smith and Smith to specialize in consulting to small and medium sized businesses. Large consulting firms such as Smith and Smith typically target larger businesses and government contracts creating an opportunity for Business Success to provide small and medium sized businesses with affordable consulting services.

## Vision and Mission Statement

Our mission is to become a leader in small business consulting by providing our clients with business services that help them become more successful.

## Objectives

Our primary objectives over the next year are to:

1. Obtain a bank loan of \$30,000 to cover the start up costs and initial operating costs for Business Success Consulting.
2. Generate one new client contract a month by networking with key industry leaders and local lending institutions, conducting seminars and workshops for small and medium sized businesses, and joining key business and industry associations.
3. Generate a net profit of \$12,000 in the first year by developing a strong client base and keeping overhead costs to a minimum.
4. Develop and conduct eight business seminars and four business workshops that meet the needs of the local business community.

## **Ownership**

Business Success is a sole proprietorship, owned by Mark B. Assets. As the business expands, strategic alliances may be formed with other companies.

## **Location and Facilities**

To keep our overhead costs low, Business Success Consulting will be located in the home of Mark B. Assets. The home, located at 1875 Wilson Street in North Creek, is equipped with a computer, fax machine and photocopier. Secretarial service will be contracted out as required to TempServ company in North Creek. Where possible, all meetings and presentations will be held at the client's location. If this is not feasible, the company has arranged to rent the boardroom of a local law firm as required. Presentation equipment such as overhead projectors and liquid crystal display (LCD) units will be rented from North Creek Community College.

Any sub-contractors hired for specific projects will not work in our office but will work from their own offices. This will greatly reduce our overhead costs allowing us to price our services competitively. As Business Success Consulting grows, consideration will be given to acquiring office space.

# **Products and Services**

## **Description of Products and Services**

The primary types of services we will provide include market feasibility studies, business plans, re-engineering strategies, organizational reviews, strategic planning, seminars and workshops.

Our services include the development of:

### **1. Market Feasibility Studies**

We develop market feasibility studies for businesses that want to market new products or technologies. Some of these companies are looking for government funding to commercialize the technology or product. Our market feasibility studies include a full assessment of potential markets, competitive analysis, and the financial viability of commercializing the product.

### **2. Business Plans**

We will develop full business plans for start up and existing businesses requiring financing, introducing new products, entering new markets, and restructuring.

### **3. Other Services**

Our other services will include operational reviews, strategic planning, and development of corporate re-engineering strategies.

### **4. Seminars and Workshops**

We will offer seminars to small and medium sized businesses. The seminars will focus on key management issues for small and medium sized operators such as market analysis, product commercialization, how to write a business plan, marketing strategies, customer service etc. Attendance will vary but should average 20 to 30 people each.

The workshops will be developed to help small and medium sized businesses write business plans. This service is currently unavailable in the area. Workshops will be held in the evenings and on weekends making it easier for busy operators to attend.

## **Key Features of the Products and Services**

Business Success Consulting will specialize in small and medium sized firms. While other consulting firms in the region offer small and medium sized businesses consulting services, none specialize in this area. With today's unpredictable political and economic environments, it is increasingly difficult for entrepreneurs to successfully start new businesses and for existing small and medium sized businesses to remain profitable. Our services will differ from our competitors in that Business Success Consulting will offer creative, innovative, and effective solutions to business problems. Too many consulting firms try to develop standard models to solve key business problems. Business Success realizes that business problems have a variety of solutions; what may be right for one business would not necessarily meet the needs of another business.

## **Production of Products and Services**

Initially subcontractors will be hired as needed to work on specific projects. Subcontractors will be hired based on their area of expertise and experience. Due to office space limitations, subcontractors will work out of their own offices and will be linked directly to our office via e-mail and the Internet. Within the next three years, full time consulting and administrative staff will be hired.

While all reports will be produced and edited by Mark B. Assets, the physical reports will be formatted, printed and bound by TempServ, a local secretarial agency in North Creek. Should the company take on any other full time employees, consideration will be given to leasing office space in the North Creek area.

## **Future Products and Services**

We will continually expand our services based on industry trends and changing client needs. We will also get feedback from clients and seminar attendees on what is needed for future seminars and workshops.

## **Comparative Advantages in Production**

Our comparative advantages in production are our low overhead and labour costs. Business Success does not have to pay for under utilized staff or facilities. We also have an advantage in that we can pick the most qualified sub- contractors for each project. The sub-contractors will be picked based on their expertise. This allows us to draw from a larger labour pool and skill set. Sub-contractors will be hired as needed which means that during down times our firm is not over staffed.

# **Industry Overview**

## **Market Research**

To fully understand the market we are targeting we talked to local business leaders, the Small Business Association, the Chamber of Commerce, the local economic development office, and all small business lending departments at the local banks. In addition, we read local newspaper and journal articles, and collected industry statistics from Statistics Canada.

## **Size of the Industry**

There are 500 consulting businesses in British Columbia; there are 34 consulting firms in the North Creek area alone. While there is some overlap in the types of services provided, most firms have developed their own market niches. Firms tend to become well known and recognized for their skills in a specific area such as organizational re-engineering, marketing, training, employee benefits, government program evaluation, or in a specific industry such as forestry, hospitality, health care, information technology, or communications.

## **Key Product Segments**

Consulting is a very diverse industry. There are hundreds of different services that consultants provide to all industries and industry sectors.

## **Key Market Segments**

Key market segments vary by consulting specialty. The key markets for consulting services are corporations, municipal, regional, provincial and federal governments, crown corporations, and institutions such as hospitals and educational facilities. The total size of these markets is unknown because they are continually changing and there are no provincial or federal tracking mechanisms in place to accurately determine how much these market segments spend on consulting services annually.

## **Purchase Process and Buying Criteria**

The buying process for consulting services varies by type of client and by type of service. Businesses find and chose consulting firms using several methods.

### **1. Referral**

Businesses find consultants through their lending institutions, business or industry associations, friends or colleagues, and the yellow pages. Businesses contact these consulting firms to obtain proposals and price quotes for the required services. A consulting firm is chosen based on the needs of the client such as price, quality of proposal, as well as the reputation, past experience and level of expertise of the consulting firm.

### **2. Request for Proposal**

Government and other businesses requiring consulting services sometimes distribute a "Request for Proposals" to a number of consulting firms that they would like to bid on a specific project. These consulting firms submit proposals for the projects they wish to bid on outlining the scope of the work, the methodology, a work plan and price quote. These proposals are evaluated based on a predetermined set of criteria developed by the client. The proposal evaluation criteria varies by project and client but usually includes price, quality of proposal, and the reputation, past experience and level of expertise of the consulting firm.

### **3. Open Bidding System (OBS)**

The OBS is an opening bidding system for government contracts. Anyone can access this service and submit a proposal for any contract they feel qualified to bid on.

Business plan services are usually purchased by start up businesses or by small and medium sized businesses requiring financing, commercializing a new product, or entering new markets. These businesses seek business planning assistance from their lending institutions, industry and business associations, or directly from consulting firms.

## **Description of Industry Participants**

Consulting firms are divided into large firms with more than 100 employees, medium sized firms with 20 to 100 employees and small firms with less than 20 employees. The majority (66%) of consultants in Canada are employed at large firms, 6% at medium sized firms and 28% at small firms according to a recent Industry Canada report. The large consulting firms are usually U.S. based firms and include Andersen Consulting, Coopers & Lybrand, Deloitte & Touche, Ernst & Young, KPMG, and Price Waterhouse. Small firms typically have less than 10 employees.

## **Key Industry Trends**

The consulting industry is growing for two key reasons. One is that demand for consulting services is increasing as companies downsize and contract out work that was historically done in-house. Corporate downsizing has also resulted in many managers being laid off. It is difficult for many of these people to find similar employment and as a result, many of these managers start their own businesses. Approximately 10% become consultants, many providing consulting services to the firms they just left. Those who start other types of businesses may require specialized consulting services to improve their chances of success. Therefore corporate downsizing has resulted in an increase both in the supply of, and demand for, consulting services. The number of business starts in North Creek has risen 10% annually over the last several years. Approximately 100 new businesses will be started in the area in 1997. This trend is projected to continue for at least another 5 years.

## **Industry Outlook**

With the continued economic and political uncertainty in this province, the demand for consulting services will grow as many companies are reluctant to hire additional employees. More and more work will be contracted out to outside consultants as companies maintain tight control over labour costs. This trend is also true in the government sector which is under increasing pressure to reduce costs by reducing their employment levels.

While the number of business starts has increased so have the number of bankruptcies. Approximately seven out of 10 new businesses will fail within the first two years of operation, primarily due to poor management. Some people who start new businesses lack basic business skills. The demand for small business training and assistance will grow as these entrepreneurs seek the assistance they require in order to reduce their risk of business failure.

# **Marketing Strategy**

## **Target Markets**

Our target markets will be small and medium sized new and existing businesses in the surrounding region. We will also submit proposals in response to any Request for Proposals we receive as well as for any relevant provincial and federal government contracts.

## **Description of Key Competitors**

There are a total of 34 consulting firms in North Creek, British Columbia. Only 14 of these consulting firms offer services similar to Business Success Consulting. The other 20 consulting firms in the region specialize in other areas of consulting such as employee benefits, training, marketing, information technology, health care or forestry.

There are four large consulting firms (more than 30 employees) that offer consulting services to small and medium sized businesses. However, these large firms cannot cost effectively service this market due to high overhead and labour costs. Small and medium sized businesses usually cannot afford the high hourly fees charged by these firms. Business from this target market does not represent a significant portion of the revenues generated by these four large firms which all specialize in other areas of consulting.

There are 10 smaller consulting firms (less than five employees) that offer consulting services similar to Business Success Consulting. However, none of these firms specializes in consulting to small and medium sized businesses. All 10 firms offer a wide range of consulting services. The majority (70%) of these firms are operated by people who have been laid off from large firms and who have limited consulting experience and qualifications.

## **Analysis of Competitive Position**

Business Success Consulting will be the only consulting firm in the region specializing in providing consulting services to small and medium sized businesses. Business Success Consulting has a competitive advantage in this area due to the excellent consulting experience of Mark B. Assets. Mr. Assets is a Certified Management Consultant with 15 years consulting experience, including 10 years focussing on small business consulting.

However, as a new business, it may take time to establish a strong client base and develop a reputation as a small business specialist. Mr. Assets already has an excellent reputation in this area and Smith and Smith, his former employer, will redirect any of this type of business to Mr. Assets' new firm.

## **Pricing Strategy**

Business Success Consulting services will be priced competitively with other small consulting firms. Typically the fees charged by small firms are much lower than those charged by the large firms due to lower overhead costs. Our fees will be based on several factors including the time and resources needed to complete a project, overhead costs, and the fees charged by other competitive consulting firms. Our hourly rates average \$90.00 per hour compared to \$180.00 per hour for the large consulting firms. Our hourly fees will remain the same for all projects. However, total project costs will vary depending on the time needed to complete the project as well as the direct expenses incurred as part of the project.

## **Promotion Strategy**

Business Success Consulting will market its services by placing an ad in the yellow pages, listing with all local business and industry associations, developing a brochure to be distributed to lending institutions and clients, becoming an active member of a number of business and consulting associations, networking with the local business community, and developing small business workshops and seminars.

### 1. Workshops/Seminars

Our seminars and workshops will be used to promote our other consulting services. Attendees will be able to pick up our corporate brochure and ask any questions regarding the services we provide.

### 2. Corporate brochure

We will develop a corporate brochure outlining our services and fee structure. The brochure will also highlight our past experience and level of expertise. The brochures will be distributed at our workshops and seminars, distributed to lending institutions, associations, key business leaders, and to potential clients.

### 3. Advertising

Business Success will not do much advertising except for placing an ad in the local yellow pages. Within the next three years, we may develop our own Internet site highlighting our expertise and services.

### 4. Networking

Business Success will join local business associations in order to maintain contacts in the business community as well as to stay well informed about the issues that are important to local businesses.

## **Distribution Strategy**

Distribution is not an issue for consulting firms. Reports will be couriered, e-mailed, faxed or mailed directly to customer depending on the terms set out in the contract.

# **Management and Staffing**

## **Organizational Structure**

Business Success is a sole proprietorship that will be run and managed by the owner, Mark B. Assets. All administrative and accounting duties will be contracted out. Any additional staff required will be obtained on a subcontract basis.

## **Management Team**

Mark B. Assets is a Certified Management Consultant and a member of the Institute of Management Consultants of British Columbia. He has a commerce degree from the University of Brigham and a Masters in Business from the University of South Seymour. Mark B. Assets has been a consultant for 15 years with Smith and Smith, specializing in small and medium sized businesses.

Due to high overhead costs Smith and Smith recently restructured to focus more on large corporate and government clients. This meant the elimination of their small business division. Mark B. Assets decided to continue to provide specialized consulting services to small and medium sized businesses. Mark B. Asset's resume is attached at the end of this business plan.

## **Staffing**

No full time staff will be hired at Business Success Consulting for at least three years. Any additional staff required to complete client contracts will be hired on a subcontract basis in order to keep labour costs low.

## **Labour Market Issues**

There is no shortage of qualified consultants in the area who work on a subcontract basis for a number of consulting firms. However, timing can be a problem in that it may be difficult to find consultants with a specific type of expertise who have time available when needed.

# **Regulatory Issues**

## **Intellectual Property Protection**

Business Success will have their seminar and workshop materials protected by copyrights.

## **Regulatory Issues**

The only licences required to operate a consulting firm is a business licence. The consulting industry is not regulated; however the Institute of Management Consultants of British Columbia is working towards developing minimum industry standards.

# **Risks**

## **Market Risks**

Due to the limited barriers to entry and the downsizing of many large corporations there are an increasing number of people offering consulting services. Increased competition for small business clients and the potential entry of large firms into small business consulting in North Creek poses some degree of market risk. To develop and maintain a reasonable market share we will give our clients expert and timely consulting services at competitive prices. Our long term goal is to expand our operations so that we become the leading small business consulting firm in the region.

## **Other Risks**

There are several other risks that could affect our operations including cyclical cash flow problems and liability issues. Consulting firms can experience cash flow problems because the industry is project driven. Projects can last for several months and clients can take 30 to 60 days after completion of their projects to pay the consulting invoice. To avoid this situation, our firm will ask for 40% of the project price at the beginning of a project, an additional 50% half way through the project and the remainder upon completion of the project. The majority of Business Success Consulting contracts will average four weeks or less, reducing the risk of cyclical cash flow problems.

The other major risk facing consulting firms is professional liability or the risk of being sued by a client. Consultants can be sued both for breach of contract and tort liability. Breach of contract means that a client sues a consultant because they feel that the consultant has failed to perform services described in their contract in a reasonable manner. Consultants can also be sued for negligence. Business Success has Professional Liability Insurance as protection in the event of a lawsuit. Business Success will also operate in a professional manner, minimizing the risk of a lawsuit.

## **Implementation Plan**

### **Implementation Activities and Dates**

Within the next several months Business Success Consulting will undertake the following activities:

1. Mark B. Assets is in the process of obtaining a bank loan for \$10,000 to start up Business Success.
2. During the first two months of operations, the majority of the seminar and workshop materials will be developed.
3. A corporate brochure will be developed within the first two weeks to be distributed to potential clients and local business leaders and resources.

## **Financial Plan**

### **Discussion of Projected Net Income**

Revenue is projected to increase from \$121,770 in 1998 to \$181,170 by 2000. Revenues will see strong growth of 22% annually as the business grows and expands. Cost of Sales are \$66,480 in Year 1, which projects to a total of 55% of revenues, including wages at 45% and goods and materials at 10%.

Sales and Marketing expenses average 10% of Net Sales. Sales and Marketing expenses include advertising, a corporate brochure, seminar and workshop materials, other expenses such as networking and client lunches. Property and Utilities expenses average 14% of Net Sales including telephone and utilities, and other expenses such as the office furniture and computer lease expenses. Operations, and Banking and Other expenses average 3% to 4% of Net Sales. Operations expenses include supplies, repairs and maintenance, vehicle and travel expenses, and licences and permits. Banking and Other expenses include bank charges, accounting and legal fees, and insurance.

Net Income is projected to increase from \$12,330 in 1998 to \$17,280 in 2000. Federal and provincial income taxes are calculated at 22.84% of net income before taxes.

### **Discussion of Monthly Cash Flow Statement**

Without a bank loan, it will take Business Success Consulting six months to generate a positive cash flow. The operating loan of \$10,000 ensures that Business Success Consulting will not need any additional operating loans during the first twelve months to maintain a positive monthly cash balance.

## Discussion of Projected Annual Cash Flow

Providing Business Success Consulting achieves their revenue projections no additional operating loans will be need in years two and three. This will lead to increases in ending cash balances in both Year 2 and 3.

## Discussion of Pro-Forma Balance Sheet

With no loans payable in Years 2 and 3 of operations, the cash position and the amount of retained earnings will increase each year. All liabilities will be paid as they are due.

## Discussion of Business Ratios

Due to Business Success Consulting's billing structure, the average collection period for accounts receivable will be low compared to other consulting firms. Profit margins are consistent from year to year and are comparable to other consulting firms with less than \$500,000 in annual revenue. Debt to net worth is inconsequential as the company will be debt free after Month 8 of operations. Using Robert Morris Associates Annual Statement Studies as a guide, all other ratios are at or near industry standards for small consulting firms in North America.

## Business Success Consulting PRO FORMA INCOME STATEMENT for the Periods Ending Jan

	1998	1999	2000
Net Sales	121767	148500	181170
Direct Cost of Sales	66480	81825	100526
Gross Margin	55287	66675	80644
Expenses:			
Sales & Marketing	12000	15000	18000
Property & Utilities	16500	20600	25300
Operations	3800	4700	5800
Banking & Other	5100	6300	7900
Other Wages & Benefits	0	0	0
Interest Operating Loan	660	0	0
Interest Term Loan	0	0	0
Depreciation	1250	1250	1250
Total Expenses	39310	47850	58250
Net Income Before Taxes	15977	18825	22394
Less: Income Taxes	3650	4300	5115
Net Income	12327	14525	17279

# Business Success Consulting

## PROJECTED CASH FLOW STATEMENT

### for the Year Ending Jan, 1998

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
Cash Inflows:							
Cash Receipts	0	693	4628	7549	10024	12499	14974
Other Sources of Funding:							
Owner Investment	0	0	0	0	0	0	0
Operating Loan Advances	10000	0	0	0	0	0	0
Term Loan Advances	0	0	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0
<b>Total Cash Inflows</b>	<b>10000</b>	<b>693</b>	<b>4628</b>	<b>7549</b>	<b>10024</b>	<b>12499</b>	<b>14974</b>
Cash Outflows:							
Payment Of:							
Cost of Sales Items	0	970	5140	3650	7800	6400	10500
Sales & Marketing Items	4800	1200	1200	700	700	700	700
Property & Utilities Items	1375	1375	1375	1375	1375	1375	1375
Operations Items	500	300	300	300	300	300	300
Banking & Other Items	425	425	425	425	425	425	425
Other	0	0	0	0	0	0	0

Wages & Benefits							
Items							
Other							
Uses of Funding:							
	0	0	0	0	0	0	0
Repayment of Shareholder Capital							
Payment of Dividends /Earnings	0	0	0	0	0	0	0
Operating Loan Interest & Principal Term Loan Interest & principal	0	0	0	0	0	0	4600
Purchase of Fixed Assets							
Payment of Other Assets	0	0	0	0	0	0	0
Payment of Taxes	0	0	0	0	0	0	0
Total Cash Outflows	7100	4270	8440	6450	10600	9200	17900
Increase/Decrease in Cash	2900	-3577	-3812	1099	-576	3299	-2926
Beginning Cash Balance	5000	7900	4323	511	1610	1034	4333
Closing Cash Balance	7900	4323	511	1610	1034	4333	1407
	Month 8	Month 9	Month 10	Month 11	Month 12	Total	
Cash Inflows:							
Cash Receipts	17449	15964	13489	11014	8539	116822	
Other Sources of Funding:							

Owner Investment	0	0	0	0	0	0
Operating Loan Advances	0	0	0	0	0	10000
Term Loan Advances	0	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0
Total Cash Inflows	17449	15964	13489	11014	8539	126822
Cash Outflows:						
Payment Of:						
Cost of Sales Items	9100	7700	6400	5150	3670	66480
Sales & Marketing Items	700	700	200	200	200	12000
Property & Utilities Items	1375	1375	1375	1375	1375	16500
Operations Items	300	300	300	300	300	3800
Banking & Other Items	425	425	425	425	425	5100
Other Wages & Benefits Items	0	0	0	0	0	0
Other Uses of Funding:	0	0	0	0	0	0
Repayment of Shareholder Capital						
Payment of Dividends/Earnings	0	0	0	0	0	0
Operating Loan Interest & Principal	6060	0	0	0	0	10660
Term Loan Interest & principal						

Purchase of Fixed Assets	0	0	0	0	0	0
Payment of Other Assets	0	0	0	0	0	0
Payment of Taxes	0	0	0	0	3650	3650
Total Cash Outflows	17960	10500	8700	7450	9620	118190
Increase/Decrease in Cash	-511	5464	4789	3564	-1081	8632
Cash Beginning	1407	896	6360	11149	14713	5000
Cash Closing	896	6360	11149	14713	13632	13632
Cash Balance						

## Business Success Consulting PROJECTED ANNUAL CASH FLOW STATEMENT for the Years Ending Jan

	1998	1999	2000
Cash Inflows:			
Cash Receipts	116822	146445	180170
Other Sources of Funding:			
Owner Investment	0	0	0
Operating Loan	10000	0	0
Advances			
Term Loan Advances	0	0	0
Sale of Fixed Assets	0	0	0
Other Assets	0	0	0
Total Cash Inflows	126822	146445	180170
Cash Outflows:			
Payment Of:			
Cost of Sales Items	66480	81825	100526
Sales & Marketing Items	12000	15000	18000
Property & Utilities Items	16500	20600	25300
Operations Items	3800	4700	5800
Banking & Other Items	5100	6300	7900
Other Wages & Benefits Items	0	0	0
Other Uses of Funding:			
Repayment of	0	0	0

Shareholder Capital			
Payment of Dividends/Earnings	0	0	0
Operating Loan	0	0	0
Interest & Principal			
Term Loan Interest & principal	10660	0	0
Purchase of Fixed Assets	0	0	0
Payment of Other Assets	0	0	0
Payment of Taxes	3650	4300	5115
Total Cash Outflows	118190	132725	162641
Increase/Decrease in Cash	8632	13720	17529
Beginning Cash Balance	5000	13632	27352
Closing Cash Balance	13632	27352	44881

## Business Success Consulting PRO FORMA BALANCE SHEET As at Jan

	Starting Balance	1998	1999	2000
<b>ASSETS</b>				
Current Assets:				
Cash	5000	13632	27352	44881
Accounts Receivable	0	4945	7000	8000
Inventory	0	0	0	0
Other Assets	5000	5000	5000	5000
Total Current Assets	10000	23577	39352	57881
Fixed Assets:				
Fixed Assets	5000	5000	5000	5000
Accumulated Depreciation	0	1250	2500	3750
Total Fixed Assets	5000	3750	2500	1250
<b>TOTAL ASSETS</b>	<b>15000</b>	<b>27327</b>	<b>41852</b>	<b>59131</b>
<b>LIABILITIES &amp; OWNER'S EQUITY</b>				
Liabilities:				
Accounts Payable	0	0	0	0
Taxes Payable	0	0	0	0

Operating Loans Payable	0	0	0	0
Term Loans & Mortgages	0	0	0	0
Total Liabilities	0	0	0	0
Owner's Equity:				
Paid-in Capital	15000	15000	15000	15000
Retained Earnings	0	12327	26852	44131
Total Owner's Equity	15000	27327	41852	59131
TOTAL LIABILITIES & OWNER'S EQUITY	15000	27327	41852	59131

## Business Success Consulting RATIO ANALYSIS As at Jan

RATIOS	1998	1999	2000
Gross Margin	45	45	45
Net Profit Margin	13	12	12
Return on Assets	58	45	37
Average Collection Period Days	15	17	16
Inventory Turnover	0	0	0
Total Assets Turnover	4	3	3
Debt to Net Worth	0	0	0
Return on Owner's Equity	58	45	37
Times Interest Coverage	8	15	17

### <U>Note 1: Revenue Assumptions</U>

a. Our revenue projections by product and by month for the first year are:

Year 1	Reports	Seminars	Workshops	Bad Debt	Total
Month 1	0	0	0	0	0
Month 2	0	1750	0	-18	1732
Month 3	5000	0	4500	-95	9405
Month 4	5000	1750	0	-68	6682
Month 5	10000	0	4500	-145	14355
Month 6	10000	1750	0	-118	11632
Month 7	15000	0	4500	-195	19305
Month 8	15000	1750	0	-168	16582
Month 9	10000	0	4500	-145	14355
Month 10	10000	1750	0	-118	11632

Month 11	5000	0	4500	-95	9405
Month 12	5000	1750	0	-68	6682
Total	90000	10500	22500	-1233	121767

b. Our revenue projections by product for Years 2 and 3 are:

Year 1	Reports	Seminars	Workshops	Bad Debt	Total
Year 2	110000	15000	25000	-1500	148500
Year 3	135000	20000	28000	-1830	181170

## Note 2: Assumptions Regarding the Collection of Sales Revenue

a. We assume that the percent of our sales which are collected in the month they are made, in the month following, in the two months, and in the three months are:

Current Month	40
In the Following Month	50
In Two Months	10
In Three Months	
Total	100

b. Based on these assumptions, we have projected how much we will collect from our sales in each month. The following table also identifies any adjustments we may have made to these figures.

Year 1	Projected Collections	Adjustment	Revised Estimate
Month 1	0		0
Month 2	693		693
Month 3	4628		4628
Month 4	7549		7549
Month 5	10024		10024
Month 6	12499		12499
Month 7	14974		14974
Month 8	17449		17449
Month 9	15964		15964
Month 10	13489		13489
Month 11	11014		11014
Month 12	8539		8539
Total	116822	0	116822

c. Not all of our sales in the first year will be collected during that year. Based on the assumptions shown above, our Accounts Receivable at the end of Year 1 will be:

4945

d. We assume that our Accounts Receivable at the end of Years 2 and 3 will be:

Year 2	7000
Year 3	8000

## Note 3: Cost of Sales Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Cost of Sales items listed below. These figures show up on our cash flow statements.

Year 1	Production Wages	Goods & Materials	*****	*****	Total
Month 1					0
Month 2	800	170			970
Month 3	4200	940			5140

Month 4	3000	650	3650
Month 5	6400	1400	7800
Month 6	5200	1200	6400
Month 7	8600	1900	10500
Month 8	7400	1700	9100
Month 9	6300	1400	7700
Month 10	5200	1200	6400
Month 11	4200	950	5150
Month 12	3000	670	3670
Total	54300	12180	66480

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Cost of Sales items listed below. These figures show up on our annual Cash Flow Statement.

Year 1	Production Wages	Goods & Materials	*****	*****	Total
Year 2	66825	15000			81825
Year 3	81526	19000			100526

c. Some of these payments may have been to produce or purchase goods which we won't have sold yet. We estimate the value of such goods which we will have in inventory at the end of Years 1, 2, and 3 will be:

Year	Inventory
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

d. Apart from what we have already paid for, there may be additional Cost of Sales goods or services which we have received but we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Cost of Sales items at the end of Years 1, 2, and 3 will be:

Year	Cost of Sales Payable
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

e. Based on these assumptions, we have calculated our Cost of Sales expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Cost of Sales	\$	%
Year 1	66480	55
Year 2	81825	55
Year 3	100526	55

#### Note 4: Sales and Marketing Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Sales and Marketing items are listed below. These figures show up on our cash flow statements.

Year 1	Advertising	Brochure	Seminar Materials	Other	Total
Month 1	100	3600	1000	100	4800
Month 2	100	0	1000	100	1200
Month 3	100	0	1000	100	1200
Month 4	100	0	500	100	700

Month 5	100	0	500	100	700
Month 6	100	0	500	100	700
Month 7	100	0	500	100	700
Month 8	100	0	500	100	700
Month 9	100	0	500	100	700
Month 10	100	0	0	100	200
Month 11	100	0	0	100	200
Month 12	100	0	0	100	200
Total	1200	3600	6000	1200	12000

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Sales and Marketing items are listed below. These figures show up on our annual Cash Flow Statement.

Year 1	Advertising	Brochure	Seminar Materials	Other	Total
Year 2	1500	4500	7500	1500	15000
Year 3	1800	5000	9500	1700	18000

c. Apart from what we have already paid for, there may be additional Sales and Marketing items which we have received by we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Sales and Marketing items at the end of Years 1, 2, and 3 will be:

Year	Sales & Marketing Payable
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

d. Based on these assumptions, we have calculated our Sales and Marketing expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Sales & Marketing	\$	%
Year 1	12000	10
Year 2	15000	10
Year 3	18000	10

## Note 5: Property and Utilities Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Property & Utilities items are listed below. These figures show up on our cash flow statements.

Year 1	Rent & Property	Utilities	Telephone	Other	Total
Month 1	700	50	250	375	1375
Month 2	700	50	250	375	1375
Month 3	700	50	250	375	1375
Month 4	700	50	250	375	1375
Month 5	700	50	250	375	1375
Month 6	700	50	250	375	1375
Month 7	700	50	250	375	1375
Month 8	700	50	250	375	1375
Month 9	700	50	250	375	1375
Month 10	700	50	250	375	1375
Month 11	700	50	250	375	1375
Month 12	700	50	250	375	1375
Total	8400	600	3000	4500	16500

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Property & Utilities items are listed below. These figures show up on our annual Cash Flow Statement.

Year 1	Rent & Utilities Property	Telephone	Other	Total	
Year 2	10000	1100	4500	5000	20600
Year 3	12000	1700	6100	5500	25300

c. Apart from what we have already paid for, there may be additional Property & Utilities items which we have received by we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Property & Utilities items at the end of Years 1, 2, and 3 will be:

Year	Property & Utilities Payable
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

d. Based on these assumptions, we have calculated our Property & Utilities expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Property and Utilities	\$	%
Year 1	16500	14
Year 2	20600	14
Year 3	25300	14

## Note 6: Operations Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Operations items are listed below. These figures show up on our cash flow statements.

Year 1	Supplies	Repair & Maintenance	Vehicle & Travel	Licences & Permits	Total
Month 1	100	50	150	200	500
Month 2	100	50	150	0	300
Month 3	100	50	150	0	300
Month 4	100	50	150	0	300
Month 5	100	50	150	0	300
Month 6	100	50	150	0	300
Month 7	100	50	150	0	300
Month 8	100	50	150	0	300
Month 9	100	50	150	0	300
Month 10	100	50	150	0	300
Month 11	100	50	150	0	300
Month 12	100	50	150	0	300
Total	1200	600	1800	200	3800

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Operations items are listed below. These figures show up on our annual Cash Flow Statement.

Year 1	Supplies	Repair & Maintenance	Vehicle & Travel	Licences & Permits	Total
Year 2	1500	600	2400	200	4700
Year 3	1800	800	3000	200	5800

c. Apart from what we have already paid for, there may be additional Operations items which we have received by we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Operations items at the end of Years 1, 2, and 3 will be:

Year	Operations Payable
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

d. Based on these assumptions, we have calculated our Operations expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Operations	\$	%
Year 1	3800	3
Year 2	4700	3
Year 3	5800	3

## Note 7: Banking and Other Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Banking, Professional & Other items are listed below. These figures show up on our cash flow statements.

	Bank Charges	Accounting & Legal	Insurance	Other	Total
Month 1	50	200	175	0	425
Month 2	50	200	175	0	425
Month 3	50	200	175	0	425
Month 4	50	200	175	0	425
Month 5	50	200	175	0	425
Month 6	50	200	175	0	425
Month 7	50	200	175	0	425
Month 8	50	200	175	0	425
Month 9	50	200	175	0	425
Month 10	50	200	175	0	425
Month 11	50	200	175	0	425
Month 12	50	200	175	0	425
Total	600	2400	2100	0	5100

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Banking, Professional & Other items are listed below. These figures show up on our annual Cash Flow Statement.

	Bank Charges	Accounting & Legal	Insurance	Other	Total
Year 2	800	3000	2500	0	6300
Year 3	1000	3900	3000	0	7900

c. Apart from what we have already paid for, there may be additional Banking, Professional & Other items which we have received by we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Banking, Professional & Other items at the end of Years 1, 2, and 3 will be:

Year	Amount Payable
Beginning Balance	0
Year 1	0
Year 2	0
Year 3	0

d. Based on these assumptions, we have calculated our Banking, Professional & Other expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Banking and Other	\$		%	
Year 1		5100		4
Year 2		6300		4
Year 3		7900		4

### Note 8: Wages and Other Assumptions

a. Our assumptions regarding the amount that we will pay each month in Year 1 for Wages & Other items are listed below. These figures show up on our cash flow statements.

Year 1	*****	*****	*****	*****	Total
Month 1					0
Month 2					0
Month 3					0
Month 4					0
Month 5					0
Month 6					0
Month 7					0
Month 8					0
Month 9					0
Month 10					0
Month 11					0
Month 12					0
Total					0

b. Our assumptions regarding the amount that we will pay in Year 2 and 3 for Wages & Other items are listed below. These figures show up on our annual Cash Flow Statement.

Year 1	*****	*****	*****	*****	Total
Year 2					0
Year 3					0

c. Apart from what we have already paid for, there may be additional Wages & Other items which we have received by we won't have paid for yet. We estimate the amount that we will owe (have as an Account Payable) for Wages & Other items at the end of Years 1, 2, and 3 will be:

Year	Wages Payable	
Beginning Balance		0
Year 1		
Year 2		
Year 3		

d. Based on these assumptions, we have calculated our Wages & Other expenses. These figures, which show up on our Income Statement, are shown in both dollar values and as a percent of our projected revenues.

Wages and Other	\$		%	
Year 1		0		0
Year 2		0		0
Year 3		0		0

### Note 9: Other Sources of Funding

a. Our assumptions regarding other sources of funding for our business in Year 1 are:

Investment By	Operating	Term Loan	Sale of Fixed	Other Assets
Owners	Loan	Advances	Assets	
	Advances			

Month 1	0	10000	0	0	0
Month 2	0	0	0	0	0
Month 3	0	0	0	0	0
Month 4	0	0	0	0	0
Month 5	0	0	0	0	0
Month 6	0	0	0	0	0
Month 7	0	0	0	0	0
Month 8	0	0	0	0	0
Month 9	0	0	0	0	0
Month 10	0	0	0	0	0
Month 11	0	0	0	0	0
Month 12	0	0	0	0	0
Total	0	10000	0	0	0

b. Our assumptions regarding other sources of funding for Years 2 and 3 are:

	Investment By Owners	Operating Loan Advances	Term Loan Advances	Sale of Fixed Assets	Other Assets
Year 2	0	0	0	0	0
Year 3	0	0	0	0	0

## Note 10: Other Uses of Funding

a. Our assumptions regarding payments to owners and repayment of loan principal and interest in Year 1 are:

Payment or Repayment of:	Capital to Shareholders	Dividends/Earnin gs Shareholders	Operating Loan Interest & Principal	Term Loan Interest & Principal
Month 1	0	0	0	0
Month 2	0	0	0	0
Month 3	0	0	0	0
Month 4	0	0	0	0
Month 5	0	0	0	0
Month 6	0	0	0	0
Month 7	0	0	4600	0
Month 8	0	0	6060	0
Month 9	0	0	0	0
Month 10	0	0	0	0
Month 11	0	0	0	0
Month 12	0	0	0	0
Total	0	0	10660	0

b. Our assumptions regarding payments to owners and repayment of loan principal and interest in Years 2 and 3 are:

Payment or Repayment of:	Capital to Shareholders	Dividends/Earnin gs Shareholders	Operating Loan Interest & Principal	Term Loan Interest & Principal
Year 2	0	0	0	0
Year 3	0	0	0	0

c. Our assumptions regarding other payments in Year 1 are:

Other Uses of Funds	Purchase of Fixed Assets	Payments for Other Assets	Payment for Income Taxes
Month 1	0	0	0

Month 2	0	0	0
Month 3	0	0	0
Month 4	0	0	0
Month 5	0	0	0
Month 6	0	0	0
Month 7	0	0	0
Month 8	0	0	0
Month 9	0	0	0
Month 10	0	0	0
Month 11	0	0	0
Month 12	0	0	3650
Total	0	0	3650

d. Our assumptions regarding other payments in Year 2 and 3 are:

Payment or Repayment of:	Capital to Shareholders	Dividends/Earnings Shareholders	Operating Loan Interest & Principal
Year 2	0	0	4300
Year 3	0	0	5115