Successful Business Planning

For

Agricultural Handling Equipment

By

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Final Project

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We hereby recommend that the Final Project submitted by:

Entitled:

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We certify that in this Final Project all research involving human subjects complies with the Policies and Procedures for Research involving Human Subjects, Saint Mary-of-the-Woods College, Saint Mary-of-the-Woods, Indiana 47876

Legal Page

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1.0 Abstract

This research project is to identify a working, successful business plan layout. The method for identifying such a layout will be done through the exploration of numerous dissimilar approaches for business planning and develop a successful layout for businesses in the Agricultural (Ag) industry. By researching the top 5 most successful or well-known business plan formats, key components will be selected from each plan and used to develop a unique plan that will be used in part for the acquisition of Perry Equipment. This plan is going to be based off the requirements necessary to obtain Small Business Administration (SBA) financing for businesses within the Ag sector. The particular market I will be focusing on for financial and performance trend data will be that of Bulk Material Handling in the Ag industry. The findings from this research may be useful for creating a business plan for any market or business, but will provide a clear guideline for those seeking financial assistance for the SBA.

2.0 Introduction

Author's Note

The following is not just a practice of academic insight into purchasing a company, but a real deal with real risks, uncertainties, and possible rewards. Although the deal ultimately fell through, a lot can be learned from the process. The amount of money being dealt with in this deal was substantial, and the risks; life-changing. The total sum of the loan was over 3 million dollars. The research that went into this project was in good faith with the intention of following through. Randy Perry along with his lawyers decided the timing and circumstances weren't ideal and decided to back out, but the result of this exercise in business means that this knowledge can be transferred to future acquisitions or even starting a business from scratch.

The decision to purchase Perry Equipment was made based on a long conversation with my wife and consideration for my current business endeavors. After reviewing the costs, projections, and all relevant date, we made a decision to go ahead with the acquisition. As stated above, it ultimately fell through, but a lot of good information and business strategy sessions were had which bleed through in this paper.

Acquiring Perry Equipment

Perry Equipment went on sale in the winter of 2014. This created a buzz in the community and brought about many different questions over whether it might be a worthwhile purchase. There are many factors to consider when making the purchase of a business. Specifically, there are different factors to check when making an acquisition verses starting a business from scratch. Unlike a new business, Perry Equipment has active books, a sales history, assets, and debts. All of these factors were important in evaluating the proper purchase price of this business.

Perry Equipment is a family owned wholesale provider of bulk material handling equipment. Their specialties include feed, grain, and seed handling. As a wholesaler, their product consists of an extensive line-up of augers, belting, conveyors, and distributors for agricultural material handling needs. A core wholesale component of the business includes the manufacture of augers in-house (Perry R., 2016). Furthermore, Perry Equipment has cultivated the ability to customize and assemble setups that fit consumers' specific and unique needs while providing what Randy Perry (2016) calls, “world class quality and service.”

Every acquisition is filled with the possibility of asymmetrical information that may or may not be disclosed for the intention of a fraudulent evaluation. An owner might hide material evidence from accountants or asset auditors, for example, which might shift the value of the company up or down. The true value of a business should be steeped in contractual agreements that mitigate losses while allowing the transaction to occur. For this reason, the data in this presentation should be regarded as the best information available but not inviolable truth. Furthermore, due diligence should include time spent on location evaluating the nuances of the equipment that might not be apparent to an accountant performing an audit.

A key component in the process of purchasing Perry Equipment is the Small Business Administration (SBA). The SBA helps a business with many different aspects of a business. Their goal is to help with contracting, counseling, and capital (Small Business Administration, 2013). Capital is the segment focused on here. Capital will be required to purchase Perry Equipment, and more importantly working capital will be necessary to mitigate any cash flow problems. The purchase of new equipment and the implementation of new strategies will also require capital. The SBA can help in many different avenues.

The SBA does not loan money directly to small businesses. Instead, it works with a business in order to guarantee the repayment of loans. The stated purpose of these loan guarantees range from “replenishing seasonal inventory, building expansion or renovation, purchasing equipment, and working capital” (Small Business Administration, 2013). The SBA also helps small businesses set up business plans among other things. It acts as a depository of information that small business owners of any length of time can draw on to start their business. While not an officially stated in the mission of the SBA, the SBA acts as a resource for bankers who work with small businesses. Often a loan manager draws from the resources of the SBA to facilitate loans and to ensure their loan is protected by giving small business owners the knowledge they need to succeed. This relationship is synergistic because these banks are instrumental in providing working capital for small businesses.

Working capital is important because in Section 1.02 of the agreement to purchase Perry Equipment, the stipulations that the previous owner keeps all the “cash or cash equivalents as of the Closing Date,” “Accounts receivables, rebates, refunds and the like existing on the Closing Date” as well as “tangible personal property” (Harris, 2016 Draft Agreement). The capital crunch is exacerbated in Section 1.03 of the agreement that gives the buyer only a 30 day window to pay any income accrued from completed work (Harris, 2016).

Depending on the temperament of the buyer, this income might act as a 30 day interest free loan to reduce the need for working capital and to initiate cash flows from new work.

The stipulations in the agreement are both good and bad. Not having the most liquid current assets means that there would need to be working capital enough to replace cash on hand on the closing date, inventory, outsourced administration, and payroll. Working capital is also used to fuel work trucks and a number of other expenses both apparent and under the surface.

The agreement to purchase Perry Equipment has some cash flow upsides which include Perry being responsible for all of the debt associated with the company. This is a very sensible arrangement because Perry will be receiving not only the value of the real estate and assets, but the good faith built up as a result of business operations.

Market trends are an important aspect of the viability of Perry Equipment in the coming years. Research leaders in the industry indicate that bulk material handling will grow 5 billion dollars or 1.2% through 2020 (Kable Intelligence Limited, 2015). Why is this? Worldwide, the population of developing countries is still increasing. Goods and services are becoming more readily available to an expanding population.

The Ag industry is slowing down in growth. It is forecast to shrink by 1.5%-2.2% annually (FAO, 2015). Is this good or bad for the materials handling industry? On the surface it might seem like it could negatively impact companies like Perry Equipment. However, the population is not decreasing. Food consumption is still increasing worldwide (intuitively, if population is increasing, food consumption is increasing). The shrinking Ag industry is the result of more efficient usage of land. If there is more Ag product per unit of land, there is less need for land to sustain a food supply for the population. This means that the demand for handling Ag products will still be increasing despite any superficial drop in Ag revenue or farms.

As more entrants join the material handling market, competitive marketing will be key in expanding. This is a key concept for how this business plan will build of the current good will of Perry Equipment and expand with the addition of strategic and competitive marketing. The smaller Ag market means efficiency is a major driver in the industry. There cannot be "business as usual." Efficiency requires keeping up with the latest capital and equipment available in the market without purchasing new technology that fails to make material handling more efficient.

Perry Equipment did not invest much time or money in analyzing the competition or checking for new industry trends and methods. This gives a new owner the opportunity to try new things while maintaining the good will of the current customer base. Increasing efficiency is often a matter of lowering cost or finding good suppliers who have economized their own internal models to produce essential capital goods for a lower cost. Electric motors, for example, are overpriced due to being bought and sold in an inefficient market. Marketplaces like Amazon and Alibaba are not only much more efficient than local or regional markets, but they often cut out middlemen. Electric motors can be found for half the price they are sold for in local and regional markets.

Government incentives for the Ag industry, is another factor in the success of material handling within the industry. The United States Department of Agriculture (USDA) is offering a grant program called "Know Your Farmer, Know Your Food" which will help promote and give initiative for those who want to expand the Ag industry in the United States (Agricultural Marketing Service, 2017).

The size of the Ag industry says a lot about its potential. It is the largest industry in the world and sustains the enormous global population we experience today. Over 1 billion people produce more than $1.3 trillion in food annually (Sustainable Agriculture, 2017). Key business strategies when implementing new ownership practices for Perry Equipment will be efficiency and sustainability. Efficiency is imperative to reducing waste and cost. Efficiency and sustainability go hand and hand and they should be seen as analogous in terms of ethical business practices. Increasing efficiency means, using less resources to accomplish the same end. Increasing efficiency creates a more sustainable system. If sustainability and efficiency are viewed as identical, negative externalities cannot be tolerated as a proper method of efficiency. This is where academia adds a strategic advantage in the purchase of Perry Equipment.

Academia is often scorned for not being a viable catalyst of change in an industry that relies on tacit knowledge. There is truth to this but only for a portion of the industry. The advantage of academia is that it circumvents the evolution that picks and chooses survivors who stumble upon efficient solutions. Those with inefficient practices lack the profit margins necessary to stay in business while those who adopt technology, research market demand, understand break-even analysis, and have the motivation to go through with an educated plan (and pivot when necessary) might achieve success at a much higher rate than those who lack these qualities.

The Ag industry is changing in two important ways. First, the number of farms still in operation is declining. Second, the age of farmers is increasing. There are a number of government policies that have led to this cultural shift, but knowing that this is happening can be used to convince a loan officer to give a young, new entrant a chance to utilize the assets at his disposal to gradually change things from within. When the baby boomers cede property and power in the Ag industry, having a couple years head start on the next generation might be an advantage not worth passing up.

3.0 Purpose

Perry Equipment is a strong organization and will continue to thrive under new leadership with a well thought out business plan. In order to make this a successful venture it is necessary to have a strong plan in place. This plan is necessary to attract financiers and to acquire loan assistance from the SBA.

4.0 Literature Review

An important part of starting a new business or purchasing an existing business is the creation of a business plan. There are several aspects of academic knowledge and industry data that the potential business owner must know. Clear planning with well stated objectives are all components of success. The framework of a good business plan is to review other businesses trends within the industry and the literature associated with trends, among other things.

As an entrepreneur, personal goals and business goals often merge to become a single life goal. Bhide (1996) speaks about the different questions an entrepreneur should ask him or herself in deciding how to form a workable business plan. Is the goal of owning the business to simply get rich? Is this a short or long term goal? Are these goals reasonable and achievable? These are just a few basic questions you should ask yourself prior to starting your business plan (Bhide, 1996). By having these answered prior it will save you a great deal of time in creating a successful plan.

Once you have answered a few basic questions you can move on to determining who this plan is being created for. Are you writing it to obtain financing? Are you perhaps trying to entice a business partner in a joint venture? Or are you simply creating it to help guide your business into the future? Some people question whether or not a business plan is necessary if financial assistance isn't required. A business plan is always a very smart investment in time and effort. A business plan isn’t for the sole purpose of creating capital, but also a document to refer to in order to avoid such things as mission creep. A business plan will allow you to compare what happens in real life to what the entrepreneur intended to happen.

Using a business plan to compare expectations to reality is an important use of time and effort, but there are other uses as well. A business plan is a tool that you can provide to potential suppliers, distributors, major customers, outside consultants, and even partners (Entrepreneur Media, 2016). In the question of the necessary and sufficient items for starting a business, a business plan is often necessary but not sufficient in and of itself. Even in the realm of finance, most entrepreneurs will find that their business plan is likely to be the minimum document required to obtain an investment (Inc, 2015). Regardless of how you anticipate utilizing your plan you can guarantee that it will undergo a thorough interrogation by its end user. It will be interpreted differently by every party it is viewed by; this is one aspect an entrepreneur should keep in mind as you create your plan. Everyone that reads it will need to see how they will benefit from an investment. Showing stakeholders how they might gain is an important function of the business plan that is discussed below.

Stakeholders include investors, government officials, local residents, contract worker, and other business owners. Some stakeholders should be considered more than others but that is only because some are affected more than others. It is never a bad idea to convince a wide array of stakeholders of the benefits of a new business endeavor because they might decide to play a pivotal role in the success of the business. Some of the key elements that should be highlighted in the business plan are viability, potential profit, level of risk, business life cycle and whether there is potential room for growth.

Different stakeholders will take different approaches to how they view a good business plan. A bank will tend to keep its primary focus on the company's financial strength and how much collateral the entrepreneur has to offer as well as how much collateral is available through the business. An investor will view all of this on a more personal level and it's not that they don't care about collateral or cash flow. The investor is more likely to invest in the individual and that particular individual's capabilities. Community members will be interested in the goods and services you choose to offer. Regardless of the audience your plan is essentially your first impression. Remember that your first impression is usually the last.

Hull (2013) delineates "10 essential components of a business plan." The first essential component is mission or vision. Although these statements can be very different in format and meaning the primary purpose of them is to convey an organizations primary objectives or goals. Secondly you need a description of your company and the products or services it provides. This is an opportunity to start eluding as to what makes this company stand out amongst its competitors. For the third component it is imperative that one explains with great detail how the product or service being provided gives this company a competitive edge, for example: Quality, Warranty, and Customer Service.

The fourth component listed by Hull (2013) a business plan will provide an analysis of the market, competition within your segment and market share you currently hold, as well as the portion of market share you plan to take over. Be sure to keep your goals within reason. Believing in your mission and goals is important but how much market share is feasible? Most entrepreneurs would love to take over 100% of the current market share however for most companies and to most banks this is an unrealistic objective. Finally, for the fifth component of the plan it’s time to brag. This is where you talk about the management team, assuming you are part of the team you must sell yourself to the reader. Tell them why they should invest in you, personal anecdotes, outstanding achievements, and anything that makes you a safe bet. Banks and private investors know that any business deal has a huge amount of risk, but any opportunity you can ease any apprehensions they may have improved your chances. The marketing plan is one section any entrepreneur should have clearly laid out in their mind. This is possibly the most important section of any business plan. Indeed, without marketing, costs could be optimized and no one would buy a product.

Marketing can be very expensive, but it doesn't have to be. There a several avenues one can market for free or at a very low cost, one very successful method is through social media. According to Nielsen Social, people are 92% more likely to believe a recommendation from a friend than any other type of advertising (Casey, 2017). Another essential component of the business plan is a SWOT analysis which needs to list company strengths, weaknesses, opportunities, and threats (Hull, 2013). An entrepreneur should be starting to get a good feel for the organization he or she wants to start or purchase. SWOT analysis allows entrepreneurs to dissect it further. Analysis of strengths, weaknesses, opportunities and threats can help guide an entrepreneur and his or her business to success. Knowing areas of opportunity and potential market threats helps one to be prepared for change. Preparing yourself for a potential threat in advance assists you in mitigating the likely risk of loss in tough market conditions and the same goes for areas of opportunity. If you are aware of areas of growth you can make changes immediately and begin reaping the rewards more quickly.

Cash flow is another component of business that is also a primary element of a complete business plan. Analyzing this will help to determine how much credit is needed and when. Furthermore, working capital and worst case scenarios can increase or decrease the necessary loans needed. Investors want to know whether it is positive or negative it is important to show the probability of growth with your management team behind the wheel.

Revenue projections are similar to cash flow but it doesn't account for costs, credit, and therefore doesn't show how much working capital is necessary to keep a company in operation. Hull (2013) lists Revenue projection as the ninth section of what makes a good business plan. This section will have projections over the next 3-5 years. Some of these projections will be based on market condition and the rest will be based on a realistic prediction of growth. When this section is complete, Hull (2013) lists the summary as the final section. This will summarize the data, help investors draw accurate conclusions based on material evidence listed above, and give stakeholders a reason to support the business. Data should be summarized accurately and not hide any material risks.

The Small Business Administration offers a plethora of tools for entrepreneurs looking for help. Their website offers a business plan creator along with access to a guest blog. Within the blog a simple search for business lending or even business planning will present you with page after page of information provided by guests ranging from the average Joe up to CEO. One in particular that comes to mind is Tim Berry, Founder and Chairman of Palo Alto Software. He is also author of the software Business Plan Pro (U.S. Small Business Administration, 2017). This software seems to be ubiquitous in the marketplace and has been used by many people, the author of this paper included. According to The Wall Street Journal "This Software takes the guess work out of writing a business plan" and is the #1 Best Selling Business Plan software (Palo Alto Software, 2017). On top of all this, Tim also offers a montage of videos for those trying to succeed in business ownership. The SBA format for business planning is conducive for financing the business. This format is the preferred type for the SBA and helps ensure an SBA backed loan will occur. The SBA is NOT a lender. This is a common misconception to entrepreneurs. They are a guarantor for the bank. The SBA provides the bank with extra insurance for a loan the bank is able to further extend itself to a borrower under slightly less stringent guidelines. However, in order for the banks funds to be guaranteed the SBA has to sign off on the loan which means they also have their own set of guidelines. The most common SBA loan format is 7(a) which is the type we will be pursuing with the plan created for this project. So the 7(a) loan guidelines seem to focus primarily on the individual, which is somewhat to be expected since they are a government entity. In order to obtain SBA approval, much like that of federal lending used for college the individual applying must have a clean criminal record free from felonies. To begin a 7(a) loan request you will need your personal background information, resume, credit report, tax returns, financial statements, etc. etc. It is a very long drawn out process, but since we are here to focus on the business plan. The SBA says your business plan should include an Executive summary, Company Description, Market Analysis, Organization & Management Structure, Service or Product Line, Funding Request, Financial Projections and an Optional Appendix that could include items like your resume or building leases (U.S. Small Business Administration, 2017). Since this format is quite simple it is a good place to start and utilizing the free tool on the SBA website will save you lots of time. Unfortunately, I believe it is safe to say that these will be the minimum requirements for your business plan.

Entrepreneurship is about learning from mistakes. Many times a person will do something called “failing up.” It is also possible to rise in the ranks to the level of your own incompetency. Learning from mistakes is important, but it is also helpful to learn from other people's mistakes. According to Entrepreneur Media (2016) there are 10 common mistakes when making a business plan. A negative first impression is and can be a fatal mistake. This often come in the form of a poorly written plan. An entrepreneur cannot be careless, one needs to always check spelling and make sure they are presenting themselves as an intelligent professional. After all, it is likely that this plan is going to be used at some point to obtain financing and the last thing you want is the investor getting the wrong impression. Second, if am entrepreneur spends all this time creating a well written plan, it may be a good idea to make sure your presentation is up to snuff. This starts with formatting and ends when the investor realizes you didn't proofread a plan to start a business with their money.

An incomplete plan could be detrimental to ones efforts as well. Leaving out one of the ten segments listed above won't give stakeholders enough material evidence to make a good decision. Fourth, since your investor may not know everything about the market or business you are entering; it is a good idea for them to have a clear and concise plan that doesn't read like a cryptogram. On the same note number five says that ensuring you aren't providing too much detail can be just as important. Six, be rational in your assumptions. Assuming that you simply owning the business will increase sales by millions of dollars within the first month is ridiculous and will sound very irrational to any investor. Seven, in making your market assumptions, it's necessary to be sure that some of the information is provided with factual data to back it up. Number eight is where all entrepreneurs must understand that there "IS" risk involved in owning a business and failing to recognize this will send an investor packing.

Finally nine and ten are pretty simple. Claiming that you have no competition or providing an investor with a plan that lacks short and long term goals is no plan at all (Entrepreneur Media, 2016).

Avoiding mistakes are important but what makes a business plan shine? Wasserman (2010) gives advice on what makes a great business plan. He claims that a “Great” business plan is a living, breathing blueprint for your business that can help you navigate and manage your company while also helping potential investors, partners, lenders, and others understand your business strategy and your chances at success (Wasserman, 2010). So we have already established that regardless of how the plan is written and the information provided within the plan is going to be dissected. It’s possible that no matter how perfect your plan is a bank will find something they don’t like about it. It is the lenders job to dissect your business plan for possible risks for the bank. The important thing here is that you’re able to provide an acceptable response. Inc.com (2015) stresses the importance of setting realistic sales projections (Inc, 2015). Banks must feel comfortable with the decision making capabilities of the individual they are investing money into. Essentially, a business plan should give them peace of mind. Statistics show that only 40% of Inc. 500 founders wrote a formal business plan prior to launching their business and only 12% actually done formal market research before starting their company (Bartlett, 2002). These statistics tell us that either these individuals got really lucky, had enough capital to start a business without a loan or they had all the right answers when the bank asked the questions. To start off your plan you need to have a simple layout something easy to follow, utilize headers to clearly delineate between each major section. You should start off with a cover page, table of contents and then move into your Executive Summary. Compared to some of the other formats we have or will be review Inc. uses the summary section to go into great detail of the business, touching on key sections such as: Background, Market Opportunity, Capital Requirements, Mission Statement and even providing some brief info on the management team and market projections. The second major section is the Company Overview where you should cover the business model, strategy and any strategic partnerships. Third is what the business has to offer, this section is also fairly in depth. Inc. says we should cover everything from our products all the way down to how we plan to handle inventory and fulfillment. In the final three sections which are Strategy and Implementation, Management Team and Financial Projections we a providing very basic data. What are your goals and when do you plan to reach them? Who will be running the business and what qualifies them to do so? How profitable do you project your business will be over the next three years (Inc, 2015)? Of the business plan formats we have discussed to this point Inc.com provides one of the most expansive, it probably even borders one of the top 10 mistakes by providing too much detail within your plan.

Thus far each business plan style we have discussed mentions a marketing plan and although this may not be the focus for many banks it is certainly a section that deserves some attention. One article that came up during the research for this paper discusses the importance of marketing and corporate social responsibility in our world today. It goes on to explain how a business presents itself to the community can be just as important as how it is perceived by its customers. Organizational sustainability has become paramount for success in a competitive market. We must understand that with any marketing strategy a business must continually evaluate and improve their strategy in order to be effective (GfK Marketing Intelligence Review, 2016). Although the article doesn't go into great detail on the specifics of business planning it gives some very useful information on the perception of business and how that can affect a business's performance.

In studying business and learning about Perry Equipment Inc., an abundance of information was obtained about the Ag industry, most importantly how to sell a product and how to do so on a budget. Farms go through many ups and downs that result in very seasonal spending. One significant tool for every business to take advantage of is the internet, it is a relatively low cost venue to market and sell your product. Some of the pitfalls of online retail is the access to competitor pricing, which commonly leads to lower than conventional pricing. When marketing a product through an internet platform you must have an extraordinary competitive advantage to ensure consumers purchase your product. A primary reason for businesses to use the internet is to sell their products by extending their reach across a global market. With the intense competition companies must be evolutionary in their marketing strategy (Zettelmeyer, 2000).

A textbook method from one of the most widely used textbooks on the topic of small business planning "Essentials of Entrepreneurship and Small Business Management." This particular plan is headlined "Crafting a Winning Business Plan," and states that an entrepreneur's plan must pass three tests with lenders and investors: the reality test, the competitive test and the value test (Scarborough, 2014). Although this book states to keep the plan simple and fluid it also provides a very extensive plan much like that of Inc.com (2015). The important part to remember here is that not all business plans are created equal and every plan should be unique. When creating a plan it should be tailored to the business and the circumstances, so for this review I am going to list all of the steps for consideration and highlight the key elements. For the textbook approach there are 16 primary steps: Title Page and Table of Contents, Executive Summary, Vision and Mission Statement, Company History, Business and Industry Profile, Goals and Objectives, Business Strategy, Description of the Company's Product or Service, Marketing Strategy, Documenting Market Claims, Showing Customer Interest, Competitor Analysis, Description of the Management Team, Plan of Operation, Pro Forma Financial Statements and last but not least The Loan or Investment Proposal. Unlike that of Inc.com the author of this plan puts a limit on the Executive Summary capping it at a two page maximum. Other areas receiving extra attention in this plan is Showing Customer Interest, this section offers some advice for obtaining the data and shows that you have really completed your research. It should include target market information along with market size, business location, product pricing and plans for distribution. The loan investment proposal is probably the last area of this plan with any major differences. Typically in a business plan you would lay out your basis for financing i.e. cost of equipment, cost of property, buildings, and goodwill. This particular plan will have you go into abundant detail on the amount of funds needed, plans for repayment, purpose of the funds requested and a feasible or attractive exit strategy if things don't go as planned. Overall this plan really hashes out all of the fine details for business planning; unfortunately for funding, this plan is most likely too detailed. I base this assessment on providing too much information to the bank or investor could be damaging in receiving funding (The Editors of Socrates, 2005).

Last but not least onto the final business plan we are going to look at “Finding What Type of Plan is Right for You” from “The Secrets to Writing a Successful Business Plan” (Shelton, 2014). Author Hal Shelton offers several different approaches to business planning from ten page informal plans to all out thirty page road maps for business. Shelton states that regardless of the style you choose they have one thing in common and that is a clear message. Of these styles we are going to review Plans for Existing Businesses and gear it toward obtaining financing. Hal also puts a cap on the executive summary at two pages and requests you keep frivolous information out of this section. The ultimate goal is to explain what our problem is, how we plan to solve the problem and why we will be successful in doing so. The author emphasizes starting with a small plan that includes your mission and goals, your focus should be on your plans to grow the business. Don’t forget to include a brief marketing plan and funding request as this plan is built to be handed over to the bank. Unlike some of these plans this one is not near as bulky, it is straight to the point and effective coming in at a mere seven to fifteen pages. Business plans are very versatile and should be designed around your business and the audience you intend to share with.

Even after you have completed your business plan, the plan is not complete. A good business plan is a living document that should continually be updated. These plans are typically based on historical data and are never 100% accurate. It is just as important that you are willing and able to change or adjust with your plan based on the ever evolving market (Sutevski, 2009).

Uncovering more material information, tax audits on a property being acquired, legal proceedings that are developing or pending, and many other instances should trigger updating a business plan.

Other sources indicate you should have a contingency plan for market conditions built into your business plan. This would include looking at future market projections and anticipating declines in the market, which will assist in determining when, is a good time for expansions or large purchases. It is crucial that the industry is continually monitored in an attempt to head off any unexpected downturns (Entrepreneur Media, 2016). Having a strategy in place will only make yourself and your business more successful.

5.0 Results

Sometimes business plans fall through for one reason or another and that is okay. The research above was to build an actual business plan and had real risks attached to the implementation of it. Perry Equipment is a real company in Indiana with real owners, a real cash flow, real inventory variability, financial ratios, and more. They provide an important service and goods to farmers for agricultural material handling. If the result of formulating a business plan was the facilitation of the transaction, this was a failure. This was not the fault of the business plan, but rather, due to timing factors by the current owners. Any number of reasons might have influenced the current owner's decision not to sell from asymmetrical information about material elements of the transaction that were undisclosed to not wanting to retire from the industry. Owning a business commands a lot of respect in the individualist culture of the United States. The status of being “retired” is not negative, but it is not a grandiose either.

The second possible measure is the attraction of financing and the willingness of the SBA to back a loan. In that regard, this business plan was a success. The transfer of assets agreement was prepared and ready to be signed along with a loan officer from Chase bank ready with financing. Financing is a major hurdle for any business venture. The business plan format was successful in facilitating the financing and almost in saving and creating jobs.

Steve Loy of Chase Bank in Crawfordsville, IN was the financial liaison to this transfer of assets. His goal was to ensure that the information presented to him was that of a viable business that was capable of servicing a 3 million dollar debt. Some of the due diligence included collecting resume’s from the potential management team, personal financial statements from each of the primary shareholder’s, background checks, and more. Chase is a successful bank and a stamp of approval from them has a lot of merit. Chase reviewed the business plan that was created on a software suite called “Business Plan Pro” made by Palo Alto Software. The software proved to be very useful. The only problem was the organization of the data. It wasn’t as organized as well as it might have been. Time constraints meant that it couldn’t get organized better without losing a lot of it. The plan moved forward.

Due to the size of the potential loan, it was sent all the way up to the VP of Business Lending at Chase Bank, introduced above as Steve Loy. Loy was knowledgeable about the SBA process and gave out very good advice on how to get the financing backed by them. This would be an extra step in protecting the bank's investment. If not for the owner reevaluating his own position, this deal would have gone through and there would be new owners at Perry Equipment as we speak.

The literature review covered many different advice pieces regarding what a good business plan looks like. It also covered what not to do. Using all this information, and information from the SBA, as well as a computer program that cuts data collection time down to a week, information was organized and gathered into a readable format. It successfully conveyed enough material information to convince both Steve Loy at Chase bank and the SBA to facilitate the transaction. As in life, business doesn't always work out.

The format for the business plan is as follows:

Executive Summary- This includes a general overview of the business and a brief description of the products being offered and the changes that will be made.

Company Description- This section includes a discussion of how the business came into being by the original owners.

Market Analysis- This will give a brief overview of the market which includes nearby competitors, expected market trends, and target markets. SWOT analysis is also presented as a tool to signal due diligence to potential investors.

Goals and Objective- This section includes a list of clear goals and objectives for the short and long term future of the business. It also includes the company's mission and keys to success.

Description of the Management Team- This section includes a list of job description, who will fill them, and what else is needed.

Investment Proposal- This section includes a breakdown of the required funding given the revenue situation described in the introduction.

Appendix – Past Performance, Market Analysis, Sales and Pro Forma

This plan format was created based on the details provided in the literature review section of this paper and is designed to fulfill all requirements of a request for SBA approval. Other sections such as title page and table of contents will be used on the actual document, but not within this project.

6.0 The Business Plan

6.1 Executive Summary

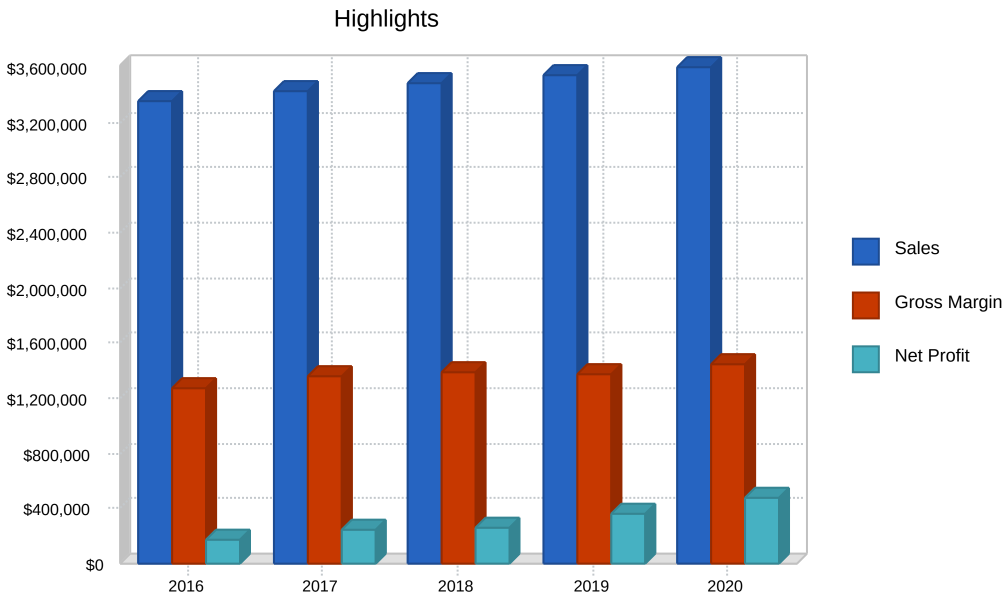
Perry Equipment Inc. prepares bulk handling systems to quickly transfer commodities such as Grain, and Seed to and from storage equipment without damaging its integrity. Their focus is mainly within the Ag and feed industries, but they are currently seeking out more clients. According to the current owner, Perry Equipment Inc. produces a world class product that is sought out by its customers who return year after year. In the past five years, demand for these products has continued to grow along with the company’s capacity and ability to supply a quality product (Agricultural Marketing Service, 2017).

In the past Perry Equipment has been able to rely on return business and customer loyalty. It has come to a point where controlling costs, competitive pricing and an extensive strategic marketing plan are paramount to the future success of the business. After the acquisition of Perry Equipment, the new owners should investigate potential growth in similar markets and create a marketing plan that will help to expand the Perry's reach within their current market. As the investigation progresses it is likely that other areas of the business will be identified as areas where one could cut costs in order to free up cash flow and increase profit margins.

Our keys to success are as listed:

1. Establishing and maintaining working relationships and contractual agreements with American farmers and wholesalers.
2. Bringing our facility up to maximum production within five years after acquisition.
3. Increasing our net profit margin to fifteen percent (15%) with the use of the internet to obtain more customers and by reducing our overall operational costs.
4. Effectively communicating to current and potential customers, through targeted efforts, our position as a differentiated provider of the highest quality Augers, Distribution Systems and Conveying Equipment on the market.

Chart 1: Projection Highlights for Perry Equipment Inc.



(Perry C. , 2016)

6.2 Company Description

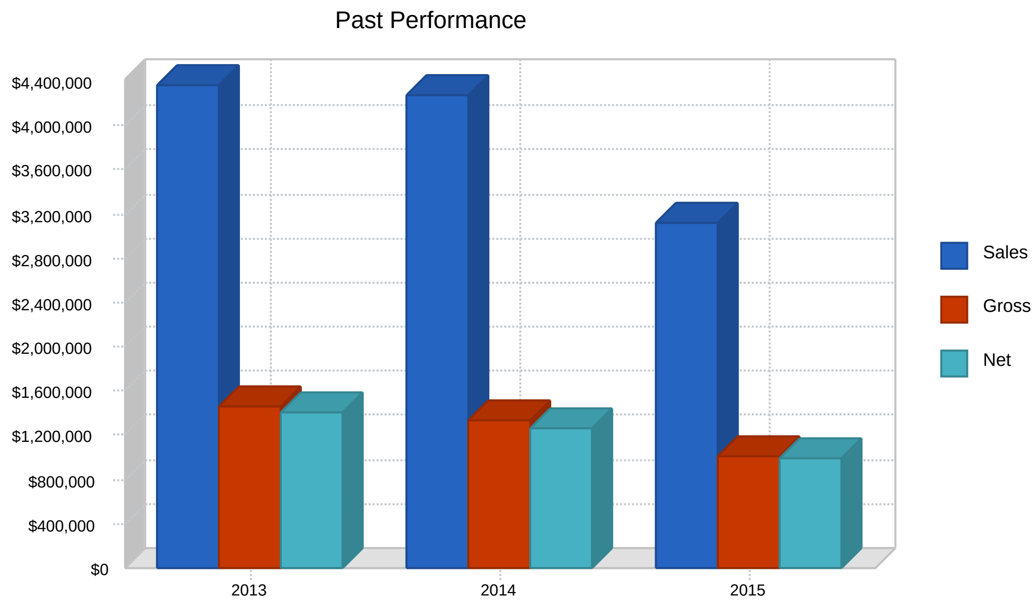
Perry Equipment Inc. is a wholesale provider of bulk material handling equipment and specializes in Feed, Grain, and Seed handling. As a wholesaler their product consists of an extensive line-up of augers, belting equipment, conveyors, and distributors to satisfy all of the customers material handling needs. They also manufacture many augers in house and have the ability to customize and assemble any setup to fit your needs while providing you with world class quality and service. (Perry R. , 2016)

After the purchase of Perry Equipment Inc. it will be a privately held corporation, with two principle shareholders. The controlling interest will be held by Christopher Williams

(President). As the president Williams will be part of the day to day operations with the current employees assisting them with manufacturing the products. The second principle shareholder is Paul Clark (Vice President) who is also a family member. Paul is also the owner of a paint installation company that travels around the country installing robotics for automotive corporations, Paul will not be present in the day to day operations and will only be available via conference and at the site 1 time per month. This company is to be incorporated in the state of Indiana and will seek Subchapter S Corporation status upon acquisition to take advantage of special "pass-through" tax conditions.

Perry Equipment Inc. started in the basement of Randy Perry’s home where he and his brother began welding the mechanical components they needed for grain augurs. Currently Perry Equipment Inc. has been in business for 31 years and at its current location in Indiana since 1986, owned and operated by Randy Perry and Christina Perry. It was started on $15,000 and to date the Perry’s have never had to borrow funds to run their business. Randy and his wife were able to started the business and maintain its production and sales to this point. Although the business has had some struggles, the market as well as this facility still has excellent potential for growth in leasing, sales, and manufacturing. This business in particular was not created with a business plan; they were one of the few that have been able to build a growing company without utilizing a business plan. Perry states “that he never would have known where to begin with a piece of paper; he had to just run with the idea in his head”. Perry Equipment Inc. realized the need for these products based off of the thriving community of farmers and seen the potential to make extra income based off of these essentials.

Chart 2: Past Performance of Perry Equipment Inc.



(Perry C. , 2016)

6.3 Market Analysis

Conveyors and conveying equipment comprise one of the four major groupings of the material handling equipment manufacturing sector, which in turn is part of the huge domestic material handling market ($156 billion in 2009). Our current market consists primarily of the Tri-State area Indiana, Illinois, Ohio and Kentucky, but also extends slightly into Missouri. Perry Equipment has three primary competitors in this area, but continues to see new and return customers every year due to overall customer satisfaction.

We will continue our focus on the Agricultural industry especially on larger grain storage facilities and Co-ops. Some areas for growth are in the Pet Food manufacturing industry and Pharmaceuticals. All of the markets are showing continued growth and require augers and belt conveyors to move bulk powder or grain materials throughout their facilities. One major weakness for Perry Equipment is the lack of any online presence. It is expected that the business will be able to extend its reach further into the current market by providing an online platform to generate more sales.

The new owner's strategy should be to educate as many potential clients as possible on the products we provide. Initially they will need to take a direct selling approach by meeting and developing relationships with each potential customer. Direct selling is one of the most effective ways to close a deal and is more practical in terms of keeping marketing cost in check.

The industry analysis for the bulk material handling segment is likely to raise considerable growth aided by the evolving population which will increase the demand on conveyor systems and grain augers (FAO, 2015).

6.3.1 Competition and Buying Patterns

Perry Equipment Inc. customers have fairly routine buying patterns. The same customers return each year during the months of June through September. Customers say that we offer fast deliveries and exceptional customer service. Most of the customers have been doing business with us for many years, which have created solid customer relationships, the ability to provide quality products at a fair price adds to a successful bottom line. Perry Equipment strongly believes that being able to offer supreme delivery services they will gain a substantial amount of new customers and with new advertising online they will gain recognition of these new customers through a focused marketing plan (Perry R. , 2016).

One of the top three competitors in Indiana is Bonnell Grain Handling, which offers a larger variety of services. Such as pre-season grain system inspections which include a twenty-five percent discount for work performed in the off season and a ten percent discount on parts purchased during an inspection. To top it all off if you utilize this service you receive priority service during harvest on equipment that has been inspected. This is a huge advantage for Bonnell in attracting consumers over the competition. They also offer a web presence to view previous jobs, used equipment for sale and upcoming specials. Unfortunately one of the biggest weaknesses for Bonnell is their service area; they are not willing to do business outside of Indiana which limits their market size. Although a highly respected company Bonnell appears to cater primarily to high lines of equipment with no midrange for smaller farms and other affordability aspects (Bonnell Grain Handling, 2016).

The second largest competitor in Indiana is Waitt Equipment Sales; again they are another company offering a wider variety of services. Waitt offers excavation services to their customers along with delivery and installation. As for their equipment they do some custom fabrication, but rely primarily on wholesale equipment and installation. They do offer mid and high line products, unfortunately you are unable to view the full line from their website. One of the biggest limitations for Waitt Equipment is their staff size, which limits their overall production capacity (Fastline, 2017).

The third and final competitor we will discuss in this paper is Hochstetler Grain Equipment, which appears to be similar in size and overall product offering. Their single biggest strength is the time they have been serving their customers and community. Hochstetler has been in business for over 50 years providing grain handling equipment to local farmers. The biggest weakness is their website, if you're going to have a website the homepage should stand out and be easily navigable. With this site that was not the case, however HGE does have a reasonably sized staff which makes them a competitor for timely service (Hochstetler Grain, 2016).

6.3.2 SWOT Analysis

Strengths. Some of the primary strengths are excellent customer service, devotion to their customers, suppliers, and to the local community. Neighboring farming communities return because of prompt on time delivery. Most equipment can be manufactured right on site by skilled staff that over combined machinery knowledge of more than 75 years. The company offers large warehouses to store inventory so customers have shorter wait times for delivery of the products, they also offer same day delivery.

Morale within the company is at its finest, employees are provided with holiday bonuses, paid leave, competitive pay and full insurance benefits.

Weaknesses. There is currently not any online presence, which is damning to out of state consumers. There is not any easy way to place an order for products without calling and sitting on the phone with a sale's professional. The company currently sales most products within the Indiana and Illinois area not expanding further than 100 miles in either direction which is showing on the bottom dollar. It is evident that some items are less profitable and can be ordered for less money on line with little to no profit. This needs to be manufactured in house and sold at a cheaper rate. Currently the business does no advertising other than word of mouth.

Opportunities. New technologies would assist the business in running leaner and more efficiently with a purchase order system, this would provide information on when to place inventory orders and what products the consumers are purchasing the most of.

Establishing new relationships, such as joining the internet marketing associations are some great opportunities to compete. Competitive edge can be created by offering an extra discount for more products ordered in a single transaction versus multiple transactions.

Looking for investment properties to expand the organization into other regions is a potential opportunity that needs to be pursued.

Threats. Many bulk material suppliers are offering online stores, and advertising via social networking and internet image media which poses a great threat for the loss of potential customers. Some are showing stock on their website and offering other links for products they do not supply. This current supplier has not kept up on technology and needs to invest for increased internet sales.

From this SWOT we can deduce that Perry Equipment is a strong competitor in the agricultural grain handling industry, however they have a great deal of opportunity that could really set this business apart from the competition. Some of the key strengths they hold over their competition is the industry knowledge and ability to deliver most products the same day. Unfortunately they struggle to market, offer no competitive pricing or discounts and lack the ability to install or service their own product. This is a huge advantage competitors hold over PE, this would be one of the primary avenues for growth. Other opportunities that should be addressed are streamlined web order capability, inspection services and bulk purchase discounts. Addressing each of these opportunities would help to bring in new clientele as well as further securing current customer contracts.

6.3.3 Strategy and Implementation

The global bulk material handling market sector is expected to grow some 5 billion dollars or 1.2% through the year 2020 (Kable Intelligence Limited, 2015). This will likely cause a great deal of competitiveness within this segment, however the growth rate for the ag industry has slowed slightly from 2.2% to 1.5% a year and is expected to maintain this rate over the next 30 years. This data shows us the importance of competitive marketing and controlling manufacturing costs. Although there is expected growth in the market the .7% decline in the Ag industry could cause customers to search for cheaper alternatives.

Upon further review of sales trends and pricing many businesses such as Perry Equipment don't invest much time in competitor analysis. In failing to consider this threat they have missed out on many opportunities due to over pricing. One item that is noticeably over-priced is electric motors, many of which can be found for half price on amazon.com. As for implementing the pricing change, after completing a thorough market analysis including best price and average price; the owner should contact their vendors to re-negotiate product cost and then advertise to their customers that there are new lower prices.

All cost and current pricing documents were reviewed as part of this process; there were several items that were selected at random as part of an audit. For each of those items information such as manufacturer, distributor, cost and sale price was collected. This information was then compared with other wholesale businesses similar to Perry Equipment and utilized to bring current pricing closer to market price. In some instances the data indicated that certain items had a markup well over 200% above current market price. Some of this was linked to annualized product price increases from Perry Equipment and the remaining due to unrealistic distributor pricing. In cases where the distributor was over charging, Perry Equipment should renegotiate price, pursue other vendors or even contact the manufacturer and see if they allow direct purchasing for wholesalers.

6.3.4 Competitive Edge

Perry Equipment's Competitive edge is its level of customer service, devotion to their customers, suppliers, and the local community. The business has devoted customers that have been returning for many years. The business has created brand loyalty with building these strong relationships with their customers and delivering a great customer experience and service. We need to expand outside of Indiana and gain more customers with our outstanding services and products. Offering contracts with purchasing incentives will help with keeping and acquiring need clientele. We have dedicated sales professionals that understand the needs of the consumers, and are willing to go above and beyond to ensure the customer gets the best price offering price matching within 200 miles of the store location.

The proposed marketing strategy is diverse and includes a range of marketing communications to reach current and potential consumers. Community outreach has been very effective in this location, continuing with sponsoring local community sporting events, also prospecting to nearby universities especially into Illinois where these schools have expanded their agricultural degree programs is essential for the growth of the organization. The owners should launch an Interactive webpage with online catalog, creating a social media webpage, and offering free shipping on your first online order. They need to utilize distribution channels to reach market segments through: television, radio, sales associates, and mailings.

Perry Equipment Inc. offers quality products at a reasonable rate. It would be beneficial to add a warranty on certain equipment, and offer maintenance and support in the event something is malfunctioning.

Pricing within this establishment could use some adjustments. They do offer exceptional service and fast delivery that can most definitely be included in pricing, however with competitors encroaching with price adjustments it is crucial to match or beat their prices in order to make the sale.

Perry Equipment Inc. offers an onsite distribution center placing them above many of their competitors when it comes to delivery. They base inventory off of historical data and projected annual sales to ensure they inventory any of the products the consumer may need. This means no wait for shipment and fast delivery.

Television and radio advertising is becoming less effective because it is not designed for specific audiences. It is recommended that using internet marketing such as image based social media will be more effective in order to expand your consumer base. Consumers are more likely to skim the pages for visual products instead of reading it in text.

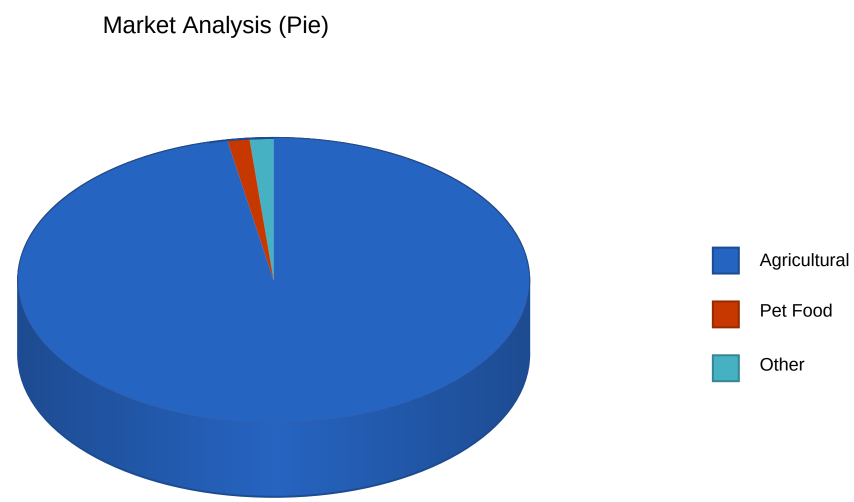
Overall we must project modest sales because of the inability to predict online sales activity; we do believe that the potential does exist for Internet sales to reach a high percentage for increased revenue.

Table 1: Market Analysis for The Ag Industry

Market Analysis							
		2016	2017	2018	2019	2020	
Potential Customers	Growth						CAGR
Agricultural	2%	2,109,303	2,143,052	2,177,341	2,212,178	2,247,573	1.60%
Pet Food	3%	30,000	30,900	31,827	32,782	33,765	3.00%
Other	1%	32,647	32,973	33,303	33,636	33,972	1.00%
Total	1.61%	2,171,950	2,206,925	2,242,471	2,278,596	2,315,310	1.61%

(Agricultural Marketing Service, 2017)

Chart 3: Market Analysis for The Ag Industry (Pie)



(Agricultural Marketing Service, 2017)

6.4 Goals and Objectives

Objectives for Perry Equipment Inc.:

- Increase sales from 3.1 million to 5 million within the first 2 years, after acquisition.
- Establish a website as a means to advertise and generate online sales within the first 6 months, after acquisition.
- Increase gross margins by 1.6% a year for the next 5 years, after acquisition.
- Minimize operational costs by 15% in the first year, after acquisition.

6.4.1 Mission

Perry Equipment Inc. seeks to serve the Agricultural industry in feed, grain, and seed handling by far exceeding its customer expectations in quality. Our relationship with our current and future customers is our highest priority and we want to convey this message through exceptional service, efficiency, competitive pricing and commitment to satisfaction.

6.4.2 Keys to Success

Our Key to Success:

- Establishing and maintaining relationships with suppliers to ensure we are providing the best products available.
- Implementation of Quality Assurance Standards to make certain that products manufactured by Perry Equipment are living up to our mission and satisfying the customer.
- Increase production by streamlining the manufacturing process.
- Make sure that we are effectively communicating to our current and potential customers, our position as a provider of the highest quality product and most dedicated sales team around.

6.5 Products and Services

Perry Equipment Inc. deals in all aspects of bulk material handling equipment. They deal with multiple OEM's throughout the United States as well as maintaining their own position as a manufacturer in Auger production and the niche market of specialized auging equipment. The final product is suitable for sale and is manufactured to the highest of standard. Their primary product is pro-edge system augers that are manufactured to the customer's specifications. They offer a full line of attachments, grain bin accessories, portable augers, drive motors and conveyors for all major grain handling equipment. To ensure the customer is getting everything they need Perry Equipment also offers free quotes within the state of Indiana.

6.6 Description of Management

The management summary will continue similar to how it is presently with the Perry's. Christopher as the president offers over 12 years' experience in the manufacturing industry, business operations and holds a Business Degree from Saint Mary of the Woods College and an Information Technology Degree from Indiana State College. His spouse Nicole will continue the duties of Mrs. Perry handling all personnel issues, filling out and filing insurance documents and processing all payrolls. Nicole also holds a business degree from Saint Mary of the Woods College and has been a business manager for 14 years. The partner in the business is Paul, he offers 30 years in the manufacturing industry, 14 years as a successful business owner and proven ability to always satisfy the customer by providing them with exactly what they need when they need it. He holds an Information Technology Degree and Engineering Degree from Indiana State College.

Salaries are in line and in some instances currently above market pay for the Crawfordsville area, currently our benefits are above standard market level since many small businesses no longer pay for medical, so ultimately we appreciate our employees and are willing to pay more for them than what might be considered the standard for the industry.

6.7 Investment Proposal

The plan is to finance the acquisition of Perry Equipment through a combination of long-term and short-term debts. The purchase of the Buildings, Equipment and Inventory will require Long-Term SBA financing. Goodwill will be financed in two segments, where approximately fifty percent of the Short-Term debt will come from Randy Perry and the other fifty percent will be obtained through bank financing. All operational cost for the first 30 days will be covered by borrowed operating capital in the amount of $200,000. No issues with accounts receivable are anticipated and there is enough inventory to begin generating cash-flow before it will be necessary to purchase more.

In addition, the business must continue to achieve and challenge our gross margins at thirty-one percent of higher.

Table 2: Finance Plan Breakdown for Perry Equipment Inc.

Breakdown of the Business:

Buildings and Equipment	$600,000
Inventory	$743,777
Goodwill	$1,400,000
Total	**$2,743,777**

(Perry R. , 2016)

6.7.1 *Important Assumptions*

In this section it is assumed that the current commercial loan rate was around four percent. It was also determined that the appropriate tax percentage for the company profits would be at or near fifteen percent.

6.7.2 *Break-even Analysis*

The break-even point is based on the average of the first-year figures for total sales and by operating expenses. These are represented by wholesale revenue and fixed costs. All assumptions were made conservatively to make for a more accurate estimate of risk.

Table 3: Break-Even Analysis for Perry Equipment Inc.

Break-even Analysis	
Monthly Revenue Break-even	$113,520
Assumptions:	
Average Percent Variable Cost	32%
Estimated Monthly Fixed Cost	$77,151

(Perry C. , 2016)

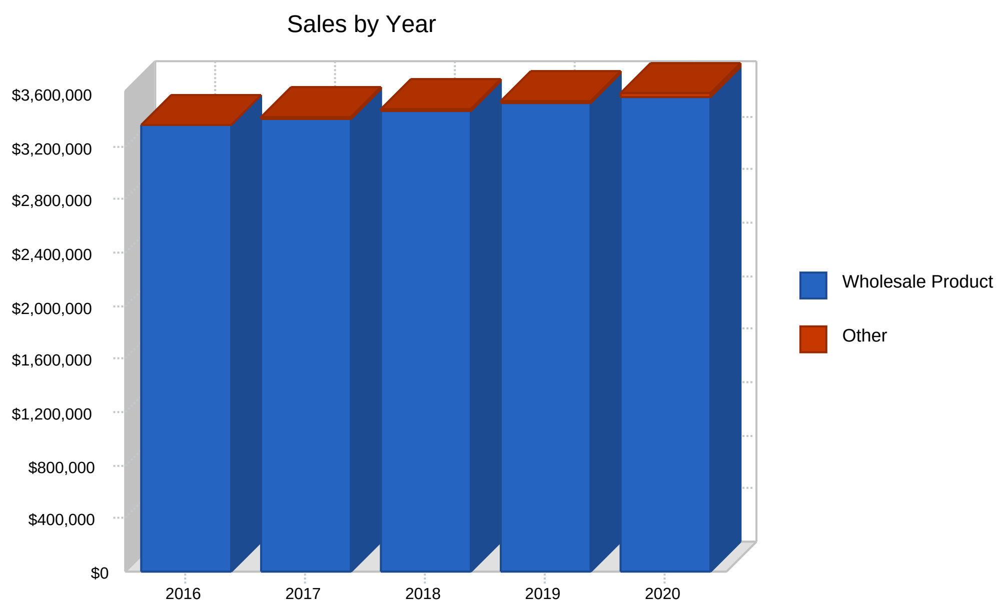
6.7.3 *Projected Profit and Loss*

This business has been around for thirty one years and it is expected to exhibit continued growth and show profit throughout every month of the year. Due to the possibility of unforeseen expenses, it is necessary for certain precautions to be taken; in preparation for this two-hundred thousand in operating capital will be set back to cover these expenditures. In the following months, it is anticipated that returning customers and new customers will continue making purchases as the product being sold is subject to wear and does require replacement. Projections are based on an anticipated increase in sales of 1.6-3.6 percent; these figures are based on USDA projections for the Agricultural Conveying industry through 2025. The largest expected one-time expense will be the initial acquisition of Perry Equipment Inc. for $2,600,000.

6.7.4 Long-Term Plan

It is expected that Perry Equipment Inc. will continue to grow with the Ag market at a rate of at least 1.6 percent. The figures contained in this Business Plan are considered to be conservative displaying both best and worst case scenarios to ensure continued profitability of the business. With the expected market growth the business will continue to evolve with the current expectations of its consumers. Many businesses similar to Perry Equipment are starting to offer a great deal of services that focus on quality customer service and retention. After acquisition it would be possible to train some of the current employees to provide inspection and basic installation services, this would help to grow the business by attracting new customers and potentially retain some of the current business that may be in the market for similar services. In the event the market or business was unable to perform as expected there will be some contingency plans in place to minimize impact. An emergency fund will be created between the investors; this money will only be accessible with prior approval from the investor. The amount within this account has yet to be determined, other means of capital will come from inventory reductions where Perry Equipment currently houses a million dollar inventory. Steven Loy of Chase Bank has also recommended that a business line of credit be maintained in order to avoid major delinquencies in the event of a downturn in the current market. This is a common practice in the Ag industry due to its seasonal nature.

Chart 4: Sales by Year

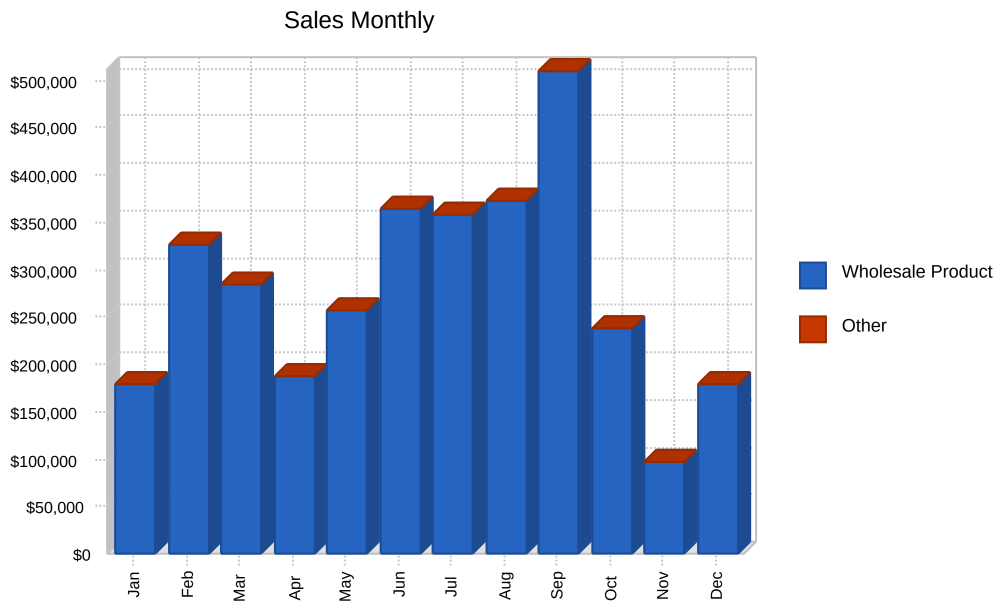


(Perry C. , 2016)

6.7.5 Short-Term Plan

For the immediate future we will be conducting market research in an attempt to make some of higher priced low volume item more marketable. As discussed previously there are many items currently available where a large portion of sales are lost due to competitor pricing. This is a missed opportunity that can be capitalized on immediately.

Chart 5: Sales Monthly



(Perry C. , 2016)

6.8 Conclusion

In conclusion planning is one of the most important parts of operating a business, it does not matter if it is a large or small business. Without a well thought out business plan it can be very difficult for a small business owner to reach their destination after the long journey. Business plans aren't just for obtaining financing or impressing your investor, they are a rationalized guide that will help an entrepreneur run their business. The intent of planning is to lay out all of the details of a business; this allows a small business owner to anticipate the challenges they will face. The plan is also an emergency escape proposal that will ensure an entrepreneur does not lose everything event the new venture does not work out.

Small business owners should not be tempted to neglect creating a business plan altogether. It is very easy to get distracted during the process, after all it is very time consuming. As stated above many business owners have reached their destination without creating and utilizing a business plan. Many entrepreneurs have the mind set of spending all this time planning is not meaningful when they could be earning money.

The great thing about a business plan is that it is a wonderful motivational tool, small business owners can look back on their plan at any point during the project and see where they need to improve or what changes they may need to make to ensure funding for their business. The business plan will assist them in thinking analytically and find associations in the different areas of their business, such as profit margins, market, and how they compare to the competition.

It cannot be expressed more explicitly the value of a business plan, which is far more respected than it once was. A well thought out business plan is the foundation on which a successful business is built.

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Table: Past Performance

Past Performance			
	2013	2014	2015
Sales	$4,359,539	$4,276,871	$3,127,627
Gross Margin	$1,456,086	$1,340,799	$1,012,432
Gross Margin %	33.40%	31.35%	32.37%
Operating Expenses	$1,290,363	$1,752,155	$449,780
Inventory Turnover	3.20	4.04	3.27
Balance Sheet			
	2013	2014	2015
Current Assets			
Cash	$105,554	$400,377	$85,844
Inventory	$907,565	$544,713	$748,777
Other Current Assets	$397,128	$314,649	$298,499
Total Current Assets	$1,410,247	$1,259,739	$1,133,120
Long-term Assets			
Long-term Assets	$615,572	$623,615	$619,593
Accumulated Depreciation	($324,657)	($362,250)	($343,453)
Total Long-term Assets	$940,229	$985,865	$963,046
Total Assets	$2,350,476	$2,245,604	$2,096,166
Current Liabilities			
Accounts Payable	$0	$0	$0
Current Borrowing	$0	$0	$0
Other Current Liabilities (interest free)	$0	$0	$0
Total Current Liabilities	$0	$0	$0
Long-term Liabilities	$1,370,013	$927,542	$1,148,777
Total Liabilities	$1,370,013	$927,542	$1,148,777
Paid-in Capital	$0	$0	$0
Retained Earnings	($429,784)	$58,322	($40,406)
Earnings	$1,410,247	$1,259,740	$987,795
Total Capital	$980,463	$1,318,062	$947,389
Total Capital and Liabilities	$2,350,476	$2,245,604	$2,096,166
Other Inputs			
Payment Days	30	30	30

Table: Sales Forecast

Sales Forecast					
	2016	2017	2018	2019	2020
Sales					
Wholesale Product	$3,355,758	$3,409,450	$3,464,001	$3,519,425	$3,575,736
Other	$0	$18,000	$18,540	$19,096	$19,669
Total Sales	$3,355,758	$3,427,450	$3,482,541	$3,538,521	$3,595,405
Direct Cost of Sales	2016	2017	2018	2019	2020
Freight	$89,340	$84,669	$93,840	$89,207	$82,279
Shop Supplies	$32,388	$23,636	$29,952	$32,390	$28,749
Material	$953,371	$1,000,000	$986,551	$1,121,357	$994,321
Subtotal Direct Cost of Sales	$1,075,099	$1,108,305	$1,110,343	$1,242,954	$1,105,349

Table: Personnel

Personnel Plan					
	2016	2017	2018	2019	2020
Chris Williams, President of Operations	$92,500	$93,500	$93,500	$97,500	$107,500
Nicole Williams, Executive Director	$12	$12	$12	$12	$12
Paul Clark, VP of Operations	$40,000	$41,000	$41,000	$45,000	$55,000
Bruce Stuart, Warehouse Manager	$85,368	$92,776	$93,000	$93,500	$0
Mark Perry, Sales Manager	$125,553	$126,000	$126,000	$0	$0
Stanley Sheets, Sales	$78,880	$83,000	$83,500	$84,000	$88,000
Jayson Laymon, Laborer	$41,484	$43,000	$43,750	$44,350	$45,000
Matthew Reynolds, Laborer	$38,472	$40,000	$41,500	$42,000	$42,750
Total People	8	8	8	7	6
Total Payroll	$502,269	$519,288	$522,262	$406,362	$338,262

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$113,520
Assumptions:	
Average Percent Variable Cost	32%
Estimated Monthly Fixed Cost	$77,151

Table: Profit and Loss

Pro Forma Profit and Loss					
	2016	2017	2018	2019	2020
Sales	$3,355,758	$3,427,450	$3,482,541	$3,538,521	$3,595,405
Direct Cost of Sales	$1,075,099	$1,108,305	$1,110,343	$1,242,954	$1,105,349
Other Costs of Sales	$1,003,188	$957,942	$989,359	$921,071	$1,049,825
Total Cost of Sales	$2,078,287	$2,066,247	$2,099,702	$2,164,025	$2,155,174
Gross Margin	$1,277,471	$1,361,203	$1,382,839	$1,374,496	$1,440,231
Gross Margin %	38.07%	39.71%	39.71%	38.84%	40.06%
Expenses					
Payroll	$502,269	$519,288	$522,262	$406,362	$338,262
Marketing/Promotion	$13,407	$14,853	$18,973	$15,485	$17,685
Depreciation	$32,556	$32,556	$32,556	$32,556	$32,556
Mortgage	$189,060	$189,060	$189,060	$189,060	$189,060
Insurance	$63,804	$64,804	$65,804	$66,804	$67,804
Meals & Entertainment	$8,256	$5,256	$6,256	$5,256	$7,256
Fuel & Lodging	$21,384	$19,384	$19,000	$18,550	$18,017
Utilities	$9,420	$9,420	$9,420	$9,420	$9,420
Office Supplies & Postage	$6,852	$6,852	$7,152	$7,152	$7,852

Professional Fees & Dues	$11,640	$9,894	$9,894	$9,894	$9,894
Shop Supplies	$40,776	$34,010	$35,010	$35,010	$36,010
Property Taxes	$4,908	$4,908	$4,908	$4,908	$4,908
Other	$21,480	$21,480	$21,480	$21,480	$21,480
Total Operating Expenses	$925,812	$931,765	$941,775	$821,937	$760,204
Profit Before Interest and Taxes	$351,659	$429,438	$441,064	$552,559	$680,027
EBITDA	$384,215	$461,994	$473,620	$585,115	$712,583
Interest Expense	$145,855	$138,589	$130,789	$122,589	$113,989
Taxes Incurred	$30,871	$43,627	$46,541	$64,496	$84,906
Net Profit	$174,934	$247,222	$263,734	$365,475	$481,133
Net Profit/Sales	5.21%	7.21%	7.57%	10.33%	13.38%

Chart: Profit Monthly

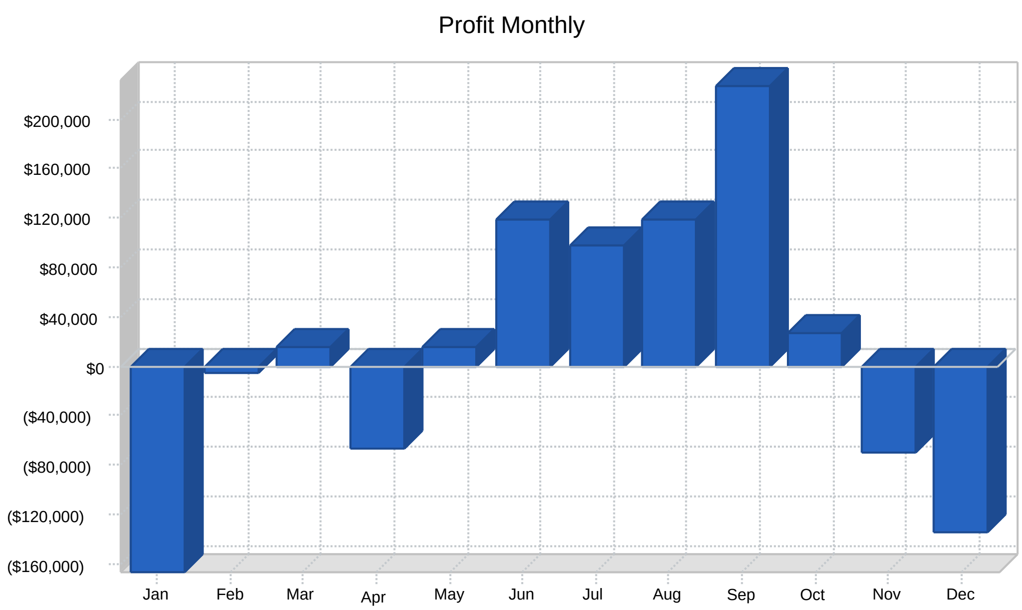


Chart: Profit Yearly

Chart: Gross Margin Monthly

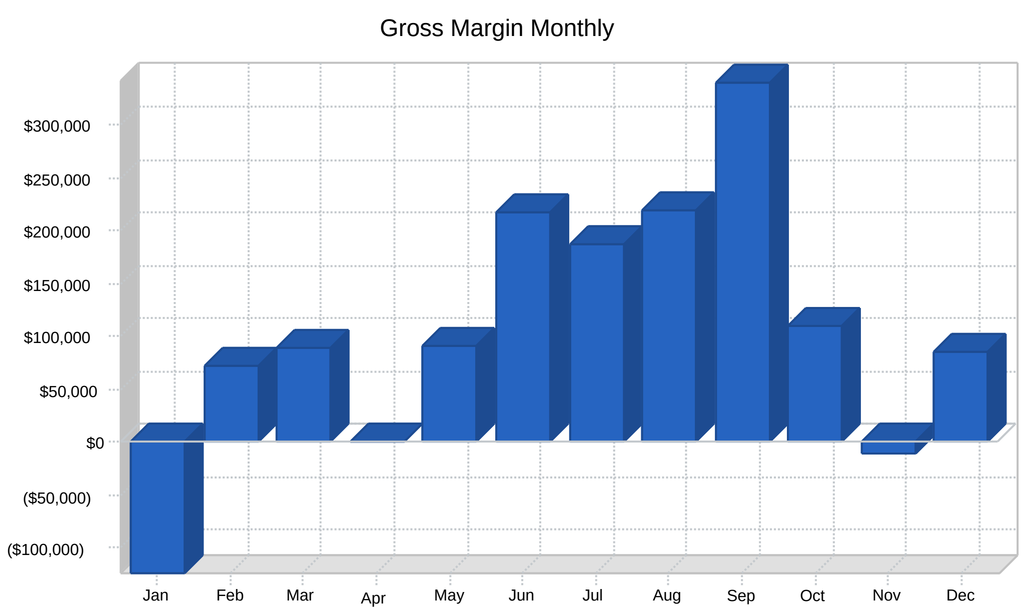
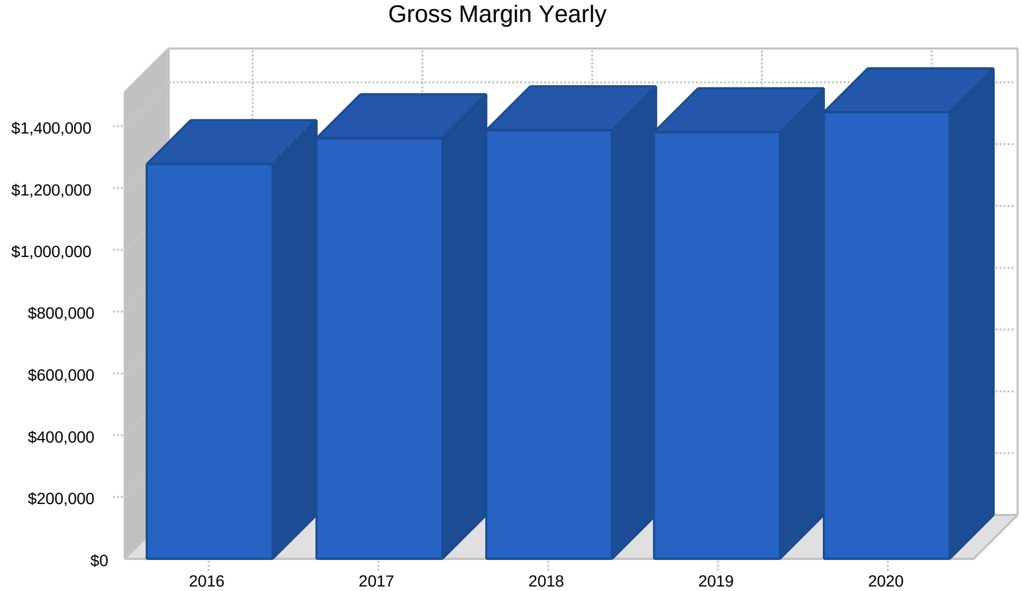


Chart: Gross Margin Yearly



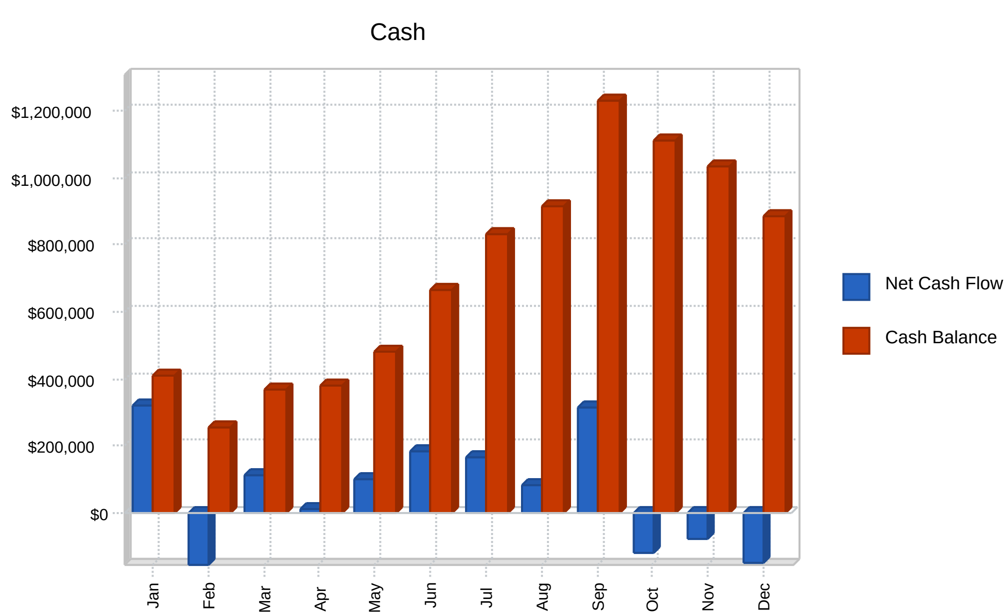
Projected Cash Flow

Table: Cash Flow

Pro Forma Cash Flow					
	2016	2017	2018	2019	2020
Cash Received					
Cash from Operations					
Cash Sales	$3,355,758	$3,427,450	$3,482,541	$3,538,521	$3,595,405
Subtotal Cash from Operations	$3,355,758	$3,427,450	$3,482,541	$3,538,521	$3,595,405
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	$234,903	$239,922	$243,778	$247,696	$251,678
New Current Borrowing	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0	$0	$0
New Long-term Liabilities	$2,600,000	$0	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0	$0	$0
New Investment Received	$200,000	$80,000	$80,000	$80,000	$80,000
Subtotal Cash Received	$6,390,661	$3,747,372	$3,806,319	$3,866,217	$3,927,083
Expenditures	2016	2017	2018	2019	2020

Expenditures from Operations					
Cash Spending	$502,269	$519,288	$522,262	$406,362	$338,262
Bill Payments	$2,064,031	$2,693,974	$2,665,953	$2,831,484	$2,599,591
Subtotal Spent on Operations	$2,566,300	$3,213,262	$3,188,215	$3,237,846	$2,937,853
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	$234,903	$239,922	$243,778	$247,696	$251,678
Principal Repayment of Current Borrowing	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment	$189,060	$190,000	$200,000	$210,000	$220,000
Purchase Other Current Assets	$0	$0	$0	$0	$0
Purchase Long-term Assets	$2,600,000	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0
Subtotal Cash Spent	$5,590,263	$3,643,183	$3,631,993	$3,695,542	$3,409,531
Net Cash Flow	$800,398	$104,188	$174,326	$170,675	$517,552
Cash Balance	$886,242	$990,430	$1,164,756	$1,335,431	$1,852,984

Chart: Cash



Projected Balance Sheet

Table: Balance Sheet

Pro Forma Balance Sheet					
	2016	2017	2018	2019	2020
Assets					
Current Assets					
Cash	$886,242	$990,430	$1,164,756	$1,335,431	$1,852,984
Inventory	$268,167	$464,573	$452,313	$565,766	$399,694
Other Current Assets	$298,499	$298,499	$298,499	$298,499	$298,499
Total Current Assets	$1,452,908	$1,753,502	$1,915,568	$2,199,696	$2,551,177
Long-term Assets					
Long-term Assets	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593
Accumulated Depreciation	($310,897)	($278,341)	($245,785)	($213,229)	($180,673)
Total Long-term Assets	$3,530,490	$3,497,934	$3,465,378	$3,432,822	$3,400,266
Total Assets	$4,983,398	$5,251,436	$5,380,946	$5,632,518	$5,951,443
Liabilities and Capital	2016	2017	2018	2019	2020
Current Liabilities					
Accounts Payable	$101,358	$232,175	$217,950	$234,048	$211,840
Current Borrowing	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$101,358	$232,175	$217,950	$234,048	$211,840
Long-term Liabilities	$3,559,717	$3,369,717	$3,169,717	$2,959,717	$2,739,717
Total Liabilities	$3,661,075	$3,601,892	$3,387,667	$3,193,765	$2,951,557
Paid-in Capital	$200,000	$280,000	$360,000	$440,000	$520,000
Retained Earnings	$947,389	$1,122,323	$1,369,545	$1,633,279	$1,998,753
Earnings	$174,934	$247,222	$263,734	$365,475	$481,133
Total Capital	$1,322,323	$1,649,545	$1,993,279	$2,438,753	$2,999,886
Total Liabilities and Capital	$4,983,398	$5,251,436	$5,380,946	$5,632,518	$5,951,443
Net Worth	$1,322,323	$1,649,545	$1,993,279	$2,438,753	$2,999,886

Business Ratios

Table: Ratios

Ratio Analysis	2016	2017	2018	2019	2020	Industry Profile
Sales Growth	7.29%	2.14%	1.61%	1.61%	1.61%	3.87%
Percent of Total Assets						
Inventory	5.38%	8.85%	8.41%	10.04%	6.72%	35.66%
Other Current Assets	5.99%	5.68%	5.55%	5.30%	5.02%	29.18%
Total Current Assets	29.15%	33.39%	35.60%	39.05%	42.87%	85.19%
Long-term Assets	70.85%	66.61%	64.40%	60.95%	57.13%	14.81%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	2.03%	4.42%	4.05%	4.16%	3.56%	27.33%
Long-term Liabilities	71.43%	64.17%	58.91%	52.55%	46.03%	26.69%
Total Liabilities	73.47%	68.59%	62.96%	56.70%	49.59%	54.02%
Net Worth	26.53%	31.41%	37.04%	43.30%	50.41%	45.98%
Percent of Sales						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	38.07%	39.71%	39.71%	38.84%	40.06%	28.10%
Selling, General & Administrative Expenses	32.86%	32.50%	32.13%	28.52%	26.68%	10.77%
Advertising Expenses	0.40%	0.43%	0.54%	0.44%	0.49%	0.68%
Profit Before Interest and Taxes	10.48%	12.53%	12.67%	15.62%	18.91%	4.78%
Main Ratios						
Current	14.33	7.55	8.79	9.40	12.04	2.59
Quick	11.69	5.55	6.71	6.98	10.16	1.29
Total Debt to Total Assets	73.47%	68.59%	62.96%	56.70%	49.59%	54.02%
Pre-tax Return on Net Worth	15.56%	17.63%	15.57%	17.63%	18.87%	21.77%
Pre-tax Return on Assets	4.13%	5.54%	5.77%	7.63%	9.51%	10.01%
Additional Ratios	2016	2017	2018	2019	2020	
Net Profit Margin	5.21%	7.21%	7.57%	10.33%	13.38%	n.a
Return on Equity	13.23%	14.99%	13.23%	14.99%	16.04%	n.a

Activity Ratios						
Inventory Turnover	2.46	3.03	2.42	2.44	2.29	n.a
Accounts Payable Turnover	21.36	12.17	12.17	12.17	12.17	n.a
Payment Days	27	22	31	29	32	n.a
Total Asset Turnover	0.67	0.65	0.65	0.63	0.60	n.a
Debt Ratios						
Debt to Net Worth	2.77	2.18	1.70	1.31	0.98	n.a
Current Liab. to Liab.	0.03	0.06	0.06	0.07	0.07	n.a
Liquidity Ratios						
Net Working Capital	$1,351,550	$1,521,328	$1,697,618	$1,965,648	$2,339,337	n.a
Interest Coverage	2.41	3.10	3.37	4.51	5.97	n.a
Additional Ratios						
Assets to Sales	1.49	1.53	1.55	1.59	1.66	n.a
Current Debt/Total Assets	2%	4%	4%	4%	4%	n.a
Acid Test	11.69	5.55	6.71	6.98	10.16	n.a
Sales/Net Worth	2.54	2.08	1.75	1.45	1.20	n.a
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a

Table: Sales Forecast

Sales Forecast												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales												
Wholesale Product	$178,676	$327,277	$283,821	$188,514	$256,132	$365,392	$358,776	$373,024	$509,513	$238,067	$97,007	$179,559
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales	$178,676	$327,277	$283,821	$188,514	$256,132	$365,392	$358,776	$373,024	$509,513	$238,067	$97,007	$179,559
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Freight	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445	$7,445
Shop Supplies	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699	$2,699
Material	$208,825	$161,141	$100,110	$95,066	$72,150	$53,696	$78,402	$60,419	$76,317	$33,765	$13,480	$0
Subtotal Direct Cost of Sales	$218,969	$171,285	$110,254	$105,210	$82,294	$63,840	$88,546	$70,563	$86,461	$43,909	$23,624	$10,144

Table: Personnel

Personnel Plan												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chris Williams, President of Operations	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$10,000
Nicole Williams, Executive Director	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Paul Clark, VP of Operations	$0	$6,000	$0	$6,000	$0	$6,000	$0	$6,000	$0	$6,000	$0	$10,000
Bruce Stuart, Warehouse Manager	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$3,722	$44,426
Mark Perry, Sales Manager	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$103,553
Stanley Sheets, Sales	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$5,240	$21,240
Jayson Laymon, Laborer	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457	$3,457
Matthew Reynolds, Laborer	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206	$3,206
Total People	8	8	8	8	8	8	8	8	8	8	8	8
Total Payroll	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$195,883

Table: Profit and Loss

Pro Forma Profit and Loss		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales		$178,676	$327,277	$283,821	$188,514	$256,132	$365,392	$358,776	$373,024	$509,513	$238,067	$97,007	$179,559
Direct Cost of Sales		$218,969	$171,285	$110,254	$105,210	$82,294	$63,840	$88,546	$70,563	$86,461	$43,909	$23,624	$10,144
Other Costs of Sales		$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599	$83,599
Total Cost of Sales		$302,568	$254,884	$193,853	$188,809	$165,893	$147,439	$172,145	$154,162	$170,060	$127,508	$107,223	$93,743
Gross Margin		($123,892)	$72,393	$89,968	($295)	$90,239	$217,953	$186,631	$218,862	$339,453	$110,559	($10,216)	$85,816
Gross Margin %		-69.34%	22.12%	31.70%	-0.16%	35.23%	59.65%	52.02%	58.67%	66.62%	46.44%	-10.53%	47.79%
Expenses													
Payroll		$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$195,883
Marketing/Promotion		$750	$802	$858	$918	$982	$1,051	$1,125	$1,204	$1,288	$1,378	$1,474	$1,577
Depreciation		$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713	$2,713
Mortgage		$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755
Insurance	0%	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317	$5,317
Meals & Entertainment	0%	$688	$688	$688	$688	$688	$688	$688	$688	$688	$688	$688	$688
Fuel & Lodging	0%	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782	$1,782
Utilities	0%	$785	$785	$785	$785	$785	$785	$785	$785	$785	$785	$785	$785
Office Supplies & Postage	0%	$571	$571	$571	$571	$571	$571	$571	$571	$571	$571	$571	$571
Professional Fees & Dues	0%	$970	$970	$970	$970	$970	$970	$970	$970	$970	$970	$970	$970
Shop Supplies	0%	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398	$3,398
Property Taxes	0%	$409	$409	$409	$409	$409	$409	$409	$409	$409	$409	$409	$409
Other	0%	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790	$1,790
Total Operating Expenses		$60,054	$66,106	$60,162	$66,222	$60,286	$66,355	$60,429	$66,508	$60,592	$66,682	$60,778	$231,638

Profit Before Interest and Taxes	($183,946)	$6,287	$29,806	($66,517)	$29,953	$151,598	$126,202	$152,354	$278,861	$43,877	($70,994)	($145,822)
EBITDA	($181,233)	$9,000	$32,519	($63,804)	$32,666	$154,311	$128,915	$155,067	$281,574	$46,590	($68,281)	($143,109)
Interest Expense	$12,443	$12,391	$12,338	$12,286	$12,233	$12,181	$12,128	$12,076	$12,023	$11,971	$11,918	$11,866
Taxes Incurred	($29,458)	($916)	$2,620	($11,820)	$2,658	$20,913	$17,111	$21,042	$40,026	$4,786	($12,437)	($23,653)
Net Profit	($166,931)	($5,188)	$14,847	($66,982)	$15,062	$118,505	$96,963	$119,236	$226,812	$27,120	($70,475)	($134,035)
Net Profit/Sales	-93.43%	-1.59%	5.23%	-35.53%	5.88%	32.43%	27.03%	31.96%	44.52%	11.39%	-72.65%	-74.65%

Table: Cash Flow

Pro Forma Cash Flow		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations													
Cash Sales		$178,676	$327,277	$283,821	$188,514	$256,132	$365,392	$358,776	$373,024	$509,513	$238,067	$97,007	$179,559
Subtotal Cash from Operations		$178,676	$327,277	$283,821	$188,514	$256,132	$365,392	$358,776	$373,024	$509,513	$238,067	$97,007	$179,559
Additional Cash Received													
Sales Tax, VAT, HST/GST Received	7.00%	$12,507	$22,909	$19,867	$13,196	$17,929	$25,577	$25,114	$26,112	$35,666	$16,665	$6,790	$12,569
New Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Long-term Liabilities		$2,600,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Investment Received		$200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received		$2,991,183	$350,186	$303,688	$201,710	$274,061	$390,969	$383,890	$399,136	$545,179	$254,732	$103,797	$192,128
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations													
Cash Spending		$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$31,126	$25,126	$195,883
Bill Payments		$14,829	$434,283	$127,459	$130,399	$116,930	$131,546	$152,407	$241,973	$154,976	$310,955	$132,626	$115,647
Subtotal Spent on Operations		$39,955	$465,409	$152,585	$161,525	$142,056	$162,672	$177,533	$273,099	$180,102	$342,081	$157,752	$311,530

Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	$12,507	$22,909	$19,867	$13,196	$17,929	$25,577	$25,114	$26,112	$35,666	$16,665	$6,790	$12,569
Principal Repayment of Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755	$15,755
Purchase Other Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets	$2,600,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Spent	$2,668,217	$504,073	$188,208	$190,476	$175,741	$204,005	$218,402	$314,965	$231,522	$374,501	$180,298	$339,854
Net Cash Flow	$322,966	($153,887)	$115,481	$11,234	$98,321	$186,965	$165,488	$84,170	$313,656	($119,769)	($76,500)	($147,726)
Cash Balance	$408,810	$254,923	$370,404	$381,638	$479,958	$666,923	$832,411	$916,581	$1,230,238	$1,110,468	$1,033,968	$886,242

Table: Balance Sheet

Pro Forma Balance Sheet		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets	Starting Balances												
Current Assets													
Cash	$85,844	$408,810	$254,923	$370,404	$381,638	$479,958	$666,923	$832,411	$916,581	$1,230,238	$1,110,468	$1,033,968	$886,242
Inventory	$748,777	$875,876	$704,591	$594,337	$489,127	$406,833	$342,993	$354,184	$283,621	$345,844	$301,935	$278,311	$268,167
Other Current Assets	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499	$298,499
Total Current Assets	$1,133,120	$1,583,185	$1,258,013	$1,263,240	$1,169,264	$1,185,290	$1,308,415	$1,485,094	$1,498,701	$1,874,581	$1,710,902	$1,610,778	$1,452,908
Long-term Assets													
Long-term Assets	$619,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593	$3,219,593
Accumulated Depreciation	($343,453)	($340,740)	($338,027)	($335,314)	($332,601)	($329,888)	($327,175)	($324,462)	($321,749)	($319,036)	($316,323)	($313,610)	($310,897)
Total Long-term Assets	$963,046	$3,560,333	$3,557,620	$3,554,907	$3,552,194	$3,549,481	$3,546,768	$3,544,055	$3,541,342	$3,538,629	$3,535,916	$3,533,203	$3,530,490
Total Assets	$2,096,166	$5,143,518	$4,815,633	$4,818,147	$4,721,458	$4,734,771	$4,855,183	$5,029,149	$5,040,043	$5,413,210	$5,246,818	$5,143,981	$4,983,398
Liabilities and Capital		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Current Liabilities													
Accounts Payable	$0	$430,038	$123,097	$126,518	$112,566	$126,573	$144,235	$236,993	$144,406	$306,515	$128,759	$112,152	$101,358
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$0	$430,038	$123,097	$126,518	$112,566	$126,573	$144,235	$236,993	$144,406	$306,515	$128,759	$112,152	$101,358
Long-term Liabilities	$1,148,777	$3,733,022	$3,717,267	$3,701,512	$3,685,757	$3,670,002	$3,654,247	$3,638,492	$3,622,737	$3,606,982	$3,591,227	$3,575,472	$3,559,717

Total Liabilities	$1,148,777	$4,163,060	$3,840,364	$3,828,030	$3,798,323	$3,796,575	$3,798,482	$3,875,485	$3,767,143	$3,913,497	$3,719,986	$3,687,624	$3,661,075
Paid-in Capital	$0	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000	$200,000
Retained Earnings	($40,406)	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389	$947,389
Earnings	$987,795	($166,931)	($172,119)	($157,272)	($224,254)	($209,193)	($90,688)	$6,275	$125,511	$352,323	$379,444	$308,968	$174,934
Total Capital	$947,389	$980,458	$975,270	$990,117	$923,135	$938,196	$1,056,701	$1,153,664	$1,272,900	$1,499,712	$1,526,833	$1,456,357	$1,322,323
Total Liabilities and Capital	$2,096,166	$5,143,518	$4,815,633	$4,818,147	$4,721,458	$4,734,771	$4,855,183	$5,029,149	$5,040,043	$5,413,210	$5,246,818	$5,143,981	$4,983,398
Net Worth	$947,389	$980,458	$975,270	$990,117	$923,135	$938,196	$1,056,701	$1,153,664	$1,272,900	$1,499,712	$1,526,833	$1,456,357	$1,322,323