**Advertising business plan**

Executive Summary

An executive summary is a short document or section of a document, produced for business purposes, that summarizes a longer report or proposal or a group of related reports in such a way that readers can rapidly become acquainted with a large body of material without having to read it all. It usually contains a brief statement of the problem or proposal covered in the major document(s), background information, concise analysis and main conclusions.

Example: ABC advertising agency LLC to provide comprehensive marketing consultation and creation of advertising campaigns for the nonprofits industry. It is our long-term goal to become THE preferred advertising agency for nonprofits institutions nationwide. Our firm is not interested in simply producing a service for our clients.

Mission

A mission statement is a key tool that can be as important as your business plan. It captures, in a few succinct sentences, the essence of your business's goals and the philosophies underlying them

Example: ABC advertising agency LLC to provide comprehensive marketing consultation and creation of advertising campaigns for the non-profit industry. Our firm is not interested in simply producing a service for our clients. We believe in creating a long-term relationship with them so that the delivery of their message becomes a seamless, thought-provoking experience that engenders action.

Objectives

Objective Connect allows public and private sector organisations to share information securely and easily. It allows you to share information beyond your organisation while maintaining the security and traceability demanded by security-conscious environments.

Example: The three year goals for ABC advertising agency LLC are the following:

* Achieve break-even by Year 2.
* Establish a long-term contracts.
* Establish a minimum of 95% customer satisfaction rate to establish long-term relationships with our clients

Keys to Success

The combination of important facts that is required in order to accomplish one or more desirable business goals for the industry. One of the key to success is promoting & advertising achieving the customers mind.

Example: ABC advertising agency LLC’s keys to long-term survivability and profitability are as follows:

* Differentiate our services to nonprofits so that our clients realize that we are able to better serve their needs than a more generic competitor.
* Keeping close contact with clients and establishing a well functioning long-term relationship with them to generate repeat business and a top notch reputation.

Company Summary

The Company Summary of a business plan provides a high level look at how all of the different elements of your business fit together, including information about the nature of your business and the success factors that you feel will make your business successful and consequently, profitable.

Example: ABC advertising agency LLC will be a limited liability partnership registered in the state of Delaware for tax purposes. Its founder is Mr. Clerk, a former marketing executive with the Boy Scouts of America. Mr. Cole has brought together a highly respected group of marketing, development, and graphic art specialists who, combined, have a total of 26 years of experience with nonprofits organizations.

Start-up Summary

Start-up summary covers the Non-recurring costs associated with setting up a business, such as accountant's fees, legal fees, registration charges, as well as advertising, promotional activities, and employee training. Also called start-up expenses, preliminary expenses, or pre-opening

Example: In the process of starting up, provide information about your start-up expenses, assets and investors and the amount of each investor's contribution to your start-up capital and the amount of your liabilities.

Table: Start-up funding

|  |  |
| --- | --- |
| Start-up Funding | |
| Start-up Expenses to Fund | $13,750 |
| Start-up Assets to Fund | $56,250 |
| Total Funding Required | $70,000 |
| Assets |  |
| Non-cash Assets from Start-up | $0 |
| Cash Requirements from Start-up | $56,250 |
| Additional Cash Raised | $0 |
| Cash Balance on Starting Date | $56,250 |
| Total Assets | $56,250 |
| Liabilities and Capital |  |
| Liabilities |  |
| Current Borrowing | $0 |
| Long-term Liabilities | $0 |
| Accounts Payable (Outstanding Bills) | $0 |
| Other Current Liabilities (interest-free) | $0 |
| Total Liabilities | $0 |
| Capital |  |
| Planned Investment |  |
| Founders | $70,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| Total Planned Investment | $70,000 |
| Loss at Start-up (Start-up Expenses) | ($13,750) |
| Total Capital | $56,250 |
| Total Capital and Liabilities | $56,250 |
| Total Funding | $70,000 |

Table: Start Up

|  |  |
| --- | --- |
| Start-up | |
| Requirements |  |
| Start-up Expenses |  |
| Computers (3) | $3,600 |
| Office Furniture (Home Offices - 3) | $5,000 |
| Business Supplies | $1,200 |
| Legal | $2,500 |
| ISP Installation Fees | $450 |
| Information Sources (Access Fee) | $500 |
| Professional Logo Design | $500 |
| Total Start-up Expenses | $13,750 |
| Start-up Assets |  |
| Cash Required | $56,250 |
| Other Current Assets | $0 |
| Long-term Assets | $0 |
| Total Assets | $56,250 |
| Total Requirements | $70,000 |

The following table and chart show projected initial start-up costs ABC advertising agency LLC

Services

By service we mean functionalities or support provided. Accounting, design, maintenance, printing, and supply of temporary personnel, etc., provided by specialized firms to other firms are deemed as service

Example: ABC advertising agency LLC’s offers a complete, custom advertising campaign that covers all audio-visual and printed media. Examples include radio and television ads, billboards, building advertisements, brochures, direct mailing, business cards, etc.

Market Analysis Summary

The market analysis is one of the most important parts of any start-up strategy. If you do it right, and you will have a clear idea of the path down which you are headed. A good market analysis will enable you to lure investors, sidestep pitfalls, and most importantly, attract customers. A market analysis studies the attractiveness and the dynamics of a special market within a special industry.

Table: Market Analysis

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Market Analysis | | | | | | | |
|  |  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |  |
| Potential Customers | Growth |  |  |  |  |  | CAGR |
| Corporate Advertising | 65% | 4,000 | 4,600 | 5,290 | 6,084 | 6,997 | 65.00% |
| Online Advertising | 25% | 40,000 | 46,000 | 52,900 | 60,835 | 69,960 | 25.00% |
| Training Section | 10% | 0 | 0 | 0 | 0 | 0 | 10.00% |
| Total | 100.00% | 44,222 | 50,697 | 58,156 | 61,919 | 72,957 | 100.00% |

Example: ABC advertising agency LLC’s focus is on meeting the demand of the local resident customer base, as well as service agreements with other Advertising services. The company estimates that about 65% of revenues will come from these two business customers. It is estimated that these contracts will grow yearly at 18%.

Market Segmentation

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers, businesses, or countries that have common needs and priorities, and then designing and implementing strategies to target them.

Example: The table and chart below further estimates the total market potential of services rendered by ABC advertising agency LLC in the market area.

Target Market Segment Strategy

Marketers must address prospects who seek to be heard and valued while they learn about housing options. Now more than ever, marketing is about engaging and building relationships while informing the masses. Over recent years

Example: The majority of the successful Advertising sectors have strong local support from years of faithful service. The niche where ABC advertising agency LLC positions itself represents one convenient location for business clients and local residents.

Personal Strategy

As one who started his own Personal business after managing a Advertising organization for a large corporation – and made some mistakes along the way – I feel qualified to share what I believe are the fundamental steps you should take before starting a Advertising business. Regardless of whether you want to be a contract designer, instructor, or advertising, or you want to create a learning technology or product, these tips will help ensure your success and reduce your risk of failure.

Example: If you are starting a new training business, it helps immensely to demonstrate that you possess the knowledge, Advertising, or validation that proves you knows more about the subject than others. A valid credential may be an advanced corporate degree; industry recognized certification, professional license, or something that comes from an independent third party. Experience is also important. It quantifies the time you have invested in certain situations, even though it doesn’t qualify your expertise at that skill.

Strategy and Implementation Summary

Understanding your competition's strengths and weaknesses is certainly important, but defining a strategy that highlights your superiority in the market is just as essential. A Advertising business plan’s Strategy and Implementation Summary emphasizes on what makes your business concept compelling and how you will attract and maintain a customer base. The first component of your Strategy and Implementation plan is a strategic position

Example: ABC advertising agency LLC will succeed by offering its customers high-quality and convenient Advertising & training service. Each satisfied customer is a potential of five new referrals so the quality of our workmanship is key to growing the business.

Competitive Edge

Establishing your competitive edge is an important part of the feasibility study you do prior to writing your start-up Advertising business plan or your year-end strategic planning for next year's business expansion. It entails research into your competition, how their buildings differ from yours, how their operations differ from yours and how their marketing differs from yours

Example: The competitive edge of ABC advertising agency LLC is its people. Location and marketing will get new customers in the door but without quality people, you won't keep them. Mr. Clerk to develop good business strategies performs a SWOT analysis of your business. It's easy with our free guide and template.

Sales Forecast

Sales forecasts are estimates of your sales for the forecast period. The sales forecast establishes the level of activity used in all the other forecasts and budgets for the business. If your sales forecast varies wildly from your actual results, your cash flow and profitability forecasts will similarly be inaccurate.

Table: Sales Forecast

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sales Forecast | | | | | |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales |  |  |  |  |  |
| License Sales | $51,000 | $102,000 | $204,000 | $369,750 | $510,000 |
| Other | $0 | $0 | $0 | $0 | $0 |
| Total Sales | $51,000 | $102,000 | $204,000 | $369,750 | $510,000 |
| Direct Cost of Sales | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Travel Cost Per License | $8,400 | $16,800 | $25,200 | $37,800 | $50,400 |
| Demo Model | $4,000 | $8,000 | $12,000 | $18,000 | $24,000 |
| Legal | $4,000 | $8,000 | $12,000 | $18,000 | $24,000 |
| Subtotal Direct Cost of Sales | $16,400 | $32,800 | $49,200 | $73,800 | $98,400 |

Example: The following table and charts show the projected sales forecast for ABC advertising agency LLC

Chart: Sales Monthly

 Chart: Sales Yearly

Management Summary

An executive summary, or management summary, is a short document or section of a document, produced for business purposes, that summarizes a longer report or proposal or a group of related reports in such a way that readers can rapidly become acquainted with a large body of material without having to read it all.

Example: Mr. Thomas had experience with technology transfer between the Corporate and the private sector. He also has experience with licensing patents and negotiations. There is a potential conflict of interest with being a future customer.

Personnel Plan

It is necessary to determine the natural attrition of the personnel in future years. The difference between supply and demand will indicate the future quantitative and qualitative need for personnel. This information has an effect on the recruitment and development planning of the personnel and on the measures taken.

Example: ABC advertising agency LLC’s personalise some ideas in the market for the growth of the market in Advertising sector, which make us different from the competitors.

Break-even Analysis

Breakeven analysis is used to determine when your business will be able to cover all its expenses and begin to make a profit. It is important to identify your start-up costs, which will help you determine your sales revenue needed to pay ongoing business expenses.

Table: Break-even Analysis

|  |  |
| --- | --- |
| Break-even Analysis | |
| Monthly Revenue Break-even | $9,232 |
| Assumptions: |  |
| Average Percent Variable Cost | 32% |
| Estimated Monthly Fixed Cost | $6,263 |

Example: The monthly break-even point is presented in the table and chart below by ABC advertising agency LLC

### Projected Profit and Loss

### This is an essential document that either you or your accountant should put together. It will be a useful tracking tool for objectively determining whether your business is likely to make a profit and be successful or generate losses and eventually fail. Your projected profit and loss statement will list revenues, your cost for goods or services provided, operating expenses, and net income or loss.

### Example: ABC advertising agency LLC preparing a projected profit and loss statement for existing business.

The following table and chart show projected profit and loss for some years.

Table: Pro Forma Profit and Loss

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pro Forma Profit and Loss | | | | | |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Sales | $51,000 | $102,000 | $204,000 | $369,750 | $510,000 |
| Direct Cost of Sales | $16,400 | $32,800 | $49,200 | $73,800 | $98,400 |
| Other | $0 | $0 | $0 | $0 | $0 |
| Total Cost of Sales | $16,400 | $32,800 | $49,200 | $73,800 | $98,400 |
| Gross Margin | $34,600 | $69,200 | $154,800 | $295,950 | $411,600 |
| Gross Margin % | 67.84% | 67.84% | 75.88% | 80.04% | 80.71% |
| Expenses |  |  |  |  |  |
| Payroll | $60,000 | $63,000 | $66,150 | $210,000 | $255,500 |
| Sales and Marketing and Other Expenses | $1,500 | $1,500 | $1,500 | $1,500 | $1,500 |
| Depreciation | $0 | $0 | $0 | $0 | $0 |
| Computer Equipment | $0 | $0 | $0 | $0 | $600 |
| Utilities | $1,000 | $1,050 | $1,103 | $1,158 | $1,216 |
| Insurance | $1,000 | $1,050 | $1,103 | $1,158 | $1,216 |
| Payroll Taxes | $9,000 | $9,450 | $9,923 | $31,500 | $38,325 |
| ISP Access | $2,160 | $2,268 | $2,381 | $2,500 | $2,625 |
| Information Services | $500 | $525 | $551 | $579 | $608 |
| Total Operating Expenses | $75,160 | $78,843 | $82,711 | $248,395 | $301,590 |
| Profit Before Interest and Taxes | ($40,560) | ($9,643) | $72,089 | $47,555 | $110,010 |
| EBITDA | ($40,560) | ($9,643) | $72,089 | $47,555 | $110,010 |
| Interest Expense | $0 | $0 | $0 | $0 | $0 |
| Taxes Incurred | $0 | $0 | $21,627 | $14,267 | $33,003 |
| Net Profit | ($40,560) | ($9,643) | $50,462 | $33,289 | $77,007 |
| Net Profit/Sales | -79.53% | -9.45% | 24.74% | 9.00% | 15.10% |

Chart: Profit monthly

Chart: Profit Yearly

Example: The following table and charts show the Marginal sales forecast for ABC advertising agency LLC

Chart: Gross Marginal Monthly

Example: The following table and charts show the Gross margin forecast for ABC advertising agency LLC

Chart: Gross Margin Yearly

### Projected Cash Flow

### Cash flow management is a key aspect of financial management of a business, planning its future cash requirements to avoid a crisis of liquidity. Cash flow forecasting is important because if a business runs out of cash and is not able to obtain new finance.

### Example: The table and chart show the projected cash flow for three years by ABC advertising agency LLC

### Table: Pro Forma Cash Flow

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pro Forma Cash Flow | | | | | |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Cash Received |  |  |  |  |  |
| Cash from Operations |  |  |  |  |  |
| Cash Sales | $12,750 | $25,500 | $51,000 | $92,438 | $127,500 |
| Cash from Receivables | $19,444 | $57,694 | $115,388 | $216,192 | $330,783 |
| Subtotal Cash from Operations | $32,194 | $83,194 | $166,388 | $308,630 | $458,283 |
| Additional Cash Received |  |  |  |  |  |
| Sales Tax, VAT, HST/GST Received | $0 | $0 | $0 | $0 | $0 |
| New Current Borrowing | $0 | $0 | $0 | $0 | $0 |
| New Other Liabilities (interest-free) | $0 | $0 | $0 | $0 | $0 |
| New Long-term Liabilities | $0 | $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 | $30,000 | $30,000 | $0 | $0 | $0 |
| Subtotal Cash Received | $62,194 | $113,194 | $166,388 | $308,630 | $458,283 |
| Expenditures | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Expenditures from Operations |  |  |  |  |  |
| Cash Spending | $60,000 | $63,000 | $66,150 | $210,000 | $255,500 |
| Bill Payments | $27,360 | $48,845 | $84,203 | $123,250 | $173,299 |
| Subtotal Spent on Operations | $87,360 | $111,845 | $150,353 | $333,250 | $428,799 |
| Additional Cash Spent |  |  |  |  |  |
| Sales Tax, VAT, HST/GST Paid Out | $0 | $0 | $0 | $0 | $0 |
| Principal Repayment of Current Borrowing | $0 | $0 | $0 | $0 | $0 |
| Other Liabilities Principal Repayment | $0 | $0 | $0 | $0 | $0 |
| Long-term Liabilities Principal Repayment | $0 | $0 | $0 | $0 | $0 |
| Purchase Other Current Assets | $0 | $0 | $0 | $0 | $0 |
| Purchase Long-term Assets | $0 | $0 | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 | $0 | $0 |
| Subtotal Cash Spent | $87,360 | $111,845 | $150,353 | $333,250 | $428,799 |
| Net Cash Flow | ($25,166) | $1,349 | $16,034 | ($24,620) | $29,484 |
| Cash Balance | $31,084 | $32,433 | $48,467 | $23,847 | $53,331 |

### Chart: Cash

### Projected Balance Sheet

### A projected balance sheet communicates expected changes in future asset investments, outstanding liabilities and equity financing. Businesses may consider the creation of a projected balance sheet as a way to facilitate long-term, strategic planning.

### Example: ABC advertising agency LLC’s market growth & strategic analysis will create a high value of gross margin in the market.

The table shows the projected balance sheet for three years by ABC advertising agency LLC

Table: Pro Forma Balance Sheet

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Pro Forma Balance Sheet | | | | | |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets |  |  |  |  |  |
| Current Assets |  |  |  |  |  |
| Cash | $31,084 | $32,433 | $48,467 | $23,847 | $53,331 |
| Accounts Receivable | $18,806 | $37,613 | $75,225 | $136,345 | $188,063 |
| Other Current Assets | $0 | $0 | $0 | $0 | $0 |
| Total Current Assets | $49,890 | $70,045 | $123,692 | $160,192 | $241,393 |
| Long-term Assets |  |  |  |  |  |
| Long-term Assets | $0 | $0 | $0 | $0 | $0 |
| Accumulated Depreciation | $0 | $0 | $0 | $0 | $0 |
| Total Long-term Assets | $0 | $0 | $0 | $0 | $0 |
| Total Assets | $49,890 | $70,045 | $123,692 | $160,192 | $241,393 |
| Liabilities and Capital | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Current Liabilities |  |  |  |  |  |
| Accounts Payable | $4,200 | $3,998 | $7,183 | $10,394 | $14,588 |
| Current Borrowing | $0 | $0 | $0 | $0 | $0 |
| Other Current Liabilities | $0 | $0 | $0 | $0 | $0 |
| Subtotal Current Liabilities | $4,200 | $3,998 | $7,183 | $10,394 | $14,588 |
| Long-term Liabilities | $0 | $0 | $0 | $0 | $0 |
| Total Liabilities | $4,200 | $3,998 | $7,183 | $10,394 | $14,588 |
| Paid-in Capital | $100,000 | $130,000 | $130,000 | $130,000 | $130,000 |
| Retained Earnings | ($13,750) | ($54,310) | ($63,953) | ($13,491) | $19,798 |
| Earnings | ($40,560) | ($9,643) | $50,462 | $33,289 | $77,007 |
| Total Capital | $45,690 | $66,047 | $116,509 | $149,798 | $226,805 |
| Total Liabilities and Capital | $49,890 | $70,045 | $123,692 | $160,192 | $241,393 |
| Net Worth | $45,690 | $66,047 | $116,509 | $149,798 | $226,805 |

Business Ratios

It includes dozens of standard business ratios calculated from Advertising business plans financials, and used and expected by bankers, financial analysts, and investors. It also includes a column of statistical indicators for the specific type of business. This industry information is classified and categorized by Standard Industrial Classification.

Example: Business ratios for the years of this plan presented below represent the standard ratios used in business practice and are provided as guidelines. Not all these ratios will provide the information you need to support your particular decisions and strategies. ABC advertising agency LLC can also develop your own ratios and indicators based on what you consider important and meaningful to your organization and stakeholders.

Table: Ratio Analysis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ratio Analysis | | | | | | |
|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Industry Profile |
| Sales Growth | 0.00% | 100.00% | 100.00% | 81.25% | 37.93% | 8.18% |
| Percent of Total Assets |  |  |  |  |  |  |
| Accounts Receivable | 37.70% | 53.70% | 60.82% | 85.11% | 77.91% | 29.59% |
| Other Current Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 41.37% |
| Total Current Assets | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 75.36% |
| Long-term Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 24.64% |
| Total Assets | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 46.10% |
| Current Liabilities | 8.42% | 5.71% | 5.81% | 6.49% | 6.04% | 31.49% |
| Long-term Liabilities | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 16.85% |
| Total Liabilities | 8.42% | 5.71% | 5.81% | 6.49% | 6.04% | 48.34% |
| Net Worth | 91.58% | 94.29% | 94.19% | 93.51% | 93.96% | 51.66% |
| Percent of Sales |  |  |  |  |  |  |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 67.3% |
| Gross Margin | 67.84% | 67.84% | 75.88% | 80.04% | 80.71% | 81.20% |
| Selling, General & Administrative Expenses | 147.37% | 77.30% | 51.15% | 71.04% | 65.61% | 82.59% |
| Advertising Expenses | #VALUE! | #VALUE! | #VALUE! | #VALUE! | #VALUE! | 1.16% |
| Profit Before Interest and Taxes | -79.53% | -9.45% | 35.34% | 12.86% | 21.57% | 1.47% |
| Main Ratios |  |  |  |  |  |  |
| Current | 11.88 | 17.52 | 17.22 | 15.41 | 16.55 | 1.93 |
| Quick | 11.88 | 17.52 | 17.22 | 15.41 | 16.55 | 1.5 |
| Total Debt to Total Assets | 8.42% | 5.71% | 5.81% | 6.49% | 6.04% | 3.09% |
| Pre-tax Return on Net Worth | -88.77% | -14.60% | 61.87% | 31.75% | 48.50% | 59.56% |
| Pre-tax Return on Assets | -81.30% | -13.77% | 58.28% | 29.69% | 45.57% | 7.63% |
| Additional Ratios | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |  |
| Net Profit Margin | -79.53% | -9.45% | 24.74% | 9.00% | 15.10% | n.a |
| Return on Equity | -88.77% | -14.60% | 43.31% | 22.22% | 33.95% | n.a |
| Activity Ratios |  |  |  |  |  |  |
| Accounts Receivable Turnover | 2.03 | 2.03 | 2.03 | 2.03 | 2.03 | n.a |
| Collection Days | 52 | 135 | 135 | 139 | 155 | n.a |
| Accounts Payable Turnover | 7.51 | 12.17 | 12.17 | 12.17 | 12.17 | n.a |
| Payment Days | 27 | 31 | 23 | 25 | 26 | n.a |
| Total Asset Turnover | 1.02 | 1.46 | 1.65 | 2.31 | 2.11 | n.a |
| Debt Ratios |  |  |  |  |  |  |
| Debt to Net Worth | 0.09 | 0.06 | 0.06 | 0.07 | 0.06 | n.a |
| Current Liab. to Liab. | 1 | 1 | 1 | 1 | 1 | n.a |
| Liquidity Ratios |  |  |  |  |  |  |
| Net Working Capital | $45,690 | $66,047 | $116,509 | $149,798 | $226,805 | n.a |
| Interest Coverage | 0 | 0 | 0 | 0 | 0 | n.a |
| Additional Ratios |  |  |  |  |  |  |
| Assets to Sales | 0.98 | 0.69 | 0.61 | 0.43 | 0.47 | n.a |
| Current Debt/Total Assets | 8% | 6% | 6% | 6% | 6% | n.a |
| Acid Test | 7.4 | 8.11 | 6.75 | 2.29 | 3.66 | n.a |
| Sales/Net Worth | 1.12 | 1.54 | 1.75 | 2.47 | 2.25 | n.a |
| Dividend Payout | 0 | 0 | 0 | 0 | 0 | n.a |

Table: Sales Forecast

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
| Sales |  |  |  |  |  |  |  |
| Service Contracts | 0% | $9,000 | $11,000 | $12,000 | $12,000 | $12,000 | $12,000 |
| Walk-In Customers | 0% | $4,000 | $5,000 | $7,000 | $8,000 | $9,000 | $10,000 |
| Total Sales |  | $13,000 | $16,000 | $19,000 | $20,000 | $21,000 | $22,000 |
| Direct Cost of Sales |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
| Service Contracts |  | $300 | $400 | $450 | $400 | $400 | $450 |
| Walk-In Customers |  | $200 | $200 | $300 | $350 | $350 | $400 |
| Subtotal Direct Cost of Sales |  | $500 | $600 | $750 | $750 | $750 | $850 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|  |  |  |  |  |  |
| $12,000 | $11,000 | $12,000 | $11,000 | $12,000 | $11,000 |
| $8,000 | $9,000 | $10,000 | $10,000 | $9,000 | $9,000 |
| $20,000 | $20,000 | $22,000 | $21,000 | $21,000 | $20,000 |
| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $500 | $500 | $475 | $575 | $600 | $500 |
| $450 | $450 | $500 | $500 | $500 | $500 |
| $950 | $950 | $975 | $1,075 | $1,100 | $1,000 |

Table: Personal Plan

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
| Richard Abbey | 0% | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| John Williamson | 0% | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| Jim Logan | 0% | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| Other | 0% | $0 | $0 | $0 | $0 | $0 | $0 |
| Total People |  | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Payroll |  | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| $4,000 | $4,000 | $4,000 | $4,000 | $4,000 | $4,000 |
| $0 | $0 | $0 | $0 | $0 | $0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 |

Example: The following table and charts show the projected general assumption forecast for ABC advertising agency LLC

Table: General Assumption

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
| Plan Month |  | 1 | 2 | 3 | 4 | 5 | 6 |
| Current Interest Rate |  | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Long-term Interest Rate |  | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Tax Rate |  | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| Other |  | 0 | 0 | 0 | 0 | 0 | 0 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| 0 | 0 | 0 | 0 | 0 | 0 |

Example: The following table and charts show the projected profit & loss forecast for ABC advertising agency LLC

Table: Profit & loss

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
| Sales |  | $13,000 | $16,000 | $19,000 | $20,000 | $21,000 | $22,000 |
| Direct Cost of Sales |  | $500 | $600 | $750 | $750 | $750 | $850 |
| Other Production Expenses |  | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Cost of Sales |  | $500 | $600 | $750 | $750 | $750 | $850 |
| Gross Margin |  | $12,500 | $15,400 | $18,250 | $19,250 | $20,250 | $21,150 |
| Gross Margin % |  | 96.15% | 96.25% | 96.05% | 96.25% | 96.43% | 96.14% |
| Expenses |  |  |  |  |  |  |  |
| Payroll |  | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 |
| Sales and Marketing and Other Expenses |  | $800 | $800 | $900 | $1,000 | $500 | $400 |
| Depreciation |  | $185 | $185 | $185 | $185 | $185 | $185 |
| Leased Equipment |  | $1,200 | $1,200 | $1,200 | $1,200 | $1,200 | $1,200 |
| Utilities |  | $200 | $200 | $200 | $200 | $200 | $200 |
| Insurance |  | $0 | $0 | $0 | $0 | $0 | $0 |
| Rent |  | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 |
| Payroll Taxes | 15% | $1,800 | $1,800 | $1,800 | $1,800 | $1,800 | $1,800 |
| Other |  | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Operating Expenses |  | $17,185 | $17,185 | $17,285 | $17,385 | $16,885 | $16,785 |
| Profit Before Interest and Taxes |  | ($4,685) | ($1,785) | $965 | $1,865 | $3,365 | $4,365 |
| EBITDA |  | ($4,500) | ($1,600) | $1,150 | $2,050 | $3,550 | $4,550 |
| Interest Expense |  | $833 | $833 | $833 | $833 | $833 | $833 |
| Taxes Incurred |  | ($1,655) | ($786) | $39 | $309 | $759 | $1,060 |
| Net Profit |  | ($3,863) | ($1,833) | $92 | $722 | $1,772 | $2,472 |
| Net Profit/Sales |  | -29.71% | -11.46% | 0.49% | 3.61% | 8.44% | 11.24% |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $20,000 | $20,000 | $22,000 | $21,000 | $21,000 | $20,000 |
| $950 | $950 | $975 | $1,075 | $1,100 | $1,000 |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $950 | $950 | $975 | $1,075 | $1,100 | $1,000 |
| $19,050 | $19,050 | $21,025 | $19,925 | $19,900 | $19,000 |
| 95.25% | 95.25% | 95.57% | 94.88% | 94.76% | 95.00% |
|  |  |  |  |  |  |
| $12,000 | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 |
| $500 | $500 | $300 | $600 | $600 | $500 |
| $185 | $185 | $185 | $185 | $185 | $185 |
| $1,200 | $1,200 | $1,200 | $1,200 | $1,200 | $1,200 |
| $200 | $200 | $200 | $200 | $200 | $200 |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $1,000 | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 |
| $1,800 | $1,800 | $1,800 | $1,800 | $1,800 | $1,800 |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $16,885 | $16,885 | $16,685 | $16,985 | $16,985 | $16,885 |
| $2,165 | $2,165 | $4,340 | $2,940 | $2,915 | $2,115 |
| $2,350 | $2,350 | $4,525 | $3,125 | $3,100 | $2,300 |
| $833 | $833 | $833 | $833 | $833 | $833 |
| $399 | $399 | $1,052 | $632 | $624 | $384 |
| $932 | $932 | $2,455 | $1,475 | $1,457 | $897 |
| 4.66% | 4.66% | 11.16% | 7.02% | 6.94% | 4.49% |

Example: The following table and charts show the projected net Balance sheet forecast for ABC advertising agency LLC

Table: Balance Sheet

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Assets | Starting Balances |  |  |  |  |  |
| Current Assets |  |  |  |  |  |  |
| Cash | $56,250 | $51,189 | $44,359 | $37,529 | $33,803 | $24,875 |
| Accounts Receivable | $0 | $0 | $0 | $0 | $9,563 | $9,244 |
| Other Current Assets | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Current Assets | $56,250 | $51,189 | $44,359 | $37,529 | $43,366 | $34,119 |
| Long-term Assets |  |  |  |  |  |  |
| Long-term Assets | $0 | $0 | $0 | $0 | $0 | $0 |
| Accumulated Depreciation | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Long-term Assets | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Assets | $56,250 | $51,189 | $44,359 | $37,529 | $43,366 | $34,119 |
| Liabilities and Capital |  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Current Liabilities |  |  |  |  |  |  |
| Accounts Payable | $0 | $1,769 | $1,769 | $1,769 | $4,186 | $1,779 |
| Current Borrowing | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Current Liabilities | $0 | $0 | $0 | $0 | $0 | $0 |
| Subtotal Current Liabilities | $0 | $1,769 | $1,769 | $1,769 | $4,186 | $1,779 |
| Long-term Liabilities | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Liabilities | $0 | $1,769 | $1,769 | $1,769 | $4,186 | $1,779 |
| Paid-in Capital | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 |
| Retained Earnings | ($13,750) | ($13,750) | ($13,750) | ($13,750) | ($13,750) | ($13,750) |
| Earnings | $0 | ($6,830) | ($13,660) | ($20,490) | ($17,070) | ($23,910) |
| Total Capital | $56,250 | $49,420 | $42,590 | $35,760 | $39,180 | $32,340 |
| Total Liabilities and Capital | $56,250 | $51,189 | $44,359 | $37,529 | $43,366 | $34,119 |
| Net Worth | $56,250 | $49,420 | $42,590 | $35,760 | $39,180 | $32,340 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| $27,279 | $23,559 | $15,088 | $17,008 | $40,164 | $36,439 | $31,084 |
| $0 | $9,563 | $9,244 | $0 | $0 | $9,563 | $18,806 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $27,279 | $33,122 | $24,332 | $17,008 | $40,164 | $46,002 | $49,890 |
|  |  |  |  |  |  |  |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $27,279 | $33,122 | $24,332 | $17,008 | $40,164 | $46,002 | $49,890 |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|  |  |  |  |  |  |  |
| $1,779 | $3,712 | $2,262 | $1,784 | $1,784 | $3,717 | $4,200 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $1,779 | $3,712 | $2,262 | $1,784 | $1,784 | $3,717 | $4,200 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $1,779 | $3,712 | $2,262 | $1,784 | $1,784 | $3,717 | $4,200 |
| $70,000 | $70,000 | $70,000 | $70,000 | $100,000 | $100,000 | $100,000 |
| ($13,750) | ($13,750) | ($13,750) | ($13,750) | ($13,750) | ($13,750) | ($13,750) |
| ($30,750) | ($26,840) | ($34,180) | ($41,025) | ($47,870) | ($43,965) | ($40,560) |
| $25,500 | $29,410 | $22,070 | $15,225 | $38,380 | $42,285 | $45,690 |
| $27,279 | $33,122 | $24,332 | $17,009 | $40,164 | $46,002 | $49,890 |
| $25,500 | $29,410 | $22,070 | $15,225 | $38,380 | $42,285 | $45,690 |