**Auto Dealer business plan**

**Executive Summary**

This section briefly tells your reader where your company is, where you want to take it, and why your auto dealer product business idea will be successful. The executive summary should highlight the strengths of your overall plan and therefore be the last section you write. However, it usually appears first in your business plan document.

*Example:* **“**ABC automation LLC” The owner and sales manager have over 30 years of combined experience in new and used auto sales. We will continue to develop our excellent working relationship with local dealers and auctions to bring the savings to the customer. The other competitive edge we need to develop is the buying experience and reputation as a local leader in customer satisfaction.

**Mission**

It provides a rewarding and respectful work environment with compensation and benefits. The mission statement should be a clear and succinct representation of the enterprise's purpose for existence. It should incorporate socially meaningful and measurable criteria addressing concepts such as the moral/ethical position of the enterprise, the target market, products/services and expectations of growth and profitability.

**Example: “**ABC automation LLC’s” provides a unique car buying experience to the customers in the Willamette Valley. One focuses on customer satisfaction first. We understand that vehicle purchasing is a necessary, but sometimes unpleasant experience.

**Objectives**

Particular goals and objectives point a new business in the right direction and keep an established auto dealer product company on the right track. Just think about what football would be without end zones or what the Indianapolis 500 would be without a finish line.

Example: **“**ABC automation LLC’s” objective is to achieve the following goals:

* To create a shopping environment that caters to the auto dealer needs of the urban African-American cowboy and cowgirl.
* To earn 80% market share and become the number one ethnic western wear auto dealer store in southwest Houston, TX and achieve name recognition in the local cowboy community.
* To receive a 50% profit margin within the first year.
* To have a customer base of 1,000 by the end of the first operating year.
* To achieve a net profit of $75,000 by year two and $100,000 by year three.

**Chart: Highlights**

 **Keys to Success**

For a auto dealer product business plan, keep these five points top of mind:

* Establish a network of suppliers, in order to buy and sell products that are of the highest reliability and quality, at a competitive price.
* Ensure customer satisfaction by encouraging the two most important values, honor and integrity.
* Create high morale by rewarding employee success with monetary compensation.

**Example:** ABC automation LLC follows three steps for its key success,

A. Getting repeat business from every customer using strategic niche marketing

B. Support auto dealer associations that rescue train and promote the humane treatment of animals.

 **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 automation LLC is an independently-owned business, established in 2001 by an automotive expert with over 25 years of vehicle sales experience. We provide a unique car buying experience for customers in the Willamette Valley by providing inspected, top quality, used vehicles for all types of consumers, at a competitive price.

**Company Ownership**

As one of the company's goals is to focus on high quality workmanship, retaining as much talent as possible is crucial. Therefore, the company plans to add more partners to the firm as opportunities arise.

 **Start-up Summary**

Start-up expenses for the company total $135,000 and will be distributed as follows:

* 52% – Product research and development
* 19% – Corporate brand development
* 10% – Administrative costs
* 19% – Home office

**Example:** ABC automation LLC’s other miscellaneous expenses include:

* Legal fees for business establishment (ownership, and no sell agreement).
* Stationary, office supplies.
* Marketing/advertising fees.
* Initial consultation to establish records with an accountant.
* Rent for lot and office.
* Establish a Web page for advertising.

Table: Start-up

|  |
| --- |
| **START-UP REQUIREMENTS** |
| Start-up Expenses |   |
| Legal - patent, trademark, and counsel | $6,000 |
| Consultants - marketing | $6,500 |
| Corporate/Product Identity | $5,000 |
| Research and Development | $2,500 |
| **TOTAL START-UP EXPENSES** | **$20,000** |
| Start-up Assets |   |
| Cash Required | $100,000 |
| Start-up Inventory | $0 |
| Other Current Assets | $15,000 |
| Long-term Assets | $0 |
| **TOTAL ASSETS** | **$117,000** |
| Total Requirements | $135,000 |

**Chart: Start-up**

**Company Locations and Facilities**

Briefly describe offices and locations of your company, the nature and function of each, square footage, lease arrangements, etc. If you are a auto dealer product business, you probably don't have manufacturing plants anywhere, but you might have Internet services, office facilities, and telephone systems that are relevant to providing service. It is conceivable that your Internet connection, as one hypothetical case, might be critical to your business.

Example: ABC automation LLC situated at prime location in USA.

* The company office is located at 12345 HWY 99, Junction City, OR 97666.
* The office is approximately 1,000 square feet and has ample space for the first three years of growth.
* The 20,000 square foot lot and building is leased from the principal owner.

**Products & Services**

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

*Example:* ABC automation LLC’s our selection will range from the basics of Wrangler to the trendy western style of Western Ethics. We will be purchasing through sales representatives and manufacturers in a variety of sizes, colors and style to fit our target market base. The greatest percentage of merchandise will be in auto dealer, followed by accessories, hats, and gifts.

**Market Analysis Summary**

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.

 **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:* Our market segmentation will consist of four basic segments; students, retired, families, and singles.

**Students** will include high school and college age students who need a safe and economical car. This group is concerned with price, flashy looks, and being cool. These drivers tend to be less educated and will buy on impulse paying more for fewer cars. They will also buy cars more often than others, on average every two to three years.

The **retired** group will focus on practicality. Cost may be less important than quality and features. This group wants comfortable, nicely equipped vehicles at a reasonable price. They will want a vehicle that will last for years.

**Families** will focus on safe, practical vehicles. Something that will last for years, can fetch groceries, carry the kids, and perform long trips. Many will be on a budget, and price may be a big factor. They will shop around and educate themselves on vehicles, shopping for a specific make or model.

**Table: Market Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | Year 1 | Year 2 |
| Potential Customers | Growth |   |   |
| Age 34 and under | 0% | 65,81,339 | 65,83,569 |
| Age 35 - 44 | 0% | 68,53,963 | 67,68,024 |
| Age 45 - 54 | 0% | 70,26,073 | 71,77,077 |
| Age 55 - 64 | 0% | 49,92,798 | 51,99,186 |
| Age 65 and older | 0% | 68,47,697 | 69,17,743 |
| Total | 1.07% | 3,23,01,870 | 3,26,45,598 |

|  |  |  |  |
| --- | --- | --- | --- |
| Year 3 | Year 4 | Year 5 |   |
|   |   |   | CAGR |
| 65,85,066 | 66,37,228 | 67,26,652 | 0.55% |
| 66,84,963 | 65,61,209 | 64,19,631 | -1.62% |
| 73,18,521 | 74,32,621 | 75,18,721 | 1.71% |
| 54,06,877 | 56,16,124 | 57,76,934 | 3.71% |
| 69,99,165 | 71,01,496 | 72,66,916 | 1.50% |
| 3,29,94,591 | 3,33,48,678 | 3,37,08,854 | 1.07% |

**Chart: Market Analysis (Pie)**

 **Target Market Segment Strategy**

A target market segment strategy is an essential plan of action for any organization to adopt. Essentially, the strategy outlines your business's plans for reaching its intended customers. It takes into account consumer demand, your company's response to that demand and its plan of action for delivering high-quality products coupled with solid customer service.

Example:Many families have two or more cars. Due to the recent success of the new car market, there is a large inventory of used cars available for re-sale. New car sales have enjoyed the largest single month gain in October 2001, up 24%.

**Market Growth**

Market growth can be slow if consumers do not adopt a high demand or rapid if consumers find the product or service useful for the price level. For example, a new technology might only be marketable to a small set of consumers, but as the price of the technology decreases and its usefulness in everyday life increases, more consumers could increase demand.

 **Strategy and Implementation Summary**

An auto dealer product business plan’s Strategy and Implementation Summary emphasizes on what makes your business concept compelling and how you will attract and maintain a client/customer base. The first component of your Strategy and Implementation plan is a strategic position

Example:

* There is a real need for a highly professional used car dealer who can provide quality vehicles at competitive prices, in a pleasant purchasing environment.
* There is also a practical need for new car dealers to move a large used car inventory that takes up valuable space on their lots.

**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 business plan's Strategy and Implementation Summary emphasizes what makes your business concept compelling and how you will attract and maintain a client/customer base.

Example: There are several important needs in the ABC automation LLC auto dealer business that are being either underserved or not met at all.

**Competitive Edge**

**Competitive** edge is an important part of the feasibility study you do prior to writing your startup auto dealer product business plan or your year-end strategic planning for next year's business expansion. It entails research into your **Competitive**, how their services differ from yours, how their operations differ from yours and how their marketing differs from yours.

Example: ABC automation LLC’s environment is elegant and comfortable and our decor is warm and relaxing.  There is a real need for a highly professional used car dealer who can provide quality vehicles at competitive prices, in a pleasant purchasing environment.

 There is also a practical need for new car dealers to move a large used car inventory that takes up valuable space on their lots.

**Marketing Strategy**

**Marketing strategy** is the goal of increasing sales and achieving a sustainable **Competitive** advantage. Marketing strategy has evolved from a one-way communication base -- projecting communication base involving active conversations with potential customers.

*Example:*

* 100% customer satisfaction, measured through repeat customers, referrals and surveys.
* To achieve a respectable profit margin within the first three-years.
* To achieve a healthy net profit by year two.

**Promotion Strategy**

**Promotion Strategy** is the process through which a business can grow & become well known to its customers. Our most important tactic will be word-of-mouth/in-store marketing process.

 **Sales Strategy**

A sales strategy for a business plan consists of a plan that positions a company’s brand or product to gain a comparative advantage. Successful strategies help the sales force to focus on target market customers and communicate with them in relevant, meaningful ways.

Example: ABC automation LLC Sales to individual consumers will be completed through the company's website, by phone or fax, through catalogues and third party websites. Good performance is rewarded with increased commission and bonuses. However integrity will not be sacrificed for sales. Customer satisfaction will continue to be a top priority. All potential sales will be attended to in a timely fashion and long-term salesperson-customer relationships will take precedence over sales closure.

**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.

Example: The basic, off-the-shelf models, developed for high- and moderate-income consumers will be sold on the company's website, by phone and fax, through catalogs and third party websites.

The following tables and charts show the growth of potential customers by years.

**Table: Sales Forecast**

|  |
| --- |
| Sales Forecast |
|   | Year 1 | Year 2 | Year 3 |
| Sales |   |   |   |
| Scoops | $299,425 | $755,200 | $1,401,250 |
| Bags | $99,225 | $527,513 | $1,315,575 |
| Total Sales | $398,650 | $1,282,713 | $2,716,825 |
| Direct Cost of Sales | Year 1 | Year 2 | Year 3 |
| Scoops | $121,800 | $307,200 | $570,000 |
| Bags | $44,100 | $234,450 | $584,700 |
| Subtotal Direct Cost of Sales | $165,900 | $541,650 | $1,154,700 |

**Chart: Sales Monthly**

**Chart: Sales by Year**

**Management Summary**

A 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:* ABC automation LLC planning to expand its personnel to add a number of job superintendents as soon as the number of projects increases. ABC automation LLC auto dealer product innovator and marketing company based on a lean and agile operations strategy. We will leverage limited resources by utilizing external resources for product development assistance, manufacturing, fulfilment, and marketing.

**Personnel Plan**

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 automation LLC the staff will include 15 full-time employees and 5 part-time employees, who will work a total of 800 hours per week and generate an average weekly gross payroll of $4,600 for the first year in business.

**Table: Personnel**

|  |
| --- |
| Personnel Plan |
|   | Year 1 | Year 2 | Year 3 |
| TL McClendon | $28,800 | $32,000 | $37,000 |
| Part-time Sales Rep | $0 | $10,000 | $13,000 |
| Inventory/Office Mgmt. | $10,425 | $28,000 | $30,000 |
| Total People | 2 | 3 | 3 |
| Total Payroll | $39,225 | $70,000 | $80,000 |

 **Financial Plan**

Financial planning is the task of determining how a business will afford to achieve its strategic goals and objectives.

Example: Once the company reaches a sufficient level of profitability and accumulates a cash reserve, ABC automation LLC’s plan to invest 50% of profits in research and development of new products, existing product and operational improvements, and to expand marketing and sales efforts to foreign markets. 38% of profits will be invested in low risk financial instruments.

**Important Assumptions**

Entrepreneurs often make two basic assumptions about a new auto dealer product business: that they have product consumers will want and that the auto dealer product business owner can make and sell the product profitably. An investor or partner will want to see that you’ve done you are homework and can support more key assumptions than those two, with research and data.

**Table: General Assumptions**

|  |
| --- |
| General Assumptions |
|   | Year 1 | Year 2 | Year 3 |
| Plan Month | 1 | 2 | 3 |
| Current Interest Rate | 10.00% | 10.00% | 10.00% |
| Long-term Interest Rate | 10.00% | 10.00% | 10.00% |
| Tax Rate | 30.00% | 30.00% | 30.00% |
| Other | 0 | 0 | 0 |

**Projected Profit and Loss**

The projected profit and loss statement will list revenues, your cost for services provided, operating expenses, and net income or loss. Depending on whether you are preparing a projected profit and loss statement for an existing business or a start up enterprise, you may have some difficulty coming up with reliable estimates.

Example: ABC automation LLC‘s Month-by-month assumptions for profit and loss are as follows, shown in chart & table.

**Chart: Profit Monthly**

**Chart: Gross Margin Monthly**

**Chart: Gross Margin Yearly**

Example: ABC automation LLC‘s gross margin same-day collection is critical, and is reasonable and customary in the auto dealer industry. The yearly gross margin is shown below on table.

**Table: Profit and Loss**

|  |
| --- |
| Pro Forma Profit and Loss |
|   | Year 1 | Year 2 | Year 3 |
| Sales | $148,802 | $243,181 | $348,767 |
| Direct Cost of Sales | $39,600 | $67,145 | $72,607 |
| Other Costs of Goods | $0 | $0 | $0 |
| Total Cost of Sales | $39,600 | $67,145 | $72,607 |
| Gross Margin | $104,200 | $156,035 | $176,141 |
| Gross Margin % | 72.46% | 69.91% | 70.81% |
| Expenses |   |   |   |
| Payroll | $39,225 | $70,000 | $80,000 |
| Sales and Marketing and Other Expenses | $5,000 | $5,000 | $5,000 |
| Depreciation | $0 | $0 | $0 |
| Rent | $20,400 | $20,400 | $20,400 |
| Utilities | $2,400 | $2,400 | $2,400 |
| Insurance | $238 | $238 | $238 |
| Payroll Taxes | $0 | $0 | $0 |
| Web site management | $6,400 | $12,000 | $15,000 |
| Business travel | $6,000 | $8,000 | $10,000 |
| Miscellaneous | $2,400 | $3,000 | $5,000 |
| Total Operating Expenses | $82,063 | $121,038 | $138,038 |
| Profit Before Interest and Taxes | $22,567 | $34,432 | $38,086 |
| EBITDA | $22,137 | $34,997 | $38,103 |
| Interest Expense | $4,461 | $3,506 | $2,510 |
| Taxes Incurred | $5,303 | $9,447 | $10,678 |
| Net Profit | $12,374 | $22,044 | $24,915 |
| Net Profit/Sales | 8.71% | 9.78% | 11.02% |

 **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.

Example: The following estimated break-even Analysis table & chart shows the projected fixed & variable cost.

**Table: Break-even Analysis**

|  |
| --- |
| Break-even Analysis |
| Monthly Revenue Break-even | $9,438 |
| Assumptions: |   |
| Average Percent Variable Cost | 28% |
| Estimated Monthly Fixed Cost | $6,839 |

**Chart: Break-even Analysis**

**Projected Cash Flow**

The cash flow depends on assumptions for inventory turnover, payment days, and accounts receivable management. Our projected same-day collection is critical, and is reasonable and customary in the auto dealer product industry.

Example: ABC automation LLC‘s projected same-day collection is critical, and is reasonable and customary in the auto dealer product industry.

**Table: Cash Flow**

|  |
| --- |
| Pro Forma Cash Flow |
|   | Year 1 | Year 2 | Year 3 |
| Cash Received |   |   |   |
| Cash from Operations |   |   |   |
| Cash Sales | $35,950 | $55,795 | $62,187 |
| Cash from Receivables | $46,790 | $133,679 | $175,704 |
| Subtotal Cash from Operations | $82,740 | $189,474 | $237,891 |
| Additional Cash Received |   |   |   |
| Sales Tax, VAT, HST/GST Received | $0 | $0 | $0 |
| New Current Borrowing | $0 | $0 | $0 |
| New Other Liabilities (interest-free) | $0 | $0 | $0 |
| New Long-term Liabilities | $0 | $0 | $0 |
| Sales of Other Current Assets | $0 | $0 | $0 |
| Sales of Long-term Assets | $0 | $0 | $0 |
| New Investment Received | $75,000 | $0 | $0 |
| Subtotal Cash Received | $157,740 | $189,474 | $237,891 |
| Expenditures | Year 1 | Year 2 | Year 3 |
| Expenditures from Operations |   |   |   |
| Cash Spending | $39,225 | $70,000 | $80,000 |
| Bill Payments | $78,089 | $155,278 | $145,235 |
| Subtotal Spent on Operations | $117,314 | $225,278 | $225,235 |
| Additional Cash Spent |   |   |   |
| Sales Tax, VAT, HST/GST Paid Out | $0 | $0 | $0 |
| Principal Repayment of Current Borrowing | $9,960 | $9,960 | $9,960 |
| Other Liabilities Principal Repayment | $0 | $0 | $0 |
| Long-term Liabilities Principal Repayment | $0 | $0 | $0 |
| Purchase Other Current Assets | $0 | $0 | $0 |
| Purchase Long-term Assets | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 |
| Subtotal Cash Spent | $127,274 | $235,238 | $235,195 |
| Net Cash Flow | $30,466 | ($45,764) | $2,696 |
| Cash Balance | $70,466 | $24,702 | $27,398 |
|   |   |   |   |

**Chart: Cash**

 **Projected Balance Sheet**

A business' long-term plans often concern future asset growth and how it may be supported by increased financing through both debt and equity. A projected balance sheet communicates expected changes in future asset investments, outstanding liabilities and equity financing.

Example: ABC automation LLC‘s balance sheet along with the conservative forecast shown on the table.

**Table: Balance Sheet**

|  |
| --- |
| Pro Forma Balance Sheet |
|   | Year 1 | Year 2 | Year 3 |
| Assets |   |   |   |
| Current Assets |   |   |   |
| Cash | $70,466 | $24,702 | $27,398 |
| Accounts Receivable | $61,060 | $94,766 | $105,623 |
| Inventory | $13,310 | $22,568 | $24,404 |
| Other Current Assets | $0 | $0 | $0 |
| Total Current Assets | $144,836 | $142,037 | $157,425 |
| Long-term Assets |   |   |   |
| Long-term Assets | $0 | $0 | $0 |
| Accumulated Depreciation | $0 | $0 | $0 |
| Total Long-term Assets | $0 | $0 | $0 |
| Total Assets | $144,836 | $142,037 | $157,425 |
| Liabilities and Capital | Year 1 | Year 2 | Year 3 |
| Current Liabilities |   |   |   |
| Accounts Payable | $26,422 | $11,539 | $11,973 |
| Current Borrowing | $40,040 | $30,080 | $20,120 |
| Other Current Liabilities | $0 | $0 | $0 |
| Subtotal Current Liabilities | $66,462 | $41,619 | $32,093 |
| Long-term Liabilities | $0 | $0 | $0 |
| Total Liabilities | $66,462 | $41,619 | $32,093 |
| Paid-in Capital | $97,200 | $97,200 | $97,200 |
| Retained Earnings | ($31,200) | ($18,826) | $3,217 |
| Earnings | $12,374 | $22,044 | $24,915 |
| Total Capital | $78,374 | $100,417 | $125,332 |
| Total Liabilities and Capital | $144,836 | $142,037 | $157,425 |
| Net Worth | $78,374 | $100,417 | $125,332 |

 **Business Ratios**

It includes dozens of standard auto dealer product business ratios calculated from auto dealer product 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.

Example: ABC automation LLC‘s asset ratios differ from the industry standard for two reasons:

1. Because we are operating initially as a home office with outsourced manufacturing, we do not require any long-term assets at this stage.
2. Because our first sales approaches are to other professionals and the government, rather than to individual consumers, we have a higher percentage of assets as accounts receivable.

**Table: Ratios**

|  |
| --- |
| Ratio Analysis |
|   | Year 1 | Year 2 | Year 3 | Industry Profile |
| Sales Growth | 0.00% | 55.20% | 11.46% | 1.08% |
| Percent of Total Assets |   |   |   |   |
| Accounts Receivable | 42.16% | 66.72% | 67.09% | 22.01% |
| Inventory | 9.19% | 15.89% | 15.50% | 18.65% |
| Other Current Assets | 0.00% | 0.00% | 0.00% | 36.34% |
| Total Current Assets | 100.00% | 100.00% | 100.00% | 77.00% |
| Long-term Assets | 0.00% | 0.00% | 0.00% | 23.00% |
| Total Assets | 100.00% | 100.00% | 100.00% | 100.00% |
| Current Liabilities | 45.89% | 29.30% | 20.39% | 27.21% |
| Long-term Liabilities | 0.00% | 0.00% | 0.00% | 18.98% |
| Total Liabilities | 45.89% | 29.30% | 20.39% | 46.19% |
| Net Worth | 54.11% | 70.70% | 79.61% | 53.81% |
| Percent of Sales |   |   |   |   |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin | 72.46% | 69.91% | 70.81% | 38.34% |
| Selling, General & Administrative Expenses | 49.91% | 49.23% | 49.60% | 15.66% |
| Advertising Expenses | 0.00% | 0.00% | 0.00% | 1.52% |
| Profit Before Interest and Taxes | 15.39% | 15.68% | 15.32% | 3.70% |
| Main Ratios |   |   |   |   |
| Current | 2.18 | 3.41 | 4.91 | 1.83 |
| Quick | 1.98 | 2.87 | 4.14 | 1.01 |
| Total Debt to Total Assets | 45.89% | 29.30% | 20.39% | 58.09% |
| Pre-tax Return on Net Worth | 22.55% | 31.36% | 28.40% | 3.95% |
| Pre-tax Return on Assets | 12.20% | 22.17% | 22.61% | 9.42% |
| Additional Ratios | Year 1 | Year 2 | Year 3 |   |
| Net Profit Margin | 8.60% | 9.88% | 10.02% | n.a |
| Return on Equity | 15.79% | 21.95% | 19.88% | n.a |
| Activity Ratios |   |   |   |   |
| Accounts Receivable Turnover | 1.77 | 1.77 | 1.77 | n.a |
| Collection Days | 50 | 170 | 196 | n.a |
| Inventory Turnover | 8.74 | 3.74 | 3.09 | n.a |
| Accounts Payable Turnover | 3.96 | 12.17 | 12.17 | n.a |
| Payment Days | 27 | 49 | 29 | n.a |
| Total Asset Turnover | 0.99 | 1.57 | 1.58 | n.a |
| Debt Ratios |   |   |   |   |
| Debt to Net Worth | 0.85 | 0.41 | 0.26 | n.a |
| Current Liab. to Liab. | 1 | 1 | 1 | n.a |
| Liquidity Ratios |   |   |   |   |
| Net Working Capital | $78,374 | $100,417 | $125,332 | n.a |
| Interest Coverage | 4.96 | 9.98 | 15.18 | n.a |
| Additional Ratios |   |   |   |   |
| Assets to Sales | 1.01 | 0.64 | 0.63 | n.a |
| Current Debt/Total Assets | 46% | 29% | 20% | n.a |
| Acid Test | 1.06 | 0.59 | 0.85 | n.a |
| Sales/Net Worth | 1.83 | 2.22 | 1.98 | n.a |
| Dividend Payout | 0 | 0 | 0 | n.a |

**References**

ABC automation LLC‘s will first attempt to sell the operation and use the proceeds to clear all outstanding balances. If unable to sell the operation for sufficient proceeds we will force to default whereby the SBA loan will be in senior standing.

**Table: Sales Forecast**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Sales |   |   |   |   |   |   |
| Basic small feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Basic medium feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Basic large feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Basic extra large feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Custom low-end feeder | 0% | $0 | $0 | $0 | $0 | $1,200 |
| Custom medium feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Custom high-end feeder | 0% | $0 | $0 | $0 | $0 | $0 |
| Total Sales |   | $0 | $0 | $0 | $0 | $1,200 |
| Direct Cost of Sales |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Basic small feeder |   | $0 | $0 | $0 | $0 | $0 |
| Basic medium feeder |   | $0 | $0 | $0 | $0 | $0 |
| Basic large feeder |   | $0 | $0 | $0 | $0 | $0 |
| Basic extra large feeder |   | $0 | $0 | $0 | $0 | $0 |
| Custom low-end feeder |   | $0 | $0 | $0 | $0 | $500 |
| Custom medium feeder |   | $0 | $0 | $0 | $0 | $0 |
| Custom high-end feeder |   | $0 | $0 | $0 | $0 | $0 |
| Subtotal Direct Cost of Sales |   | $0 | $0 | $0 | $0 | $500 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|   |   |   |   |   |   |   |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $1,200 | $2,400 | $1,200 | $4,800 | $8,400 | $9,600 | $12,000 |
| $2,500 | $2,500 | $7,500 | $2,500 | $5,000 | $10,000 | $15,000 |
| $4,000 | $8,000 | $4,000 | $4,000 | $2,000 | $16,000 | $20,000 |
| $7,700 | $12,900 | $12,700 | $11,300 | $15,400 | $35,600 | $47,000 |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $500 | $1,000 | $500 | $2,000 | $3,500 | $4,000 | $5,000 |
| $600 | $1,200 | $1,800 | $600 | $1,200 | $2,400 | $3,600 |
| $700 | $1,400 | $700 | $700 | $1,400 | $2,800 | $3,500 |
| $1,800 | $3,600 | $3,000 | $3,300 | $6,100 | $9,200 | $12,100 |

**Table: Personnel**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| TL McClendon | 0% | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 |
| Part-time Sales Rep | 0% | $0 | $0 | $0 | $0 | $0 |
| Inventory/Office Mgmt. | 0% | $0 | $0 | $0 | $0 | $0 |
| Total People |   | 1 | 1 | 1 | 1 | 1 |
| Total Payroll |   | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $2,400 | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $2,085 | $2,085 | $2,085 | $2,085 | $2,085 |
| 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| $2,400 | $2,400 | $4,485 | $4,485 | $4,485 | $4,485 | $4,485 |

**Table: General Assumptions**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| 6 | 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% | 10.00% | 10.00% |
| 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table: Profit and Loss**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Sales |   | $0 | $0 | $0 | $0 | $1,200 |
| Direct Cost of Sales |   | $0 | $0 | $0 | $0 | $500 |
| Other Costs of Goods |   | $0 | $0 | $0 | $0 | $0 |
| Total Cost of Sales |   | $0 | $0 | $0 | $0 | $500 |
| Gross Margin |   | $0 | $0 | $0 | $0 | $700 |
| Gross Margin % |   | 0.00% | 0.00% | 0.00% | 0.00% | 58.33% |
| Expenses |   |   |   |   |   |   |
| Payroll |   | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 |
| Sales and Marketing and Other Expenses |   | $417 | $417 | $417 | $417 | $417 |
| Depreciation |   | $0 | $0 | $0 | $0 | $0 |
| Rent |   | $1,700 | $1,700 | $1,700 | $1,700 | $1,700 |
| Utilities |   | $200 | $200 | $200 | $200 | $200 |
| Insurance |   | $20 | $20 | $20 | $20 | $20 |
| Payroll Taxes | 15% | $0 | $0 | $0 | $0 | $0 |
| Web site management |   | $0 | $0 | $0 | $0 | $800 |
| Business travel | 15% | $500 | $500 | $500 | $500 | $500 |
| Miscellaneous |   | $200 | $200 | $200 | $200 | $200 |
| Total Operating Expenses |   | $5,437 | $5,437 | $5,437 | $5,437 | $6,237 |
| Profit Before Interest and Taxes |   | ($5,437) | ($5,437) | ($5,437) | ($5,437) | ($5,537) |
| EBITDA |   | ($5,437) | ($5,437) | ($5,437) | ($5,437) | ($5,537) |
| Interest Expense |   | $410 | $403 | $396 | $389 | $382 |
| Taxes Incurred |   | ($1,754) | ($1,752) | ($1,750) | ($1,748) | ($1,776) |
| Net Profit |   | ($4,092) | ($4,088) | ($4,083) | ($4,078) | ($4,143) |
| Net Profit/Sales |   | 0.00% | 0.00% | 0.00% | 0.00% | -345.25% |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| $7,700 | $12,900 | $12,700 | $11,300 | $15,400 | $35,600 | $47,000 |
| $1,800 | $3,600 | $3,000 | $3,300 | $6,100 | $9,200 | $12,100 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $1,800 | $3,600 | $3,000 | $3,300 | $6,100 | $9,200 | $12,100 |
| $5,900 | $9,300 | $9,700 | $8,000 | $9,300 | $26,400 | $34,900 |
| 76.62% | 72.09% | 76.38% | 70.80% | 60.39% | 74.16% | 74.26% |
|   |   |   |   |   |   |   |
| $2,400 | $2,400 | $4,485 | $4,485 | $4,485 | $4,485 | $4,485 |
| $417 | $417 | $417 | $417 | $417 | $417 | $417 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $1,700 | $1,700 | $1,700 | $1,700 | $1,700 | $1,700 | $1,700 |
| $200 | $200 | $200 | $200 | $200 | $200 | $200 |
| $20 | $20 | $20 | $20 | $20 | $20 | $20 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $800 | $800 | $800 | $800 | $800 | $800 | $800 |
| $500 | $500 | $500 | $500 | $500 | $500 | $500 |
| $200 | $200 | $200 | $200 | $200 | $200 | $200 |
| $6,237 | $6,237 | $8,322 | $8,322 | $8,322 | $8,322 | $8,322 |
| ($337) | $3,064 | $1,379 | ($322) | $979 | $18,079 | $26,579 |
| ($337) | $3,064 | $1,379 | ($322) | $979 | $18,079 | $26,579 |
| $375 | $368 | $361 | $354 | $348 | $341 | $334 |
| ($214) | $809 | $305 | ($203) | $189 | $5,321 | $7,873 |
| ($498) | $1,887 | $712 | ($473) | $442 | $12,417 | $18,371 |
| -6.47% | 14.63% | 5.61% | -4.19% | 2.87% | 34.88% | 39.09% |

**Table: Cash Flow**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Cash Received |   |   |   |   |   |   |
| Cash from Operations |   |   |   |   |   |   |
| Cash Sales |   | $0 | $0 | $0 | $0 | $300 |
| Cash from Receivables |   | $0 | $0 | $0 | $0 | $0 |
| Subtotal Cash from Operations |   | $0 | $0 | $0 | $0 | $300 |
| Additional Cash Received |   |   |   |   |   |   |
| Sales Tax, VAT, HST/GST Received | 0.00% | $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 |   | $0 | $0 | $0 | $0 | $50,000 |
| Subtotal Cash Received |   | $0 | $0 | $0 | $0 | $50,300 |
| Expenditures |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Expenditures from Operations |   |   |   |   |   |   |
| Cash Spending |   | $2,400 | $2,400 | $2,400 | $2,400 | $2,400 |
| Bill Payments |   | $56 | $1,692 | $1,687 | $1,683 | $1,803 |
| Subtotal Spent on Operations |   | $2,456 | $4,092 | $4,087 | $4,083 | $4,203 |
| Additional Cash Spent |   |   |   |   |   |   |
| Sales Tax, VAT, HST/GST Paid Out |   | $0 | $0 | $0 | $0 | $0 |
| Principal Repayment of Current Borrowing |   | $830 | $830 | $830 | $830 | $830 |
| 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 |   | $3,286 | $4,922 | $4,917 | $4,913 | $5,033 |
| Net Cash Flow |   | ($3,286) | ($4,922) | ($4,917) | ($4,913) | $45,267 |
| Cash Balance |   | $36,714 | $31,791 | $26,874 | $21,961 | $67,228 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |
| $1,925 | $3,225 | $3,175 | $2,825 | $3,850 | $8,900 | $11,750 |
| $30 | $1,063 | $5,905 | $9,670 | $9,490 | $8,578 | $12,055 |
| $1,955 | $4,288 | $9,080 | $12,495 | $13,340 | $17,478 | $23,805 |
|   |   |   |   |   |   |   |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $25,000 | $0 | $0 | $0 |
| $1,955 | $4,288 | $9,080 | $37,495 | $13,340 | $17,478 | $23,805 |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|   |   |   |   |   |   |   |
| $2,400 | $2,400 | $4,485 | $4,485 | $4,485 | $4,485 | $4,485 |
| $5,495 | $7,032 | $7,996 | $7,486 | $7,201 | $13,674 | $22,283 |
| $7,895 | $9,432 | $12,481 | $11,971 | $11,686 | $18,159 | $26,768 |
|   |   |   |   |   |   |   |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $830 | $830 | $830 | $830 | $830 | $830 | $830 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $8,725 | $10,262 | $13,311 | $12,801 | $12,516 | $18,989 | $27,598 |
| ($6,770) | ($5,975) | ($4,231) | $24,694 | $824 | ($1,512) | ($3,793) |
| $60,458 | $54,484 | $50,252 | $74,947 | $75,770 | $74,259 | $70,466 |

**Table: Balance Sheet**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Assets | Starting Balances |   |   |   |   |   |
| Current Assets |   |   |   |   |   |   |
| Cash | $40,000 | $36,714 | $31,791 | $26,874 | $21,961 | $67,228 |
| Accounts Receivable | $0 | $0 | $0 | $0 | $0 | $900 |
| Inventory | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 | $3,500 |
| Other Current Assets | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Current Assets | $41,000 | $37,714 | $32,791 | $27,874 | $22,961 | $71,628 |
| 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 | $41,000 | $37,714 | $32,791 | $27,874 | $22,961 | $71,628 |
| Liabilities and Capital |   | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 |
| Current Liabilities |   |   |   |   |   |   |
| Accounts Payable | $0 | $1,636 | $1,631 | $1,627 | $1,622 | $5,262 |
| Current Borrowing | $50,000 | $49,170 | $48,340 | $47,510 | $46,680 | $45,850 |
| Other Current Liabilities | $0 | $0 | $0 | $0 | $0 | $0 |
| Subtotal Current Liabilities | $50,000 | $50,806 | $49,971 | $49,137 | $48,302 | $51,112 |
| Long-term Liabilities | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Liabilities | $50,000 | $50,806 | $49,971 | $49,137 | $48,302 | $51,112 |
| Paid-in Capital | $22,200 | $22,200 | $22,200 | $22,200 | $22,200 | $72,200 |
| Retained Earnings | ($31,200) | ($31,200) | ($31,200) | ($31,200) | ($31,200) | ($31,200) |
| Earnings | $0 | ($4,092) | ($8,180) | ($12,263) | ($16,340) | ($20,483) |
| Total Capital | ($9,000) | ($13,092) | ($17,180) | ($21,263) | ($25,340) | $20,517 |
| Total Liabilities and Capital | $41,000 | $37,714 | $32,791 | $27,874 | $22,961 | $71,628 |
| Net Worth | ($9,000) | ($13,092) | ($17,180) | ($21,263) | ($25,340) | $20,517 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |
| $60,458 | $54,484 | $50,252 | $74,947 | $75,770 | $74,259 | $70,466 |
| $6,645 | $15,258 | $18,878 | $17,683 | $19,743 | $37,865 | $61,060 |
| $4,700 | $4,100 | $4,100 | $3,800 | $6,710 | $10,120 | $13,310 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $71,803 | $73,841 | $73,230 | $96,429 | $102,223 | $122,244 | $144,836 |
|   |   |   |   |   |   |   |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $71,803 | $73,841 | $73,230 | $96,429 | $102,223 | $122,244 | $144,836 |
| Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|   |   |   |   |   |   |   |
| $6,765 | $7,746 | $7,253 | $6,755 | $12,937 | $21,372 | $26,422 |
| $45,020 | $44,190 | $43,360 | $42,530 | $41,700 | $40,870 | $40,040 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $51,785 | $51,936 | $50,613 | $49,285 | $54,637 | $62,242 | $66,462 |
| $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| $51,785 | $51,936 | $50,613 | $49,285 | $54,637 | $62,242 | $66,462 |
| $72,200 | $72,200 | $72,200 | $97,200 | $97,200 | $97,200 | $97,200 |
| ($31,200) | ($31,200) | ($31,200) | ($31,200) | ($31,200) | ($31,200) | ($31,200) |
| ($20,982) | ($19,095) | ($18,383) | ($18,856) | ($18,414) | ($5,998) | $12,374 |
| $20,018 | $21,905 | $22,617 | $47,144 | $47,586 | $60,002 | $78,374 |
| $71,803 | $73,841 | $73,230 | $96,429 | $102,223 | $122,244 | $144,836 |
| $20,018 | $21,905 | $22,617 | $47,144 | $47,586 | $60,002 | $78,374 |