**Boutique business plan**

**Executive Summary**

This section briefly tells your reader where your company is, where you want to take it, and why your clothing boutique 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 Clothing LLC” is a clothing boutique that opened in May last year. ABC Clothing LLC clothing selections and exclusive personal style services, which include a detailed Style Assessment, will ensure that our customers are well dressed. As our name suggests our focus is to provide western wear clothing boutique and accessories, and position ourselves as the top retail store servicing this particular market.

**Mission**

It provides a rewarding and respectful work environment with 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 Clothing LLC’s” Mission is to provide a unique & relaxing dining experience- similar to clothing boutique products. Design, develop & Market innovative ideas to clothing boutique products that are socially & environmentally responsible.

**Objectives**

Particular goals and objectives point a new business in the right direction and keep an established clothing boutique 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 Clothing LLC’s” objective is to achieve the following goals:

* To turn inventory five times and generate $900 in sales per square foot
* To maintain profit margins at 18-20% through close attention to expenses and cost of goods sold
* To drive awareness and build sales through mentions in both local print and the nation's top fashion magazines

**Chart: Highlights**

 **Keys to Success**

For a clothing boutique product business plan, keep these five points top of mind:

* Provide exceptional customer service
* Participate in design and clothing boutique industry communities
* Support clothing boutique associations that rescue, train and promote the humane treatment of animals
* Use profits for new product development
* Promote clothing boutique safety and health

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

* Having a good location in a high-shopping area
* Quality product and good relationships with vendors
* Outstanding customer service

 **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 Clothing LLC carries beautiful designer labels for professional women, such as the sophisticated silhouettes of Herr Frau and luxurious handbags. ABC Clothing LLC is a start up managed by vastly experienced and visionary entrepreneur Mr. Clerk combine intensive market research with world-class industrial design All merchandise will be purchased according to the company's mission and customer focus of outfitting all sizes including women's plus sizes and men's big and tall.

**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:

* To map out all the necessary components to create a successful and well-run boutique
* To provide management with a blueprint to follow
* To secure financing through private institutions and investors

**Example:** ABC Clothing LLC’s will start with three months inventory on hand for clothing boutique and accessories as this is the main revenue generator.

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 clothing boutique 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 Clothing LLC situated at prime location in USA. Mr. Clerk follows intensive services & facilities in the Competitive market. The strategic planning is followed by Mr. Clerk for clothing boutique products

**Products & Services**

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

*Example:* ABC Clothing LLC’s Our selection will range from the basics of Wrangler to the trendy western style of Western Ethics

**CLOTHING BOUTIQUE LINES**

* Herr Frau PF Line
* Weekend MaxMini
* Hocken
* Catherine the Great
* Tosca
* Goat
* Twelfth Street
* James Jeans
* AG Jeans
* Vince
* Trina Turk
* Philosophy di Alberta Ferretti

**ACCESSORIES**

* Wardrobe Accessories:
	+ Lint Brushes
	+ Tosca Laundry Soap
	+ Stylist-in-a-box
	+ Sachets
	+ Hangers
* Fashion Accessories:
	+ Local designer jewelry
	+ Jamin Puech Handbags
	+ Belts, Scarves, Gloves, Hats
	+ Ilux and Tanjane Lingerie

**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:* Large discounters are now working with top designers to bring designer clothing boutique to the masses. Although they can't compete on quality, their continued development of the trend could have a direct impact on retailers who sell designer clothing during tough economic times.

**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:ABC Clothing LLC customers will learn about the boutique through the following sources:

* LA Neighborhood Storefront
* Friends & Customers (word of mouth and email)
* Personal shoppers and stylists
* Women's Fashion Magazines articles and reviews such as W, Lucky, Marie Claire and Vogue.

**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**

A clothing boutique 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: ABC Clothing LLC strategic plan is very simple. We understand our brand value in the market & quality of our product. Our target market is our happy customers. ABC Clothing LLC offers discount range for his reputed market trend, Market need & Market Growth.

**Strategy and Implementation Summary**

Understanding your comclothing boutiqueition'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: ABC Clothing LLC plans to meet and service those needs.

* Develop strong relationships with customers by utilizing Style Assessment and offering services to help each woman determine the right clothes for her.
* Provide educational materials and programs that enable customers greater decision-making confidence.
* Build awareness of brand and services to exemplify strong store reputation.

**Competitive Edge**

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

Example: ABC Clothing LLC’s environment is elegant and comfortable and our decor is warm and relaxing. Great service is very important to us. The management and servers will handle every detail to make customer's special evening even more special.

**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:* ABC Clothing LLC strategic plan help the customer to attract the key features inbuilt in our services. We follow both print media & digital media for our promotional strategy. Website Marketing Strategy Advertising on the Internet has not yet proven to be very effective and will not be aggressively pursued initially. Website awareness will be accomplished via more traditional forms of advertising and product purchases.

**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 Competitive advantage. Successful strategies help the sales force to focus on target market customers and communicate with them in relevant, meaningful ways.

Example: ABC Clothing LLC Sales to individual consumers will be completed through the company's website, by phone or fax, through catalogues and third party websites. This initial strategy is intended to control growth and keep sales in line with projections. As sales increase and more working capital become available we will begin to focus on national retail sales.

**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 Clothing LLC initial experiences in retail and business sales were formative insofar as they helped her early on to understand how to best work with all types of personalities, meet individual needs through listening, and develop strong creative problem-solving skills.

**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 Clothing LLC’s personnel plan is included in the table, below. In addition to the owner, there will be one part-time (30 hours/week) Assistant Manager and two part-time Style Concierges by the end of the first year. The Assistant Manager will be paid at a rate of $20.00 per hour and the part-time Style Concierges will be paid at a rate of $15.00 per hour, plus benefits.

**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 Clothing 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 clothing boutique product business: that they have product consumers will want and that the clothing boutique 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 Clothing 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 Clothing LLC‘s gross margin same-day collection is critical, and is reasonable and customary in the clothing boutique 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 clothing boutique product industry.

Example: ABC Clothing LLC‘s projected same-day collection is critical, and is reasonable and customary in the clothing boutique 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 Clothing 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 clothing boutique product business ratios calculated from clothing boutique 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 Clothing 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 Clothing 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 |