CHASE

Michelle L. Meehan
First Vice President
Relationship Manager

July 19, 2012

City of Loveland
City Manager
Bill Cahill
500 E. 3rd Street Ste 330
Loveland, CO 80537

Regarding: Loveland Center for Business Development

I would like to share my appreciation for the Loveland Center for Business Development and the support they provide to Loveland businesses.

I continue to be impressed with the service and dedication that comes from the LCBD in their quest to see businesses thrive in today's economic climate. The ongoing education and time spent with owners as well as those individuals aspiring to start a new business is the foundation that sets these businesses apart in today's need for a sound understanding of business financials and general banking needs.

There have been a number of examples whereby the LCBD and the numerous volunteers, have assisted a Loveland business in ensuring they understand what it takes to start, own and operate a business. When I meet with business owners that have taken courses and invested time in the LCBD they are well prepared when seeking financial needs to grow their business. This is an important step to ensuring a successful start.

I too have taken the time to attend courses and after hour events held by LCBD. The volunteer staff that takes time to share their expertise on a subject matter is additional proof of the commitment that has been generated at the LCBD to help Loveland thrive in the business sector.

I want to thank the LCBD, Robin, Mary Ann and the dozens of volunteers for their dedication to Loveland. It is great to work in a City that understands the power of the small business owner and value they bring to a City the size of Loveland.

Michelle Meehan

Michelle Meehan
Chase Bank
1st Vice President
970-622-7531

LOVELAND CENTER *for* BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

LCBD Facebook Fan Page

Keep up with LCBD updates
and events on the
LCBD Facbook fan page:

www.facebook.com/
lovelandcenterforbiz *click "like"*

Sign up for the LCBD newsletter
on the website:
www.lovelandcenterforbiz.org

Business Planning ◆ Financial Projections ◆ Marketing Plan ◆ Cash Flow Management

LCBD
LOVELAND CENTER for BUSINESS DEVELOPMENT
Fostering Entrepreneurship, Innovation & Growth

We help businesses succeed through our counseling services and low cost workshops.

Receiving Services at the LCBD

So You Want to Start a Business Workshop
Explore the basics of business ownership, including planning for a profitable business, pitfalls to avoid and how to reach customers.

This class is a prerequisite to scheduling a counseling session at the LCBD.

Cost: $20 for Loveland residents $30 for non-Loveland residents

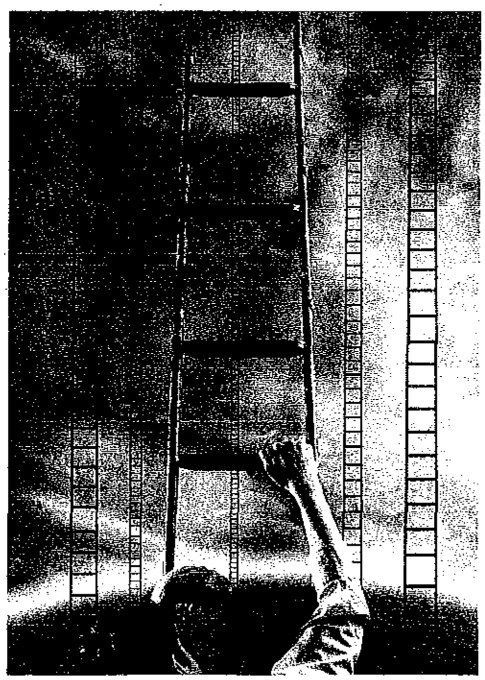
To be successful in our program, we highly suggest the following classes:

Cash is King, Cash Flow Basics — $25   *Market Niche* — $25   *Creating a Great Business Plan* — $45

Counseling Services

Loveland residents receive free counseling services. After the initial counseling session, there is a one time registration fee of $25 to receive future free counseling.

Non-Loveland residents pay a $25 registration fee and $25 per counseling session.



Document Review

The first review is free
additional document reviews are $50 per review

441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106
www.lovelandcenterforbiz.org

City of Loveland

Find us on Facebook
www.facebook.com/lovelandcenterforbiz

The Loveland Center for Business Development is funded by the City of Loveland.

◆ Registration and Licensing ◆ Financing Options ◆ One-on-One Counseling ◆

LCBD

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

SMALL BUSINESS WORKSHOPS
September 2012

Prepayment is expected and guarantees your spot.
A 48-hour notice of cancellation is required for a refund.

Register for LCBC workshops on our website: **www.lovelandcenterforbiz.org**
Workshops held at 441 E. 4th Street, Suite 101a, Loveland, CO 80537

2012		Workshops	Time	Price
Sept 5	Wed	So You Want to Start a Business $30 for non-Loveland residents	8:00 am – 10:30 am	$20
Sept 6	Thur	Finding Your Market Niche	8:00 am – 10:00 am	$25
Sept 6	Thur	Cash is King, Cash Flow Basics for new businesses	10:00 am –noon	$25
Sept 10	Mon	LCBD Networking Event at Loveland Aleworks 118 W. 4th Street, downtown Loveland	5:00 pm – 6:30 pm	$10
Sept 12	Wed	Creating a Great Business Plan	8:00 am – 10:30 am	$45
Sept 13	Thur	Financial Nuts & Bolts	8:30 am – 10:00 am	$20
Sept 15	Sat	Hands-on QuickBooks	8:30 am – 4:30 pm	$120
Sept 19	Wed	Discover the Marketing Power of Repurposing for you Business	3:00 pm – 5:00 pm	$25
Sept 20	Thur	What You Must Know to Stay in Business New Information Requirements	3:00 pm – 4:30 pm	$20
Sept 25	Tue	Strategic Branding	3:00 pm – 5:00 pm	$25
Sept 26	Wed	Record Keeping Realities	8:30 am – 10:00 am	$20

City of Loveland

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LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

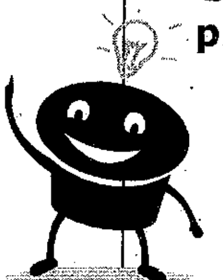
So You Want to Start a Business

Presented by:

Robin D. Shukle, LCBD Executive Director

This class is a prerequisite to scheduling a counseling session at the LCBD

Let us help you develop that great business idea.



In this class, you will explore the basics of business ownership, including entrepreneurship, planning for a profitable business, pitfalls to avoid and how to reach your customers.

You will be given templates to help you plan your business; ensuring it gets started on a strong foundation.

Location:	**Loveland Center For Business Development** 441 E. 4th Street, Suite 101a Loveland, CO 80537 (970) 667-4106
Date:	**Wednesday, September 5, 2012** **8:00 am to 10:30 am**
Cost:	**$20** Loveland residents **$30** for non-Loveland residents
Details:	Register on website: www.lovelandcenterforbiz.org

City of Loveland

LCBD

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

Pathways to Success

Business Start-up Workshops

Gain the knowledge you need to run your business successfully.

Finding Your Market Niche

Time: 8:00 am to 10:00 am

Date: Thurs., Sept. 6

Cost: $25.00

Learn how to determine if there is a market for your product or service, identify your competition and discover trends in your industry.

Cash is King, cash flow basics

Time: 10:00 am to noon

Date: Thurs., Sept. 6

Cost: $25.00

A hands-on class to help you plan and understand the cash flow and cash needs of your business. When creating your business plan, the cash flow portion is a key element. This workshop is for new businesses.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Payment: Cash or check

To Register: Register on website: **www.lovelandcenterforbiz.org**
48 hours cancellation notice required for refund.

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Loveland Center for Business Development Networking Event

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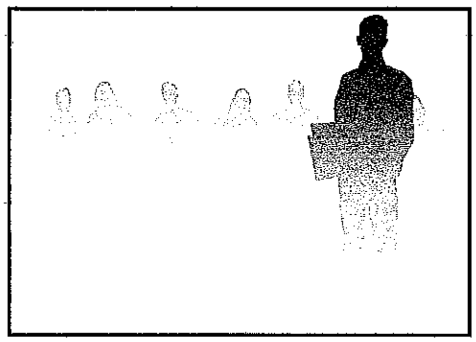
BUSINESS DEVELOPMENT
Fostering Entrepreneurship, Innovation & Growth

A networking event for LCBD clients and partners.

Don't forget your business cards!



Event Sponsors

A VERY FINE ALE COMPANY
LOVELAND ALEWORKS
BREWING WITH LOVE IN COLORADO

Location: **The Loveland Aleworks**
118 W. 4th Street, Loveland, CO 80537

Date: **Monday, September 10, 2012**
5:00 pm to 6:30 pm

Details: Register on website: www.lovelandcenterforbiz.org
Under Events and Workshops Tab

Cost: **$10.00** — cash or check at the door.

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LOVELAND CENTER *for* BUSINESS DEVELOPMENT

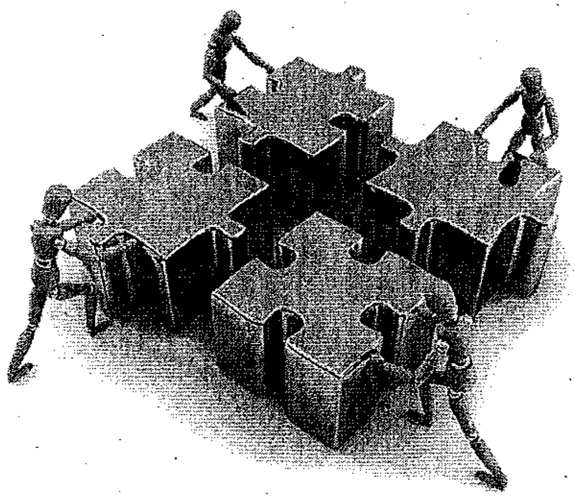
Fostering Entrepreneurship, Innovation & Growth

Creating a Great Business Plan

Presented by: Robin D. Shukle

In this class you will learn the key elements of a successful business plan and why creating a business plan is an essential step for any entrepreneur or business owner.

This course will guide you in creating your own individual business plan and provide you the tools to make it easy.



Location: **Loveland Small Business Development Center**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Date: **Wednesday, September 12, 2012**
8:00 am to 10:30 AM

Cost: $45.00

Details: Register on website, under events & workshops tab:
www.lovelandcenterforbiz.org

City of Loveland

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LOVELAND CENTER for BUSINESS DEVELOPMENT

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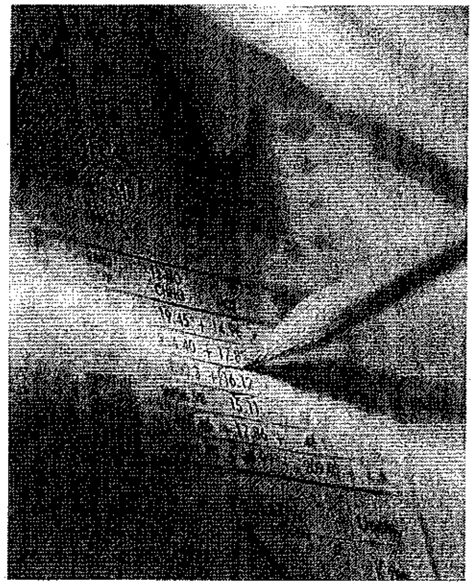
Financial Statements
Nuts and Bolts

Presented by: Steven D. Olson, CPA
Partner in B2B CFO



Do financial statements frustrate you? Are you concerned that you're not getting the most out of your financial documents? Are you confused as to how the financial puzzle pieces fit together? Well, we've got some help for you.

Financial Statement Nuts and Bolts will clear away the fog and provide you with the confidence you would like to have. We begin with the basics – the statements you need to run your business – and then we will drill down into each of the statements so that you are familiar with the parts and their relationship with other sections of the statement. We will conclude by showing the relationship of one statement to another.

Naturally we will endeavor to answer all your questions.

Feel free to bring you own financial statements so that you can see how yours compares with the model and ask specific questions.

Location: **Loveland Small Business Development Center**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: **Thursday, September 13, 2012**
8:30 am to 10:00 am

Cost: **$20.00** Payment reserves your seat, call the office with a Visa or MasterCard payment or drop by a check/cash.
48 hours cancellation notice is required to receive a refund.

Details: Register on our website: www.lovelandcenterforbiz.org.

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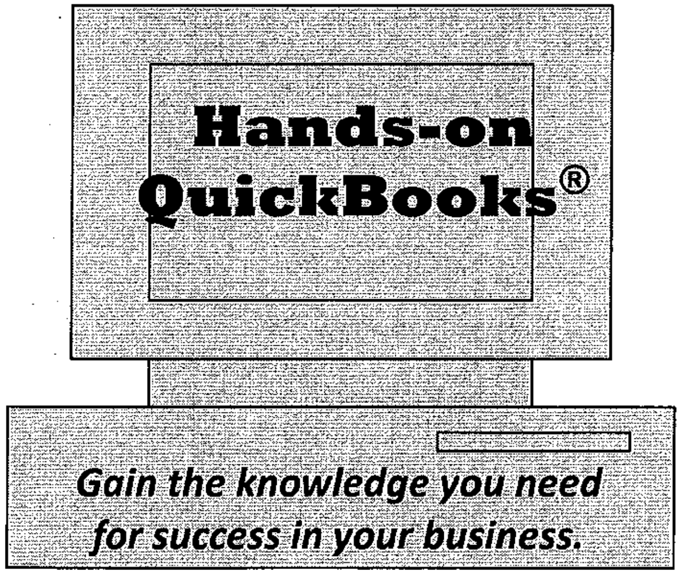

Presented by certified QuickBooks instructor:
Rose Melville, CPA

In this class, you will learn to set up a chart of accounts, reconcile your accounts, create and print invoices, receipts and statements, track your payables, inventory and receivables, create estimates and analyze your financials by generating reports. Prepare for tracking tax-related income and expenses; simplifying tax time requirements.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Date: **Saturday, September 15, 2012**
8:30 am to 4:30 pm
(one hour lunch break)

Cost: $120.00—Payment reserves your seat, you can call with a Visa or MasterCard payment or drop by a check/cash. Payment must be received prior to class date.

Details: Register on website: www.lovelandcenterforbiz.org
Register under workshop and events tab.

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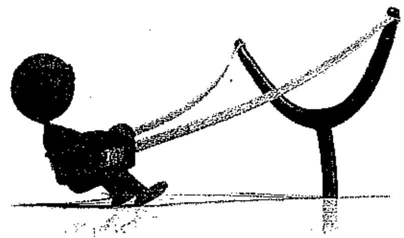
Discover the Marketing Power of Repurposing for your Business

Presented by: Stephanie Hillberry
Digital Media & Marketing Pro
Lifestyle Blogger



Often the best (and most lucrative) marketing strategies come from repurposing the work we've already done! The problem is that many of us overlook the potential in the relationships, skills, and content we already have.

The truth is that these resources can be turned into unique, innovative digital products (like e-books and e-courses) that you can use to build your brand and grow your profits. This class will teach you the 3 steps you need to know to uncover value in your work, create new products, and sell in a very cost-effective way!

You will learn:

- How to discover the **hidden value** in the things you know but take for granted.
- How to turn your knowledge into e-books, social media blurbs, blog posts, and presentations that can capture **new revenue**.
- And how to set-up an effective **marketing and sales strategy** that saves you valuable time and energy.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: **Wednesday, September 19, 2012**
3:00 pm to 5:00 pm

Cost: **$25.00**—*48 hours cancellation notice is required to receive a refund.*

Details: Register on website: www.lovelandcenterforbiz.org
(under events and workshops tab)

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LOVELAND CENTER for BUSINESS DEVELOPMENT
Fostering Entrepreneurship, Innovation & Growth

What you must know to stay in business
New Information Requirements

Presented by Tom Glanville, an advisor with the FBI Cyber Crimes Division and Homeland Security on matters of national security.

State and federal government have passed a multitude of laws pertaining to Information Protection for businesses. The Information Protection Requirements have gone above and beyond policies, check box compliance, online questionnaires, and compliance by proxy. Most businesses believe their current insurance/breach insurance covers an information incident. ALL cases, as of today, have had little and most time NO coverage for damages when an incident occurs.

What are the potential liabilities of not being in the "know?"

- *In a recent study the US Department of Labor stated that 93% of businesses that experience information loss go out of business within 5 years.* Of those companies 43% go out in the first year and 72% in the second year.
- Even if your organization has completed an online PCI questionnaire, chances are your business is out of "credit card" compliance which may translate to the inability to accept credit and/or debit cards indefinitely.
- The least expensive breach in 2010 cost the organization $780,000.
- Certain laws, that affect many businesses, not only hold the company liable but also transfers personal liability to the owner(s), executives, and board members both civilly and criminally.

The purpose of this session is to educate you on the issue, the requirements, and more importantly to create a Defensible Position for Information Protection. Thousands and thousands of businesses have experienced such losses and nearly all have found their efforts in Violation of the Law. Also, on September 8, 2011 the Federal Trade Commission just announced Colorado as the number one state for information misuse. You have worked hard and have invested into your business and our goal is to help you maintain and even increase your profits.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: Thursday, September 20, 2012 **Time:** 3:00 pm to 4:30 pm

Cost: **$20.00**—Payment reserves your seat, call with Visa or MasterCard or drop by a check/cash. Payment is expected prior to the class date.
48 hours cancellation notice is required to receive a refund.

Details: Register on website at: www.lovelandcenterforbiz.org

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City of Loveland

LOVELAND CENTER *for* BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

Strategic Branding

Presented by Erin Bergstrom

What exactly is branding and why is it so important?

How can you determine the image and message that you will present to the public?

Your brand can be your most valuable company asset. The instructional part of this session will cover the basics, illustrating them with entertaining samples of branding from national and local sources.

In the workshop portion, participants find that discussing each other's promotional materials can be very helpful, whether creating a new brand or improving an existing one. **Bring your marketing materials** and enter into a friendly, focused discussion about a topic which is interesting, valuable and fun!

These topics are included:

- The definition of branding
- Essential elements of an effective brand
- The importance of careful planning
- Capturing your identity and purpose
- Evaluating your target customers
- Essential considerations about message and style
- Applying your brand

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: **Tuesday, September 25, 2012**
3:00 pm to 5:00 pm

Cost: **$25.00**—Payment reserves your seat, you can call with a Visa or MasterCard payment or drop by a check/cash. Payment is expected prior to the class date.
48 hours cancellation notice is required to receive a refund.

Details: Register for workshop on our website: www.lovelandcenterforbiz.org

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LOVELAND CENTER *for* BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

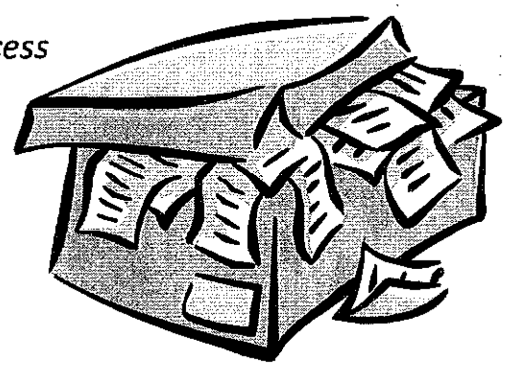
Record Keeping Realities... *why bother?*

Good record keeping will help you reduce your costs and create efficiency.

Presented by: Carla Ostic & Jenny Miller, CPA's at Hanna, Holdredge & Associates

While record keeping is required by the IRS, good record keeping will help you:

- Monitor the progress of your business...
  good records can increase the likelihood of success
- Prepare your financial statements...
  profit and loss statements and balance sheets
- Keep track of receipts and deductibles expenses
- Help you to prepare your tax returns
- Support items reported on your tax return



Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537

Date: **Wednesday, September 26, 2012**
8:30 am to 10:00 am

Cost: **$20.00**—Payment reserves your seat, Call with a Visa or MasterCard payment or drop by a check/cash. Payment is expected prior to the class date.

Details: Register on website www.lovelandcenterforbiz.org (under Events and Workshops)

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LCBD

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

SMALL BUSINESS WORKSHOPS

October 2012

Prepayment is expected and guarantees your spot.

A 48-hour notice of cancellation is required for a refund.

Register for LCBC workshops on our website: **www.lovelandcenterforbiz.org**

Workshops held at 441 E. 4th Street, Suite 101a, Loveland, CO 80537

2012		Workshops	Time	Price
Oct 3	Wed	So You Want to Start a Business $30 for non-Loveland residents	8:00 am – 10:30 am	$20
Oct 4	Thur	Place Your Chips in the Right Corner...It's Not the Website	3:30 pm – 4:30 pm	$20
Oct 9	Tue	Growing Your Business Through Facebook	2:30 pm – 5:00 pm	$30
Oct 11	Thur	Finding Your Market Niche	8:00 am – 10:00 am	$25
Oct 11	Thur	Cash is King, Cash Flow Basics for new businesses	10:00 am –noon	$25
Oct 17	Wed	Creating a Great Business Plan	8:00 am – 10:30 am	$45
Oct 20	Sat	Hands-on QuickBooks	8:30 am – 4:30 pm	$120
Oct 23	Tue	Selling to the Government 101	3:00 pm – 4:30 pm	$20

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Fostering Entrepreneurship, Innovation & Growth

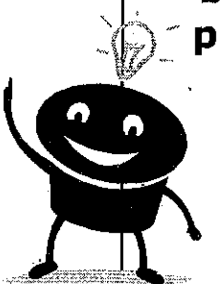
So You Want to Start a Business

Presented by:

Robin D. Shukle, LCBD Executive Director

This class is a prerequisite to scheduling a counseling session at the LCBD

Let us help you develop that great business idea.



In this class, you will explore the basics of business ownership, including entrepreneurship, planning for a profitable business, pitfalls to avoid and how to reach your customers.

You will be given templates to help you plan your business; ensuring it gets started on a strong foundation.

Location: **Loveland Center For Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Date: **Wednesday, October 3, 2012**
8:00 am to 10:30 am

Cost: **$20** Loveland residents **$30** for non-Loveland residents

Details: Register on website: www.lovelandcenterforbiz.org

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LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

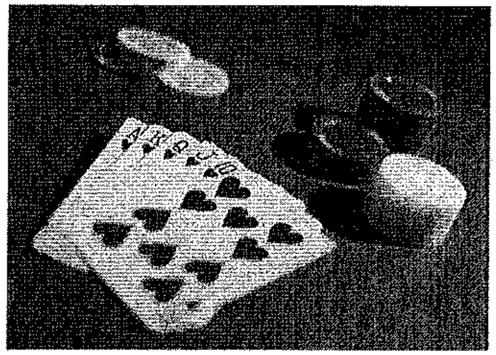
Place Your Chips in the Right Corner....

It's Not The Website!

Presented by Tara Tooley and Samson Jagoras of MadWire Media

Are you gambling with you marketing dollars? There is no need to gamble when you have a good hand.

There are a lot of website templates out there, all offering a quick, easy way to get your business on the big World Wide Web. Unfortunately, many business owners believe that's all they'll need to be competitive- a new website. It's not! In fact, having a website will offer little benefit to your business if you're not going to be promoting it. To be competitive in your market area, you'll need to spend a little money on marketing.



How much are you budgeting for marketing every month, and where are you spending it? Are you placing your chips in the right corner? Do you know where that corner is? It's the one with the highest ROI (return on investment) and it's where you need to be placing most of your advertising dollars.

Location:	**Loveland Center for Business Development** 441 E. 4th Street, Suite 101a Loveland, CO 80537 (970) 667-4106
Date:	**Thursday, October 4, 2012** 3:30 pm to 4:30 pm
Details:	Register at: www.lovelandcenterforbiz.org under workshops & events tab
Cost:	**$20**—Call with a Visa or Mastercard payment or drop by a check.

City of Loveland

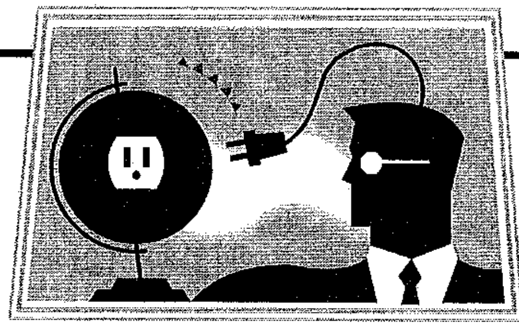
LOVELAND CENTER *for* BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

GROWING YOUR BUSINESS THROUGH FACEBOOK

PRESENTED BY: DAVID WALKER

MyWebBarn.com—online marketing, website design and social media



Social Media tools have forever changed how the world does businesses today. Most people have a personal Facebook account, but are not sure how to use it for business.

Don't be left behind as businesses shift to social networks like Facebook. This class will help you understand all the steps involved in using Facebook as a specific tool to grow your business.

We will cover

- Why you need a Fan Page, and a Professional Profile, and how to set them up.
- How to use your Fan Page, and Profile to get new business.
- Effective Online Marketing Techniques specific to Facebook.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: **Tuesday, October 9 2012**
2:30 pm to 5:00 pm

Cost: **$30.00**—Payment reserves your seat, call with a Visa or MasterCard payment or drop by a check/cash.
48 hours cancellation notice is required to receive a refund.

Details: Register on our website: www.lovelandcenterforbiz.org

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LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

Pathways to Success
Business Start-up Workshops

Gain the knowledge you need to run your business successfully.

Finding Your Market Niche **Date: Thurs., Oct. 11**

Time: 8:00 am to 10:00 am ***Cost: $25.00***

Learn how to determine if there is a market for your product or service, identify your competition and discover trends in your industry.

Cash is King, cash flow basics **Date: Thurs., Oct. 11**

Time: 10:00 am to 12:00 pm ***Cost: $25.00***

A hands-on class to help you plan and understand the cash flow and cash needs of your business. When creating your business plan, the cash flow portion is a key element. This workshop is for new businesses.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Payment: Cash or check

To Register: Register on website: **www.lovelandcenterforbiz.org**
48 hours cancellation notice required for refund.

City of Loveland

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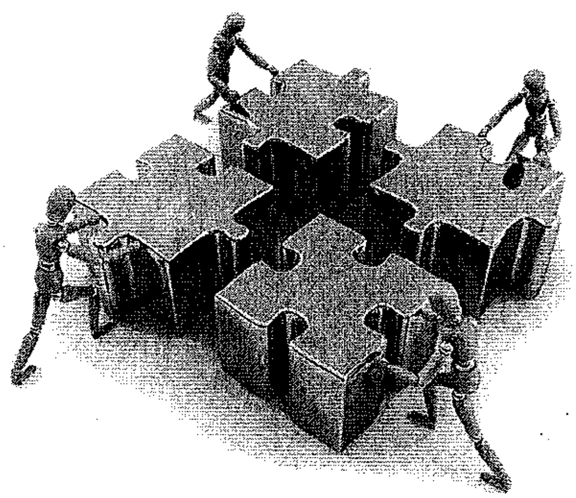
LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

Creating a Great Business Plan

Presented by: Robin D. Shukle

In this class you will learn the key elements of a successful business plan and why creating a business plan is an essential step for any entrepreneur or business owner.
This course will guide you in creating your own individual business plan and provide you the tools to make it easy.



Location: **Loveland Small Business Development Center**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Date: **Wednesday, October 17, 2012**
8:00 am to 10:30 AM

Cost: $45.00

Details: Register on website, under events & workshops tab:
www.lovelandcenterforbiz.org

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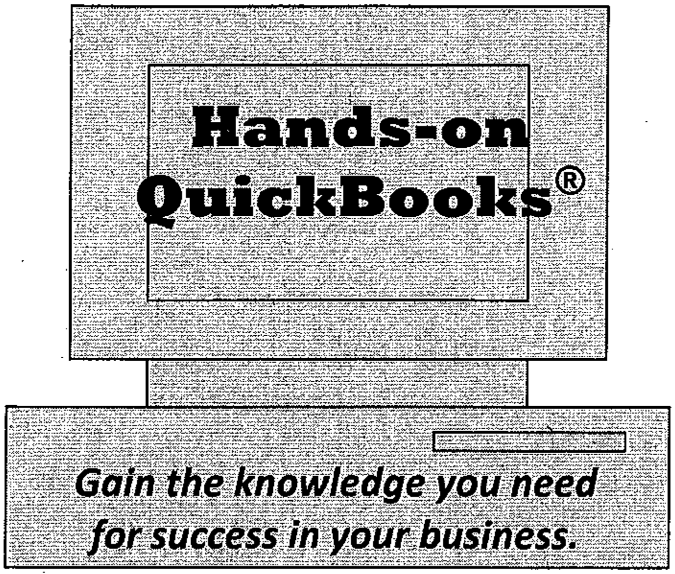
LCBD

LOVELAND CENTER *for* BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth



Presented by certified QuickBooks instructor:
Rose Melville, CPA

In this class, you will learn to set up a chart of accounts, reconcile your accounts, create and print invoices, receipts and statements, track your payables, inventory and receivables, create estimates and analyze your financials by generating reports. Prepare for tracking tax-related income and expenses; simplifying tax time requirements.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a
Loveland, CO 80537
(970) 667-4106

Date: **Saturday, October 20, 2012**
8:30 am to 4:30 pm
(one hour lunch break)

Cost: $120.00—Payment reserves your seat, you can call with a Visa or MasterCard payment or drop by a check/cash. Payment must be received prior to class date.

Details: Register on website: www.lovelandcenterforbiz.org
Register under workshop and events tab.

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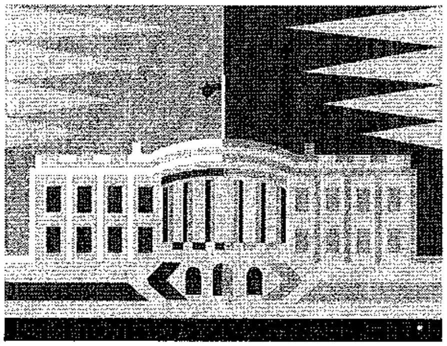
LOVELAND CENTER for
BUSINESS DEVELOPMENT
Fostering Entrepreneurship, Innovation & Growth

Selling to the Government 101

Presented by: Tom Thompson
Procurement Counselor Colorado PTAC



This is a basic level course intended for an audience that has little to no experience in government procurement process.

This class covers a broad spectrum of information starting with an overview of what PTAC is and can do for your company, a big picture view of the government acquisition process, registration requirement for companies, effective search methods for discovering opportunities, a practical approach to marketing. This is a great government primer and will provide audience members a good understanding of the global process of dealing with the government.

Location: **Loveland Center for Business Development**
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

Date: **October 23, 2012**

Time: **3:00 pm to 4:30 pm**

Cost: **$20.00**—Payment reserves your seat, call with a Visa or MasterCard payment or drop by a check/cash. Payment is expected prior to the class date.
48 hours cancellation notice is required to receive a refund.

Details: Register on website at: www.lovelandcenterforbiz.org

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City of Loveland

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LCBD

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

So You Want to Start a Business

Intro to business ownership

Presented by:
Robin D. Shukle, LCBD Executive Director

Loveland Center for Business Development
441 E. 4th Street, Suite 101a
Loveland, CO 80537
www.lovelandcenterforbiz.org
970.667.4106

Keep up with our updates and events on our Facebook fan page:
www.facebook.com/lovelandcenterforbiz

City of Loveland

So You Want To Start A Business

Intro to business ownership

Presented by Robin D. Shukle, LCBD Executive Director

LOVELAND CENTER for BUSINESS DEVELOPMENT
Fostering Entrepreneurship, Innovation & Growth

Goal

- To provide information and tools to help you objectively evaluate if business ownership is right for you and if your business idea can withstand the rigors of the competitive marketplace.
  - Fail early & fail fast – on paper!
- To prepare you to work efficiently and effectively with an LCBD business counselor.

LCBD Mission / Role

- The Loveland Center for Business Development provides high-quality and cost-effective small business assistance, information and support, which fosters the successful growth and development of small businesses and results in a positive long-term economic impact in our communities.

Overview

- **Its All About You**
- **Why New Businesses Fail**
- **Increasing Your Chance of Success**
- **Next Steps**
- **Questions**

It's All About You

"The only place where success comes before work is in the dictionary" *Vidal Sassoon*

"If I had only known, I would have been a locksmith." *Albert Einstein*

Are You An Entrepreneur?

- **Are you a self-starter?** It will be up to you to develop projects, organize your time, and follow through on details.
- **Do you get along with different personalities?** Can you deal with a demanding client, an unreliable vendor, or a cranky employee?
- **Are you good at making decisions?** Business owners are required to make decisions constantly.
- **Do you have the physical and emotional stamina to run a business?** Can you face working long hours, every week.

Are You An Entrepreneur?

- **Do you plan and organize well?** Good organization of financials, inventory, schedules, and production can help you avoid many pitfalls.
- **Is your drive strong enough?** Running a business can wear you down emotionally. Burn out can occur quickly from having to carry all the responsibility for the success of the business.
- **Will your family be supportive during the difficult times of running a business?** There may be financial difficulties until the business becomes profitable, which could take months or years.

What Does It Take?

FICTION: To be an entrepreneur, you must be born that way.

FACT: Anyone can <u>learn</u> to operate like an entrepreneur.

BOTTOM LINE: Are you willing to learn?

Can you learn / change / react to meet the ever changing demands of your business?

Skills Every Entrepreneur Needs to Learn And/Or Develop

- **Sales Ability**
  - Handout: What It Takes To Sell

- Time Management
- Financial Management
- Organization Skills
- Self-Motivation

- Self-Confidence
- Business Ethics
- Willingness to Learn / Ask Questions / Ask For Help
- Communication Skills
- Change Management

Skills To Help You Succeed

Two traits for successful entrepreneurs are: **creativity** and **innovation.**

Creativity is being able to create new ideas and ways to solve problems that provide real opportunities.

Can you improve your creativity? **YES!**

- Gather as much information as you can (read, talk with experts, etc.); brainstorm over time.

Innovation is something that is invented (ex. CDs), or something that is created from an existing idea or product (ex. Super Wal-Mart).

Where do innovative ideas come from?

- Unsatisfied customers
- Demographic changes in society
- Vision
- Luck
- Imagination
- Problem Solving

Why Businesses Fail

"Every choice you make has an end result" *Zig Ziglar*

"You can't do today's job with yesterday's methods and be in business tomorrow." *Peter Drucker*

Reality: Business Failure Rates

According to Dun & Bradstreet:

- Businesses with fewer than 20 employees have only a 37% chance of surviving four years (of business) and only a 9% chance of surviving 10 years.
- Restaurants only have a 20% chance of surviving 2 years.
- Of these failed business, only 10% of them close involuntarily due to bankruptcy and the remaining 90% close because the business was not successful, did not provide the level of income desired or was too much work for their efforts.

According to the Small Business Administration (SBA):

- 51% of new businesses survive five years.

SBA: Why Businesses Fail

The top reasons that businesses fail are:

- Lack of experience
- Unrealistic expectations
- Insufficient capital (money)
- Poor location
- Poor inventory management
- Over-investment of fixed assets
- Poor credit arrangements
- Unexpected growth
- Insufficient market / industry research
- Overly optimistic sales projections
- Incorrect pricing
- Cashflow management (liquidity)

Lack of an integrated business strategy and operating plan.

E-conomy: Why Businesses Fail

In the U.S. alone, the number of internet users (about 70% of the population) and e-commerce sales (about 70 billion in 2004, according to the Census Bureau) continue to rise and are expected to increase with each passing year. In 2009, the SBA reports that 83% of consumers sought business information on-line.

Implication:

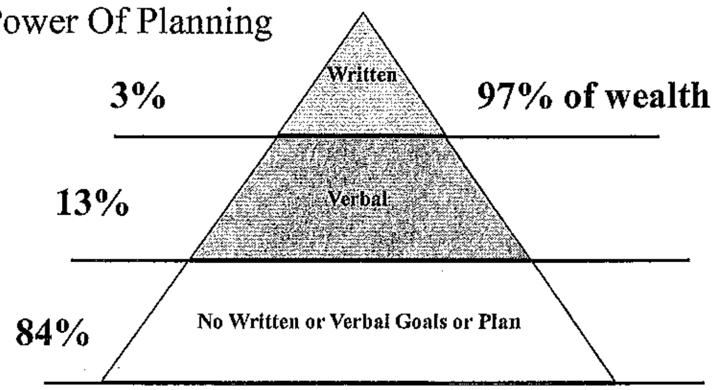
- your business must be an e-destination
  Search Engine Optimization (SEO): key word searches
- your business must have a well defined niche
  destination marketing / customer waterfall
- your business must have an on-line presence
  social media

Increasing Your Chance of Success

"By failing to prepare, you are preparing to fail."
Benjamin Franklin

Increasing Your Chance of Success

The Power Of Planning



Only 3% of people have written goals and plans; these people account for 97% of the wealth. Time frame 10 years.

Reference: "Goals" by Brian Tracy, p. 12

Increasing Your Chance of Success

EXPLORE: This Class (So You Want To Start A Business)

DEFINE: Business Plan / Business Case
- Creating a Great Business Plan Class

DECIDE: Pathways To Success Class Series
- First Step, Cash is King – Profitability
- Next Step, Finding Your Market Niche - Marketing
- Next Step, Entity Selection and Registration

BUILD: Integrated business plan, financial model & operating plan

REFINE: Make an appointment to see an LCBD Counselor

⇩

CONNECT: Launch your business, execute to plan, and connect with your target market

Next Steps – Define Your Business

1. **What are my business goals? Can I define my idea? Can I articulate the value proposition of my idea (elevator pitch)? Is there a market for my goods / services? What does my product / service provide my customers? What am I charging?**

   1 Page Business Plan Extract:

   - Complete the one page business plan extract.
   - Update and build upon your business plan as you work through the decision criteria / deliverables.

   Business Failure: Unrealistic expectations, lack of experience, insufficient market / industry growth, incorrect pricing

   Additional Help: Creating a Great Business Plan Class, Public library, internet research.

Next Steps – Decide

2. **Can my business idea be profitable? How much money am I going to need? How much money am I going to need to borrow?**

   Cashflow Analysis:

   - Complete on the monthly cash flow projection form: #5 **CASH PAID OUT**. Note: (w) Owner's Withdrawal – *how much do you need to support yourself.*
   - Total **#6 TOTAL CASH PAID OUT** – add figures for each column Pre-Start-up and each month.

   Business Failure: Lack of capital, poor credit terms, over investment & use of business funds for personal expenses, lack of liquidity.

   Additional Help: Cashflow class

Next Steps – Decide

3. **Who are my ideal customers? Who are my competitors? How have I defined the customer experience? How am I different?**

   Destination Marketing Plan / Approach:

   - Answer / complete questions on outline page 1.
   - Review / think through Waterfall Approach to Marketing
   - SWOT Analysis – Strengths, Weakness, Opportunities & Threats
     - Both for the business and personally

   Business Failure: Poor location, poor inventory, competition, sales.

   Additional Help: Marketing class, Social Media Class, Public Library Business Resource Center, Internet Research

Next Steps – Decide

4. **What type of business (legal entity) should I be? Does that entity type facilitate my business goals? What are the requirements of my business form? What are my tax remittance responsibilities?**

Colorado Resource Guide: Summary Resource

<u>Business Failure:</u> Unrealistic expectations, insufficient capital (money)

<u>Additional Help:</u> Business Entity Selection Class
Business Recordkeeping Classes
City & County Tax Classes
SBA Web Sites, Colorado Secretary of State Office

Increasing Your Chance of Success

"When I started out in business, I spent a great deal of time researching every detail that might be pertinent to the deal I was interested in making. I still do the same today."
Donald Trump

Some people dream of success... while others wake up and work hard at it. *Unknown*

"Long-range planning works best in the short term."
Doug Evelyn

Increasing Your Chance of Success

EXPLORE:	This Class (So You Want To Start A Business)
DEFINE:	Business Plan / Business Case - Creating a Great Business Plan
DECIDE:	Pathways To Success Class Series - Cash is King – Profitability - Finding Your Market Niche – Marketing - Entity Selection and Registration
BUILD:	Integrated business model, strategy, & operating plan
REFINE:	Make an appointment to see an LCBD Counselor
CONNECT:	Launch your business, execute to plan, and connect with your target market

Notes From A Reluctant Entrepreneur

"It was the best of times, it was the worst of times ……." *Charles Dickens*

Lessons Learned ….

- Manage your risk – insurance, contracts, compensation
- Understand and use your financial statements to manage your business
- 3D Principle – Double Duty Dollar – ROI on every dollar spent
- Manage on a cash basis. Credit has a cost.
- Conservation: time and money – the two most precious assets.
- Impact on family – not a 9 -5 job; no paid vacation, no paid sick days.
- Make time to work on the business, not just in the business.
- Get it right the first time. Rework takes time and money.
- Consider purchasing an existing business.

However …. Unbelievable sense of accomplishment; the business is yours! Success is yours alone.

Questions

Monthly Cash Flow Projections

NAME OF BUSINESS							
	Pre-Start-up Position	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
1. CASH ON HAND (Beginning of the month)							
2. CASH RECEIPTS a) Cash Sales							
b) Collections from Credit Accounts							
c) Loan or Other Cash injection (specify)							
3. TOTAL CASH RECEIPTS (2a + 2b + 2c = 3)							
4. TOTAL CASH AVAILABLE (before cash paid out) (1 + 3)							
5. CASH PAID OUT: a) Inventory Purchases							
b) Gross Wages (excludes withdrawals)							
c) Payroll Expenses							
d) Outside Services							
e) Supplies (Office and Operating)							
f) Repairs and Maintenance							
g) Advertising							
h) Car, Delivery and Travel							
i) Professional Services							
j) Rent							
k) Telephone							
l) Utilities							
m) Insurance							
n) Taxes							
o) Interest							
p) Other Expenses (specify)							
• Credit Card Fees							
• Unexpected Expenses							
q) Misc. Expenses							
r) Subtotal							
s) Loan Principal Payment							
t) Capital Purchases (specify)							
u) Other Start-up Costs							
v) Reserve and/or Escrow (specify)							
w) Owner's Withdrawal							
6. TOTAL CASH PAID OUT (Total 5a thru 5w)							
7. CASH POSITION (End of month) (4 minus 6)							
ESSENTIAL OPERATING DATA (Non-cash flow information) A. Sales Volume (dollars)							
B. Accounts Receivable (end of month)							
C. Bad Debt (end of month)							
D. Inventory on Hand (end of month)							
E. Accounts Payable (end of month)							
F. Depreciation							

1. CASH ON HAND (Beginning of the month)	Cash on hand same as (7), *Cash Position* from previous month
2. CASH RECEIPTS	
a) Cash Sales	All cash sales
b) Collections from Credit Accounts	Projected payments on credit accounts
c) Loan or Other Cash injection (specify)	Indicate here all cash injections not shown in 2(a) or 2(b) above. See "A" of "Analysis"
3. TOTAL CASH RECEIPTS (2a + 2b + 2c = 3)	Self-explanatory
4. TOTAL CASH AVAILABLE (before cash paid out) (1 + 3)	Self-explanatory
5. CASH PAID OUT:	
a) Inventory Purchases	Merchandise for resale or use in product (paid in current month)
b) Gross Wages (excludes withdrawals)	Base pay plus overtime (if any) including owner's wages
c) Payroll Expenses	Payroll taxes, health insurance, unemployment insurance etc.
d) Outside Services	This could include outside labor and/or material for specialized or overflow work, including subcontracting
e) Supplies (Office and Operating)	Items purchased for use in the business (not for resale)
f) Repairs and Maintenance	Include large expenditures such as painting or decorating
g) Advertising	This amount should be adequate to maintain sales volume
h) Travel and Entertainment	Personal car expenses and entertainment
i) Professional Services	Outside services, including bookkeeping, accounting, legal, etc.
j) Rent	Real Estate only. See 5(p) for other rentals
k) Telephone	Self-explanatory
l) Utilities	Water, heat, light, and/or power
m) Insurance	Coverages on business property and products e.g. fire, liability, workman's comp, etc.
n) Taxes	Real Estate, inventory, excise tax, etc.
o) Interest	Remember to add interest on loan as it is injected (see 2(c) above)
p) Other Expenses (specify)	Unexpected expenditures may be included here as a safety factor
• Credit Card Fees	Estimate 5% of credit card sales
• Unexpected Expenses	Unexpected expenses (calculate 20% of total expenses)
	Equipment expenses during the month should be included here (non-capital equipment)
	When equipment is rented or leased, record payment here
q) Misc. Expenses	Small expenditures for which separate accounts would not be practical
r) Subtotal	This subtotal indicates cash out for operating costs
s) Loan Principal Payment	Include payment on all loans, including vehicle and equipment purchases on time payment
t) Capital Purchases (specify)	Non-expensed (depreciable) expenditures such as equipment, building, vehicle purchases, & leasehold improvements
u) Other Start-up Costs	Expenses incurred prior to first month projections and paid for after the "Pre-Start-up" position
v) Reserve and/or Escrow (specify)	Example: insurance, tax or equipment escrow to reduce impact of large periodic payments
w) Owner's Withdrawal	Includes payment for such things as owner's income tax, social security, health ins., "executive" life insurance premiums, etc.
6. TOTAL CASH PAID OUT (Total 5a thru 5w)	Self-explanatory
7. CASH POSITION (End of month) (4 minus 6)	Enter this amount in (1) *Cash On Hand* following month - See "A" of "Analysis"
ESSENTIAL OPERATING DATA (Non-cash flow information)	This is basic information necessary for proper planning and for proper cash flow projection.
A. Sales Volume (dollars)	Actual sales
B. Accounts Receivable (end of month)	Previous unpaid credit sales plus current month's credit sales, less amount received current month (deduct "C" below)
C. Bad Debt (end of month)	Bad debts should be subtracted from (B) in the month anticpated
D. Inventory on Hand (end of month)	Last month's inventory puls merchandise received and/or manufactured in current month minus amount sold current month
E. Accounts Payable (end of month)	Previous month's payable plus current month's payable minus amount paid during current month
F. Depreciation	Established by your accountant, or value of all your equipment divided by useful life (in months) as allowed by IRS

Business Plan Extract

The real value of creating a business plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your business in a systematic way. The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

General Company Description

What business will you be in? What will you do?

Mission Statement: Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan, followed by:

Company Goals and Objectives: Goals are destinations—where you want your business to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. Objectives might be annual sales targets and some specific measures of customer satisfaction.

Business Philosophy: What is important to you in business?

To whom will you market your products? (State it briefly here—you will do a more thorough explanation in the *Marketing Plan* section).

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them?

Describe your most important company strengths and core competencies. What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?

Legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? Why have you selected this form?

Product / Service Description

Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

What are the pricing, fee, or leasing structures of your products or services?

Top Five Traits You Gotta Have to Sell *by Kimberly L. McCall*

Stellar sellers and entrepreneurs share great commonality, including personality traits. An entrepreneur will excel because she has such enthusiasm for her service, and her ebullience is embraced by prospects accustomed to the same-old, same-old hackneyed pitches. A great closer will possess an aura of competence and zeal that makes him top of the board each month.

To understand the valuable qualities in selling, I asked experts and business owners what characteristics allow a salesperson to transcend the trite.

1. Creativity. Having an appreciation for the non-obvious solution is a must if a sales pro is going to outpace the pack. While an average salesperson depends on business cards and leave-behinds, a true rainmaker brings a "unique vision to his work that makes him stand out," says Wendy Weiss, a.k.a. "The Queen of Cold-Calling" and president of Weiss Communications, a sales training and coaching company in New York City.

2. Passion. Genuine love for a product gets salespeople through the inevitable dark times, and it makes their offers all the more irresistible to their clients. Passion, like creativity, cannot be faked, so it has great weight with customers.

Paul R. DiModica is president of DigitalHatch Inc., a sales training business for high-tech firms in Peachtree City, Georgia. DiModica ranks passion as the number-one characteristic a salesperson needs. "You must believe in what you sell," he says. "This belief is communicated to the prospect invisibly."

3. Integrity. Why are used-car salesmen so poorly regarded? Because the perception is that they lack integrity and that they'll say anything to get the sale. Dave Condensa, CEO and founder of Helio Solutions, an IT consulting firm in Sunnyvale, California, thinks integrity tops the list of qualities salespeople need. "We're building a relationship, and it's imperative that the customer trusts the salesperson."

Feeling good about a purchase is a hallmark of buying from a salesperson with integrity. "Trust brings [customers] back, and that's a key factor to the success of any salesperson," adds Condensa. The importance of selling with integrity has been heightened by the recent poor ethical and financial performance of huge corporations. Says DiModica, "Customers still buy the salesperson."

4. Tenacity. Shelving feelings of rejection to keep plugging away is another essential requirement for sales success. "It takes personal courage to get up every morning and say 'I am going to be the best,'" says DiModica. It also requires a certain steely quality to persist in the wake of one dismissal after the next. Weiss agrees: "Sales requires someone who can always see possibilities, even in difficult situations."

5. Commitment. The sales cycle for any big deal can typically take months, even years. Keeping an eye on the prize, while continuing to sell to other prospects simultaneously, takes commitment. "Selling is never easy," explains DiModica. "You must have a burning desire." Weiss also believes that success is the result of a person's "willingness and intent to make things happen."

On the flip side, certain traits will surely doom any salesperson to the also-ran heap: lack of integrity, for instance. "Integrity means the person will always attempt to do the right thing for the company and the customers," says Weiss.

DiModica also points to not being prepared when trying to make a sale. "You can't just pick up the phone and call a prospect because your contact manager says it's time."

And, of course, there's the ultimate vice: dishonesty. Condensa warns: "You ruin the chance of repeat or referral business."

The preceding is an excerpt from Sell it, Baby! Marketing Angel's 37 Down-to-Earth & Practical How-To's on Marketing, Branding & Sales, by Kimberly L. McCall (a.k.a. Marketing Angel).

SBA
Office of Advocacy
www.sba.gov/advo

Frequently Asked Questions

Advocacy: the voice of small business in government

What is a small business?

The Office of Advocacy defines a small business for research purposes as an independent business having fewer than 500 employees. Firms wishing to be designated small businesses for government programs such as contracting must meet size standards specified by the U.S. Small Business Administration (SBA) Office of Size Standards. These standards vary by industry; see www.sba.gov/size.

How important are small businesses to the U.S. economy?

Small firms:

- Represent 99.7 percent of all employer firms.
- Employ just over half of all private sector employees.
- Pay 44 percent of total U.S. private payroll.
- Have generated 64 percent of net new jobs over the past 15 years.
- Create more than half of the nonfarm private gross domestic product (GDP).
- Hire 40 percent of high tech workers (such as scientists, engineers, and computer programmers).
- Are 52 percent home-based and 2 percent franchises.
- Made up 97.3 percent of all identified exporters and produced 30.2 percent of the known export value in FY 2007.
- Produce 13 times more patents per employee than large patenting firms; these patents are twice as likely as large firm patents to be among the one percent most cited.

Source: U.S. Dept. of Commerce, Bureau of the Census and International Trade Admin.; Advocacy-funded research by Kathryn Kobe, 2007 (www.sba.gov/advo/research/rs299tot.pdf) and CHI Research, 2003 (www.sba.gov/advo/research/rs225tot.pdf); U.S. Dept. of Labor, Bureau of Labor Statistics.

What share of net new jobs do small businesses create?

Firms with fewer than 500 employees accounted for 64 percent (or 14.5 million) of the 22.5 million net new jobs (gains minus losses) between 1993 and the third quarter of 2008. Continuing firms accounted for 68 percent of net new jobs, and the other 32 percent reflect net new jobs from firm births minus those lost in firm closures (1993 to 2007).

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics. Note that the methodology used for the figures above counts job gains or losses in the actual class size where they occurred.

How many businesses open and close each year?

An estimated 627,200 new employer firms began operations in 2008, and 595,600 firms closed that year. This amounts to an annual turnover of about 10 percent for entry and 10 percent for exit. Nonemployer firms have turnover rates three times as high as those of employer firms, mostly because of easier entry and exit conditions.

Starts and Closures of Employer Firms, 2004–2008

Category	2004	2005	2006	2007	2008
Births	628,917	644,122	670,058	663,100e	627,200e
Closures	541,047	565,745	599,333	571,300e	595,600e
Bankruptcies	34,317	39,201	19,695	28,322	43,546

Notes: e = Advocacy estimate. Bankruptcies include nonemployer firms. For a discussion of methodology, see Brian Headd, 2005 (www.sba.gov/advo/research/rs258tot.pdf).

Source: U.S. Dept. of Commerce, Bureau of the Census; Administrative Office of the U.S. Courts; U.S. Dept. of Labor, Employment and Training Administration.

What is small firms' share of employment?

Small businesses employ just over half of U.S. workers. Of 119.9 million nonfarm private sector workers in 2006, small firms with fewer than 500 workers employed 60.2 million and large firms employed 59.7 million. Firms with fewer than 20 employees employed 21.6 million. While small firms create a majority of the net new jobs, their share of employment remains steady since some firms grow into large firms as they create new jobs. Small firms' share of part-time workers (21 percent) is similar to large firms' share (18 percent).

Source: U.S. Dept. of Commerce, Bureau of the Census: Statistics of U.S. Businesses, Current Population Survey.

How many small businesses are there?

In 2008, there were 29.6 million businesses in the United States, according to Office of Advocacy estimates. Census data show that there were 6.0 million firms with employees in 2006 and 21.7 million without employees in 2007 (the latest available data). Small firms with fewer than 500 employees represent 99.9 percent of the 29.6 million businesses (including both employers and nonemployers), as the most recent data show there were about 18,000 large businesses in 2006.

Source: Office of Advocacy estimates based on data from the U.S. Dept. of Commerce, Bureau of the Census, and U.S. Dept. of Labor, Employment and Training Administration.

What is the survival rate for new firms?

Seven out of ten new employer firms last at least two years, and about half survive five years. More specifically, according to new Census data, 69 percent of new employer establishments born to new firms in 2000 survived at least two years, and 51 percent survived five or more years. Firms born in 1990 had very similar survival rates. With most firms starting small, 99.8 percent of the new employer establishments were started by small firms. Survival rates were similar across states and major industries.

Source: U.S Dept. of Commerce, Bureau of the Census, Business Dynamics Statistics. Note that the figures could be skewed slightly by the rare occurrence of new firms opening multiple establishments in their first few years.

Updated September 2009

How are small businesses financed?

Commercial banks and other depository institutions are the largest lenders of debt capital to small businesses. They accounted for almost 65 percent of total traditional credit to small businesses in 2003. (This includes credit lines and loans for nonresidential mortgages, vehicles, equipment, and leases.) Credit cards account for much of the growth in small business lending over the past few years. For more information, see Advocacy's annual publication, *Small Business Lending in the United States* (**www.sba.gov/advo/research/lending.html**).

How do regulations affect small firms?

Very small firms with fewer than 20 employees annually spend 45 percent more per employee than larger firms to comply with federal regulations. These very small firms spend four and a half times as much per employee to comply with environmental regulations and 67 percent more per employee on tax compliance than their larger counterparts. For data broken out by industry, see **www.sba.gov/advo/research/rs264tot.pdf**.

Annual Cost of Federal Regulations by Firm Size, All Business Sectors (Dollars)

Type of Regulation	Cost per Employee for Firms with:	
	<20 Employees	500+ Employees
All Federal Regulation	$7,647	$5,282
Environmental	3,296	710
Economic	2,127	2,952
Workplace	928	841
Tax Compliance	1,304	780

Source: *The Impact of Federal Regulations on Small Firms*, an Advocacy-funded study by W. Mark Crain, 2005 (**www.sba.gov/advo/research/rs264tot.pdf**).

Whom do I contact about regulations?

To submit comments on proposed regulations, send email to advocacy@sba.gov or visit Advocacy's regulatory alerts page at www.sba.gov/advo/laws/law_regalerts.html. To inquire about unfair regulatory enforcement, contact SBA's Office of the National Ombudsman at **ombudsman@sba.gov**.

What is the role of women, minority, and veteran entrepreneurs?

Of the 23 million nonfarm businesses in 2002, women owned 6.5 million businesses, generating $940.8 billion in revenues, employing 7.1 million workers, and paying $173.7 billion in payroll. Another 2.7 million firms were owned equally by both women and men. Also in 2002, minorities owned 4.1 million firms that generated $694 billion in revenues and employed 4.8 million people. Hispanic Americans owned 6.6 percent of all U.S. businesses; African Americans, 5 percent; Asian Americans, 4.6 percent; American Indians or Alaska Natives, 0.8 percent; and Native Hawaiian or other Pacific Islanders, 0.1 percent. Veterans made up 14 percent of all owners in 2002, and 7 percent of them were service-disabled.

In 2007, the overall rate of self-employment (unincorporated and incorporated) was 10 percent, and the rate was 7.1 percent for women, 7.4 percent for Hispanic Americans, 5.2 percent for African Americans, 10.1 percent for Asian Americans and Native Americans, and 14.4 percent for veterans. According to a recent study, service-disabled veterans were less likely than non-service-disabled veterans to be employed, and they had lower self-employment rates.

Source: U.S. Dept. of Commerce, Bureau of the Census, Survey of Business Owners; Office of Advocacy: *Women in Business* (**www.sba.gov/advo/research/rs280.pdf**) and *Minorities in Business* (**www.sba.gov/advo/research/rs298.pdf**); Open Blue Solutions, 2007 (**www.sba.gov/advo/research/rs291tot.pdf**), and Office of Advocacy: *The Small Business Economy, 2009* (Table A.13, **www.sba.gov/advo/research/sbe.html**).

What research exists on the cost and availability of health insurance?

For many years, the cost and availability of health insurance have been top small business concerns. These concerns are driven by premium increases and administrative costs. Advocacy research shows that: (1) insurers of small health plans have higher administrative expenses than those that insure larger group plans, and (2) employees at small firms are less likely to have coverage than the employees of larger entities.

A Kaiser Family Foundation study confirmed the connection between the size of a firm and whether it offers health insurance. The Kaiser survey shows that about half of businesses with fewer than 10 workers offer health benefits to their employees. The ratio grows to about three-fourths for firms with 10–24 employees, to almost 90 percent for firms with 25–49 employees, and to 98 percent for firms with 200 employees or more. Two-thirds of workers in firms of all sizes take health insurance coverage when offered.

Overall in 2007, small firm employees were almost twice as likely as large firm employees to be uninsured (24.6 percent vs.12.6 percent, respectively).

Source: National Federation of Independent Business; Kaiser Family Foundation; Advocacy-funded research by Rose C. Chu and Gordon R. Trapnell, 2003 (**www.sba.gov/advo/research/rs224tot.pdf**); Joel Popkin and Company, 2005 (**www.sba.gov/advo/research/rs262tot.pdf**); and Econometrica, Inc., 2007 (**www.sba.gov/advo/research/rs295tot.pdf**); and Office of Advocacy: *The Small Business Economy, 2009* (**www.sba.gov/advo/research/sbe.html**).

How can I get more information?

For more information, visit Advocacy's website: www.sba.gov/advo. Specific points of interest include:

- Economic research: **www.sba.gov/advo/research**.
- Firm size data (U.S., state, and metropolitan static and dynamic data): **www.sba.gov/advo/research/data.html**.
- Small firm lending studies: **www.sba.gov/advo/research/lending.html**.
- Small business profiles by state and territory: **www.sba.gov/advo/research/profiles**.
- *The Small Business Advocate* newsletter: **www.sba.gov/advo/newsletter.html**.

For email delivery of Advocacy's newsletter, press, regulatory news, and research, sign up at **http://web.sba.gov/list**. For RSS feeds, visit **www.sba.gov/advo/rsslibrary.html**. Direct questions to (202) 205-6533 or **advocacy@sba.gov**.

The SBA's Office of Advocacy was created by Congress in 1976 to protect, strengthen, and effectively represent the nation's small businesses within the federal government. As part of this mandate, the office conducts policy studies and economic research on issues of concern to small business and publishes data on small business characteristics and contributions. For small business resources, statistics, and research, visit the Office of Advocacy's home page at www.sba.gov/advo.

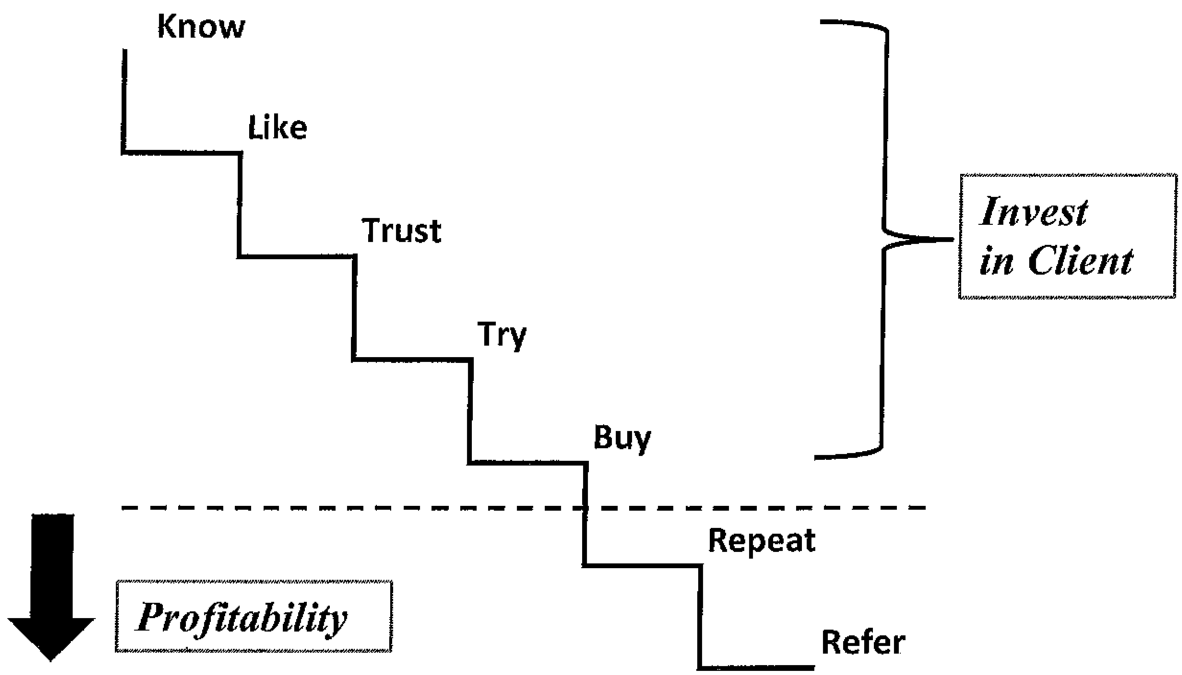
Destination Marketing: Marketing Plan
Premise: Destination Marketing is a System

Marketing Plan Template:

1. **Marketing Map**
   a. Business goals and gaps
   b. What is your higher purpose mantra? Clients look to you for… passion, knowledge, vision – *define ideal customer experience*
   c. Definition of marketing baseline – *define metrics and measures*
      - Number of leads created – *lead generation is about being found.*
      - Percent of leads converted – *huge top line impact.*
      - Average dollar amount spent per customer – *creates products and services – charge premium.*
      - Number of transactions per year / per customer
      - Results per customer – *value vs price*

2. **Ideal Customer / Differentiation**
   a. Ideal Customer – who is ideal customer? Ideal is customer that values you, is profitable and refers to you. If the customer's first question is price, then you have an issue with competitive differentiation. If customer can't differentiae on value, they will differentiate on price. These days – good service is a commodity. You are striving for a deeper connection with client. Idea is to narrow client pool to enable a tailored customer experience
      - Demographics
      - Psychographics
      - Behavior
   b. Baseline
      - Create a spreadsheet of all customers. List all relevant data, such as:
         1. Demographics
         2. Size
         3. Gender / Age
         4. Profitability / $$ Spent
         5. Type of car
         6. Service usage – how often, what, how much
      - Plot trends – narrow customer focus
      - Sketch client focus
   c. Differentiate – may want to consider interviewing 8-10 clients. Ask them why they chose you, what do you do that others do not, why they refer to you (if they do)??
      - Service: What you do, not a service description
      - Complementary business statement – describes the experience
      - Position / Goal statement
      - Core Marketing Message
      - Alignment with Brand

Waterfall Approach to Marketing



Waterfall: Must define and lead customers through the process

Know - articles, ads, referrals

Like - web site, newsletter

Trust - marketing kit, white papers, sales presentations

Try - webinar, evaluations, Nurturing...entry point nurture and educate

Buy - service team, new customer kit

Repeat - post job survey, cross sell, quarterly events

Refer - results review, partner introductions

Action Steps:

What is free / local offer

What is a starter offer

What is an easy to switch product

What is core offering

What are add-ons

What are member only offerings

What is strategic partner offering

S.W.O.T.

Strengths	Weaknesses

Opportunities	Threats

www.sba.gov

Small Business Administration

Manage your business from start to finish. This site includes a **Small Business Planner** with resources on finding a mentor, buying a business or a franchise, forecasting, insurance, selling your business and much more.

Also included on this site is an on-line Business **Self Assessment Tool.**

http://library.fcgov.com/adult/business/

Poudre River Public Library District

Business and Nonprofit Center

- Access to www.biztoolkit.org — a free gateway to help businesses explore, begin, grow, manage and mature their business
- Resources for nonprofits
- Small Business Resource Center—for business research
- Access to Reference USA

Websites to help you start, grow and succeed in business.

www.colorado.gov/cbe/stepsNew.html

Colorado Business Express Website

Includes a **Custom Resource Guide**—to assist you in locating resources in your area that will help your business grow and thrive.

Find the links you need...

- Business Resource Library
- Obtain Federal Employer Identification Number (FEIN)
- Employers Setup Your Unemployment Insurance Tax ID
- Register Your Business for a Sales Tax ID
- Business Licensing and Registration

Handout compiled by the Loveland Center for Business Development. Contact each agency listed for most up to date publications, regulations, etc.

www.cspotcount.com

Northern Colorado's Start-up Center

Established by a Fort Collins CPA

Step by step process of going into business with illustrative examples.

www.coloradosbdc.org

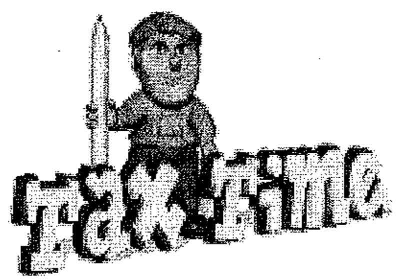
Colorado Small Business Development Center Network

Answers to the top ten most frequently asked questions about starting a business.

City of Loveland
FREE Sales Tax Seminars

The City of Loveland, Colorado, Sales Tax Administration, offers FREE sales tax seminars for anyone interested in learning about sales tax procedures. Subjects include; identification of taxable and exempt property, documentation procedures, filing requirements and record-keeping.

The sessions are held in the Council Chambers located at
500 E. 3rd Street.
8:30 a.m. - 10:00 a.m. for Sales Tax
10:30 am to noon for Construction Use Tax
To register for Sales Tax Seminar call: 970-962-2315.



2012 Sales Tax Seminar Dates
Tuesday, March 13th
Tuesday, June 12th
Tuesday, September 11th
Tuesday, December 11th

Construction Use Tax Education Program

The City of Loveland also offers free construction use tax educational seminars. Subjects include, but are not limited to, method of collection, calculations of construction, reconciliation work papers and final report.

2012 Construction Use Tax Seminar Dates

Tuesday, March 13th
Tuesday, June 12th
Tuesday, September 11th
Tuesday, December 11th

The Construction Use Tax Seminars are held from **10:30 am to noon** in the ***Council Chambers*** located at 500 E. Third Street in Loveland.

To register for Construction Use Tax Seminar
call the Building Division: (970) 962-2509

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

LCBD TRAINING EVALUATION

Training you've attended today: ______________________________ Date: ______________

Participant name: ______________________ Instructor(s) names(s): ______________________

Please rate the following using the scale below: **10 = Highest, 1 = Lowest.**

	10	9	8	7	6	5	4	3	2	1	n/a
1. How would you rate the skills, knowledge and quality of The instructor?	○	○	○	○	○	○	○	○	○	○	○
2. How likely are you to use the knowledge you received from this training event?	○	○	○	○	○	○	○	○	○	○	○
3. How likely are you to return to another training event?	○	○	○	○	○	○	○	○	○	○	○
4. How likely are you to return to the LCBD for counseling services?	○	○	○	○	○	○	○	○	○	○	○
5. How likely are you to refer other businesses to the LCBD?	○	○	○	○	○	○	○	○	○	○	○
6. How likely would you be to enroll in an online training event?	○	○	○	○	○	○	○	○	○	○	○

7. How can we improve? ______________________________

8. How did you hear about us? ______________________________

9. a) Which parts of the program were most helpful to you? ______________________________

   b) Which parts of the program were not helpful to you? ______________________________

Additional Comments/Observations: ______________________________

Loveland Center for Business Development
441 E. 4th Street, Suite 101a, Loveland, CO 80537
(970) 667-4106

sageworks Industry Data and Analysis

Industry: 722513 - Limited-Service Restaurants
Sales Range: All Sales Ranges
Data Source: Private Companies
Location: All Areas
Prepared On: 8/21/2012

INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Recent 12 Months (448)	2011 (491)	2010 (761)	All Years (6586)
Current Ratio	2.51	2.45	2.49	2.15
Quick Ratio	1.96	1.83	1.72	1.53
Gross Profit Margin	59.48%	60.19%	60.61%	60.74%
Net Profit Margin	3.06%	3.74%	2.97%	2.57%
Inventory Days	9.21	9.24	9.77	9.81
Accounts Receivable Days	0.56	0.55	0.52	0.50
Accounts Payable Days	24.62	22.47	20.75	23.64
Interest Coverage Ratio	26.67	22.47	23.33	22.50
Debt-to-Equity Ratio	3.38	3.54	3.50	3.73
Debt Service Coverage Ratio	5.97	6.15	5.31	5.40
Return on Equity	48.61%	46.39%	45.74%	41.46%
Return on Assets	18.09%	19.21%	14.43%	13.73%
Fixed Asset Turnover	3.62	3.50	3.63	3.74
Sales per Employee	$61,684	$65,673	$66,952	$53,618
Profit per Employee	$1,332	$3,967	$2,265	$2,450
Growth Metric	Recent 12 Months (241)	2011 (256)	2010 (419)	All Years (3191)
Sales Growth	9.25%	8.77%	6.71%	7.47%
Profit Growth	17.11%	20.24%	15.93%	18.05%

INDUSTRY DATA COMMON SIZE

Average by Year (Number of Financial Statements)

Income Statement	Recent 12 Months (448)	2011 (491)	2010 (761)	All Years (6586)
Sales (Income)	100.00%	100.00%	100.00%	100.00%
Cost of Sales (COGS)	40.52%	39.81%	39.39%	39.26%
Gross Profit	59.48%	60.19%	60.61%	60.74%
Depreciation	1.72%	1.70%	1.98%	2.01%
Overhead or S,G,& A Expenses	38.90%	39.11%	38.68%	40.64%
Payroll	25.66%	25.85%	26.55%	27.12%
Rent	7.61%	7.55%	7.54%	7.61%
Advertising	2.60%	2.62%	2.81%	3.07%
Other Operating Income	0.11%	0.12%	0.12%	0.11%
Other Operating Expenses	15.43%	15.34%	16.49%	15.40%
Operating Profit	3.45%	4.07%	3.49%	2.75%
Interest Expense	1.29%	1.29%	1.32%	1.32%
Other Income	0.07%	0.06%	0.08%	0.06%
Other Expenses	0.04%	0.04%	0.05%	0.03%
Net Profit Before Taxes	2.19%	2.80%	2.20%	1.46%
Adjusted Net Profit before Taxes	2.19%	2.80%	3.05%	2.14%
EBITDA	5.22%	5.82%	5.52%	4.82%
Taxes Paid	0.01%	0.01%	0.01%	0.01%
Net Income	2.18%	2.79%	2.19%	1.45%
Balance Sheet	Recent 12 Months (448)	2011 (491)	2010 (761)	All Years (6586)
Cash (Bank Funds)	12.84%	12.54%	12.21%	11.46%
Accounts Receivable	0.23%	0.24%	0.23%	0.21%
Inventory	3.34%	3.32%	3.37%	3.17%
Other Current Assets	2.51%	2.48%	2.74%	2.59%
Total Current Assets	29.68%	28.41%	29.23%	28.01%
Gross Fixed Assets	134.59%	134.30%	121.34%	115.92%
Accumulated Depreciation	78.51%	78.09%	67.02%	61.65%
Net Fixed Assets	56.08%	56.21%	54.32%	54.27%
Other Assets	14.24%	15.38%	16.44%	17.72%
Total Assets	100.00%	100.00%	100.00%	100.00%
Accounts Payable	7.24%	6.62%	6.58%	7.60%
Notes Payable / Current Portion of Long Term Debt	1.84%	1.97%	1.76%	1.48%
Other Current Liabilities	11.39%	10.70%	10.26%	11.92%
Total Current Liabilities	29.34%	28.69%	28.99%	28.54%
Total Long Term Liabilities	62.26%	60.87%	63.12%	60.89%
Total Liabilities	91.60%	89.56%	92.11%	89.44%
Preferred Stock	0.00%	0.00%	0.00%	0.00%
Common Stock	2.64%	2.51%	3.00%	2.76%
Additional Paid-in Capital	1.06%	1.10%	1.41%	1.07%

Other Stock / Equity	**4.26%**	**5.84%**	**1.70%**	**5.33%**
Ending Retained Earnings	**1.68%**	**4.70%**	**5.13%**	**4.35%**
Total Equity	**8.40%**	**10.44%**	**7.89%**	**10.56%**
Total Liabilities + Equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**

COMPANY-SPECIFIC / INDUSTRY RECOMMENDATIONS

LIQUIDITY

What are some potential ways to improve the company's ability to meet obligations as they come due?

- Use suppliers who can deliver when goods are needed. For example, suppliers who can reliably deliver within one day can make it easier for the business to keep inventory low, which will free up cash.
- Sell any unnecessary/unproductive equipment the business may have to increase cash. These are items that are not contributing sufficiently to the generation of income and cash flow.
- Prepare yearly forecasts that show cash flow levels at various points in time. Consider updating these forecasts on a monthly or even bi-weekly basis. This can help predict/prepare for potential cash shortfalls that may occur in the future.
- If necessary, term out some short-term debt by moving short-term debt down the Balance Sheet to long-term debt. This usually requires refinancing from the bank.
- Rent, rather than buy, equipment where appropriate. Over the long term this can help balance obligations (which are uses of cash) relative to liquid assets.
- Establish a sufficient line of credit with the bank. The business should obtain, but not necessarily use, as much financing as possible from the bank. External financing can be structured as long-term rather than short-term debt in order to keep monthly payments lower.
- Monitor the impact that tax payments may have on cash. Keep enough money aside to be able to meet future tax obligations based on earnings.
- Monitor the amount of cash that is being used for activities unrelated to the business. An example could be cash taken out of the business on draws to owners.
- Keep an accurate payables schedule on a week-by-week basis. This can help track which payments need to made each week, to avoid late charges and double billings.
- Set longer terms for Accounts Payable when possible. For example, increase a 30-day payment window to 60 days.

PROFITS & PROFIT MARGIN

What are some things the company might do to develop favorable profitability trends?

- Monitor supplies closely. Inventories are susceptible to theft and overuse by employees or others, which could cost the business a lot of money over time.
- Control portion sizes. Employees should be trained in preparing appropriate portions. Small increases in portion size can mean large slips in gross margin, as ingredient costs are typically about 33% of sales.
- Keep the restuarant environment positive and pleasant to retain employees, since turnover in this industry is high and replacing employees can be costly.
- Offer variations of menu items that do not add much additional expense but yield high returns. For instance, offer more options for coffee, which is a high-margin, low-cost item.
- Employ the right number of staff and make sure they are all working productively at all times. The restaurant should schedule employees by understanding peak and non-peak hours.
- Make sure menu items are contributing profit to the bottom line, not just increasing sales.

- Track how much return (additional sales) the business gets from increases in advertising. Advertising methods should be dictated by effectiveness.

- Save on costs by "going green". For example, consider using smaller napkins, paper instead of styrofoam packaging, or energy-efficient lighting, if applicable.

- Create monthly budgets with cost reduction goals that are broken down by account and entered into the accounting system. This will allow management to create "variance reports", which compare budgeted revenues and expenses with actual revenues and expenses.

- Create internal reports that identify the business's key performance indicators (KPIs), such as inventory turnover and customers served. KPIs help managers make good decisions by identifying the figures that are critical to performance.

- Eliminate or reduce unnecessary overhead or fixed costs to trim monthly expenses. Small decreases in overhead will typically yield large cash savings over time.

- Obtain an annual business check-up. Meet with an accountant or banker to review financial statements and get advice on how to improve performance.

- Generate accurate financial reports on a timely basis -- within 40 days of the end of the financial period. This will help ensure the usefulness of the data for examination purposes.

- Enroll the business in the right insurance program at a good price. Evaluate alternative insurance carriers who may be able to provide coverage at a lower cost.

- Reduce payroll costs (including any overtime expenses, as applicable) by maintaining an ideal number of employees and monitoring the number of hours that each employee works.

- Turn off the lights and air when the restaurant is closed. This can help save on utility expenses.

- Take advantage of volume discounts or other concessions with current suppliers. If these are not currently offered, negotiate for them.

- Search through multiple qualified vendors to get the best prices while maintaining quality. If the business is not continually reviewing/updating its existing and potential vendor lists, it may overspend on supplies and inventory.

SALES

What are some things the company can consider to encourage sales growth?

- Keep the restaurant clean. People value cleanliness and organization in a place where they eat food. Pay particular attention to restrooms, which should be cleaned at scheduled intervals.

- Have an attractive website. This will potentially increase revenue by providing another way for the business to display its menu. Consider listing menu items and nutrition facts on the website.

- Consider providing healthy options and smaller portions to attract health-conscious customers and increase menu variety.

- Offer seasonal menu items such as pumpkin pie during the fall months or fruit smoothies during the summer months.

- Make gift certificates readily available. This can attract new customers and help bring old customers back to the restaurant.

- Offer menu items at irregular parts of the day to increase customers. For example, expand hours and offer breakfast or smaller portion items meant for snacking between meals.

- Ensure that marketing materials are consistent throughout the business. Sometimes, marketing and advertising materials send different messages, which may confuse potential or existing customers.

- Read the latest market studies and industry news to make sure you are moving with current market trends rather than following fads.

- Display the achievements of the business where appropriate. For example, advertise awards won. This can help establish the business as a quality provider to potential customers.

- Consider offering discounts or promotions with other businesses near the restaurant to increase customer traffic.

IBISWorld

WHERE KNOWLEDGE IS POWER

Fine dining: Restaurants will add healthy items to capitalize on renewed demand

IBISWorld Industry Report 72211b

Single Location Full-Service Restaurants in the US

About this Industry

Industry Definition

This industry includes single-location, independent or family-operated restaurants that are primarily engaged in providing food services to patrons who order and are served while seated (i.e. waiter and waitress service) and pay after eating. These establishments may sell alcoholic and other beverages in addition to providing food services to guests.

Main Activities

The primary activities of this industry are

- Managing owner-operated full-service restaurants
- Managing family operated full-service restaurants
- Managing independent-operated (nonchain or nonfranchised) restaurants

The major products and services in this industry are

- American food
- Asian food
- Casual dining
- European food
- Mexican food
- Pizza shops

Similar Industries

72211a Chain Restaurants in the US
This industry includes chain or franchised restaurants that serve sit-down meals.

72241 Bars & Nightclubs in the US
This industry includes bars, taverns and nightclubs that prepare and serve alcoholic beverages.

72221b Coffee & Snack Shops in the US
This industry provides food services to patrons that generally order or select items and pay before eating.

72221a Fast Food Restaurants in the US
This industry provides food services to patrons that generally order or select items and pay before eating.

Additional Resources

For additional information on this industry

www.ift.org
Institute of Food Technologists

www.restaurant.org
National Restaurant Association

www.census.org
US Census Bureau

Industry at a Glance

Single Location Full-Service Restaurants in 2012

Key Statistics Snapshot

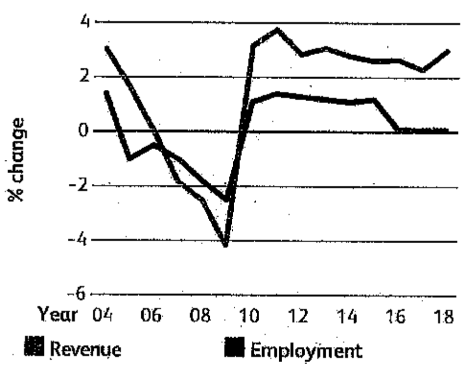
Revenue	Annual Growth 07-12	Annual Growth 12-17
$94.0bn	0.6%	2.7%
Profit	**Wages**	**Businesses**
$5.8bn	$32.6bn	202,410

Market Share

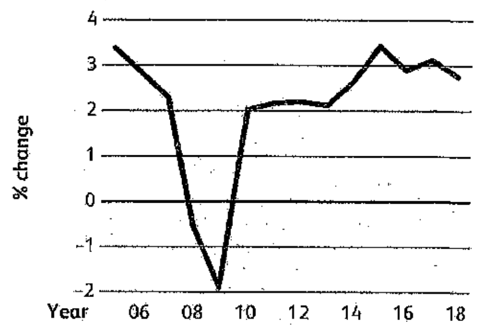
There are no Major Players in this industry

p. 21

Revenue vs. employment growth



Consumer spending



SOURCE: WWW.IBISWORLD.COM

Key External Drivers

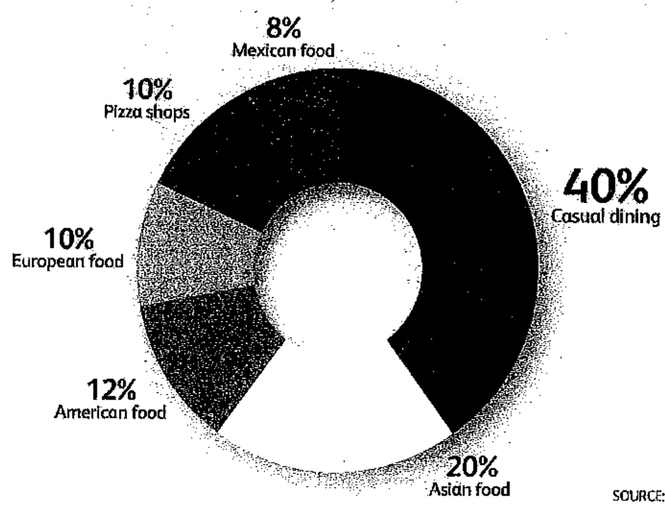
Consumer spending

Healthy eating index

Households earning over $100,000

Consumer sentiment index

Products and services segmentation (2012)



SOURCE: WWW.IBISWORLD.COM

Industry Structure

Life Cycle Stage	Mature	Regulation Level	Medium
Revenue Volatility	Low	Technology Change	Low
Capital Intensity	Low	Barriers to Entry	Low
Industry Assistance	Low	Industry Globalization	Low
Concentration Level	Low	Competition Level	High

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 26

Industry Performance

Executive Summary | Key External Drivers | Current Performance
Industry Outlook | Life Cycle Stage

Executive Summary

In recent years, the Single Location Full-Service Restaurants industry experienced a major slowdown due to the struggling economy. However, brighter conditions are on the horizon as consumer spending rebounds. Over the five years to 2012, IBISWorld estimates industry revenue will grow at an average annual rate of 0.6% to $94.0 billion. After declining 4.2% to $85.4 billion over 2009, revenue grew for the first time in four years in 2010 and 2011, and it is expected to continue its upward trajectory in 2012 with revenue growing 2.8%.

Restaurants will adjust to lower budgets and health preferences to sustain revenue growth

In general, consumers are spending less on luxuries like eating out, and when they do, they purchase lower-price items. In the battle to a capture a share of people's shrinking budgets, restaurants are losing to home-cooked meals or fast-food restaurants. Consumers are also becoming more health conscious. While major restaurants have responded by expanding the number of healthy options on their menus, the general trend toward healthy eating has hurt many of the greasier establishments.

The Single Location Full-Service Restaurants industry consists of owner- and family operated restaurants that are independent of chain or franchised networks. In general, operators are small businesses, so the industry is fragmented and highly competitive.

The average establishment generates revenue of about $460,000 and employs 12 people; however, some large operators have far higher annual revenue. Operators that are not part of a chain (five or fewer establishments) can pull in annual revenue ranging from $11.0 million to $60.0 million.

While the industry is currently experiencing stronger operating conditions in 2012, operators will still have to contend with customers who are hesitant to part with their money. As such, operators must monitor and adjust to consumer changes. If they manage to meet changing guest needs, owners will be well poised to take advantage of the expected rapid rebound in demand once the economy returns to health. In the five years to 2017, industry revenue is forecast to grow at an average annual rate of 2.7% to $107.3 billion.

Key External Drivers

Consumer spending
Factors that influence the growth of personal consumption expenditure influence the industry. During a recession, any spike in unemployment generally leads to declining consumption. Conversely, when personal consumption expenditure is high, consumers will be more likely to spend money on eating at restaurants. This driver is expected to increase during 2012, providing a potential opportunity for the industry.

Healthy eating index
The healthy eating index is expected to decrease slowly in 2012 as consumers' diets continue to get progressively poorer. Still, consumers are also becoming increasingly aware of issues related to weight and obesity, fatty-food intake and food-safety issues. This factor particularly affects the often meaty and greasy restaurants industry. Despite any long-term aggregate declines in healthy eating, consumers

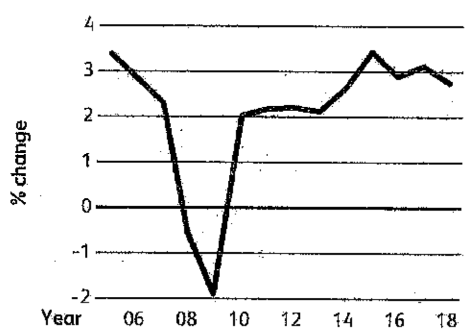
Industry Performance

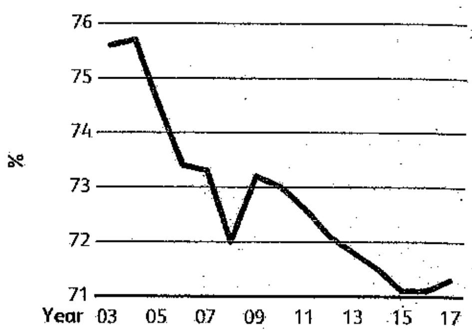
Key External Drivers continued

are now more aware of the health issues associated with fatty foods and are increasingly going out of their way to avoid them. This is a potential threat for the industry.

Households earning over $100,000
Full-service restaurants tend to draw their customers from higher income households. Because of this factor, growth in the number of households earning over $100,000 benefits the industry. This driver is expected to increase during 2012.

Consumer sentiment index
Changes in consumer sentiment have a significant effect on household expenditure on discretionary items, including restaurant dining. During a recession, demand for lower-price value products from restaurants increases. This driver is expected to increase slowly during 2012.





SOURCE: WWW.IBISWORLD.COM

Current Performance

During the recession, the Single Location Full-Service Restaurants industry has been battered by a weakened economy, a rapid rise in unemployment and, to a lesser extent, consumers' increasing awareness of the health risks associated with diets high in fat, salt and sugar. Despite these obstacles, the industry has tried to respond to changes in consumer preferences. Over the five years to 2012, revenue is expected to grow at an average annual rate of just 0.6%. Industry revenue declined 4.2% to $85.4 billion in 2009 but partially bounced back in 2010 and 2011. The industry is expected to continue growing in 2012, with revenue forecast to increase 2.8% to $94.0 billion.

As the economy fell deeper into a recession and unemployment rose, consumers became more selective when spending disposable income. In 2009, consumer spending declined 1.9%, and luxuries like eating out were among the first expenditures to go. Some consumers cut restaurants from their budgets entirely and opted to save money by eating in. This trend reversed in 2010 and 2011 as the economy improved and some of consumers' financial fears subsided; as a result, consumer spending rose 2.0% and 2.2%, respectively. Consumer spending is expected to further increase 2.0% in 2012. As a result, IBISWorld expects more

Industry Performance

Current Performance continued

consumers to treat themselves to more restaurant trips in 2012.

Consumers who did not cut restaurants out of their budget during the recession still tended to choose items that cost less than items they would have chosen prior to the recession, while others instead opted for cheaper dining options, such as fast food. This trend has forced restaurant locations to compete with each other to convince consumers that they can get the most bang for their buck at their particular restaurants. As a result, competition has intensified, with restaurant locations focusing on taking market share from each other, rather than trying to win a larger share of a growing market, as was the case in years past.

Consolidation and profit

As customer flows declined, the industry experienced high levels of price-based competition on menu offerings. The downturn in guest traffic and average checks, as well as increasing competition, led to lower menu prices for industry operators. As a result, profit slumped considerably and paid employees were let go. Many enterprises survived only by increasing the unpaid hours owners and family members worked. Over the five years to 2012, industry employment fell at an average annual rate of 0.1% to 2,534,310 people.

Similarly, industry profit margins have fallen or remained flat at best and are expected to equal 6.2% of revenue in 2012. This trend has occurred because of lower sales volumes and customers opting for lower-price items (thereby reducing revenue), high competition in the domestic market and the industry reaching saturation. Many operators have noticed guests are splitting meals at tables to save on expenditure and drinking water rather than high-cost alcoholic beverages. This shift has been devastating to revenue and bottom-line profit because sales of entrees, desserts, coffee, mixed drinks and spirits generate the highest gross profit margins.

Consumers are choosing to buy cheaper menu options, which has hurt profit

General industry trends

The industry can operate 24 hours a day and seven days a week, allowing very little time for rest and leisure for those working in the industry. This factor alone accounts for a high turnover of businesses since owner burnout is common. Another important factor that leads to high turnover is that owners sometimes have inadequate restaurant operation skills and experience, which is particularly an issue when managing cash flow and finances. Given the relatively low average revenue and profit margins for most operators, the industry is highly sensitive to external and internal factors that affect financial performance, including economic recessions, competitive forces from within or outside the industry and changes in customer demands and dining preferences. For instance, consumers are becoming increasingly health conscious, with many demanding meals in smaller portions with far less sugar, salt and fat content. Major restaurants have responded by expanding the number of healthy options on their menus. Long-standing and successful operators that recognize their customers' importance continually monitor changing guest needs to provide

Industry Performance

General industry trends continued

a range of quality meals at prices to suit and a hospitable environment.

There are few significant barriers to entry for the Single Location Full-Service Restaurants industry, which leads to fierce internal competition. Market saturation is evident and is expected to lead to even greater competition and business closures over time. In addition, owner-operated restaurants must contend with significant competition from chain and franchised restaurants and other segments in the wider food-services industry.

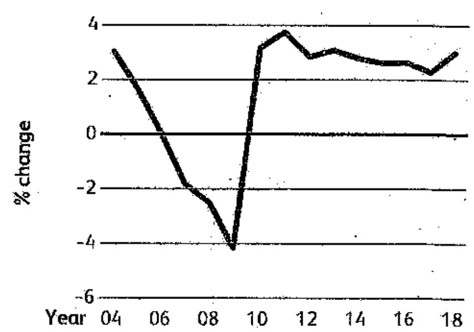
Time constraints on households and generally increasing incomes, particularly among the top 40.0% of earners, will continue to stimulate industry growth over the medium term. In-depth knowledge and understanding of guests' needs, unique elements in terms of menu items, flavors and cuisine and a quality experience for guests will help maintain financial viability in this industry.

Industry Outlook

Over the five years to 2017, IBISWorld forecasts industry revenue will increase at an average annual rate of 2.7% to $107.3 billion. The industry resumed its long-term growth trend beginning in 2010 and will fully hit its stride in 2012 and 2013. Revenue is projected to grow 3.1% to $96.9 billion in 2013, making it the best year ever for the industry in terms of total revenue. Restaurants will benefit as the economy improves, unemployment rates decline and consumers begin to spend money again on luxuries like eating out. Indeed, over the five years to 2017, consumer spending is expected to increase at an average annual rate of 3.3%.

Intense competition, particularly significant price-based competition, will likely continue over the next five years. There will also be an increased emphasis on the regular introduction of new products. Most restaurants will introduce new healthy food alternatives and expand their current product lines. Major operators will seek to expand revenue and profit by offering alternatives to red meat products, such as chicken and pasta, and providing a variety of other meal options, including fresh salads. Demand for healthier menu items will be a common theme throughout the five years to 2017 as the population becomes more health conscious. There will be increased demand for low- or no-salt and low-cholesterol meals, including fewer fried items. Low sugar intake may also be an issue with some guests as diabetes continues to spread among the population.

Industry revenue



SOURCE: WWW.IBISWORLD.COM

Meanwhile, consumer research indicates that changing tastes have recently led to a decline in the popularity of French, German, Scandinavian and soul food, and a rise in Italian, Mexican, Japanese, Thai, Caribbean and Middle Eastern food. Continuing changes in immigration patterns will also introduce new flavors, meals and choices.

Industry Performance

Industry Outlook continued

Restaurants must stay on the cutting edge of these trends to adapt to their customers' changing tastes.

Over the next five years, industry profitability will improve only marginally because of ongoing competition in the low-growth, saturated domestic market. Nevertheless, growth in profitability will be driven by the rebound in revenue as menu prices and average checks rise. Industry profit is expected to average 6.5% of revenue in 2017.

Establishments and employment

While the domestic economy is projected to improve, operators will still compete ferociously for their fair share of revenue. Consolidation among operators has occurred for some time and is expected to continue, though new growth opportunities will offset those losses. Over the next five years, the number of establishments is forecast to increase at a rate of 1.2% per year to 217,256. During the same period, industry employment is projected to grow at an average annual rate of 0.7% to 2.6 million people by 2017. Owners will try to reduce their hours in the business by recruiting more casual and part-time staff and, eventually, full-time workers.

As a result, the average industry wage is projected to increase from $12,863 in 2012 to $13,391 in 2017. Despite the long-term trend of declining wages, wages and employment are expected to increase over the next five years. Growth will occur partly because of the industry's recovery from the depressed wages and employment resulting from the recession.

General trends

Full-service restaurant operators are expected to continue to invest in technology, using websites, short message services, social network sites like Facebook and e-mail for contacting customers and making bookings. Technology investment will also involve improving back-of-house operations and systems. These include electronic customer ordering, labor scheduling and electronic product ordering systems. Such systems will be designed to drive higher levels of customer service, labor productivity and, therefore, profit margins. However, even with high-tech equipment, quality staff training at all levels will remain critical.

Over the next five years, operators will contend with further food-handling and safety regulations and the expansion of a total nonsmoking policy instituted by government legislation. Successful operators will need to be aware of planned regulatory changes. They must also monitor changes in what customers want and need from restaurants. Important elements include the range and price of menu items, some increased flexibility in cooking arrangements and service, ambiance and high-quality food at a value. The more successful operators will consistently meet these expectations.

> Restaurants will invest in more technology to drive customer traffic and improve service

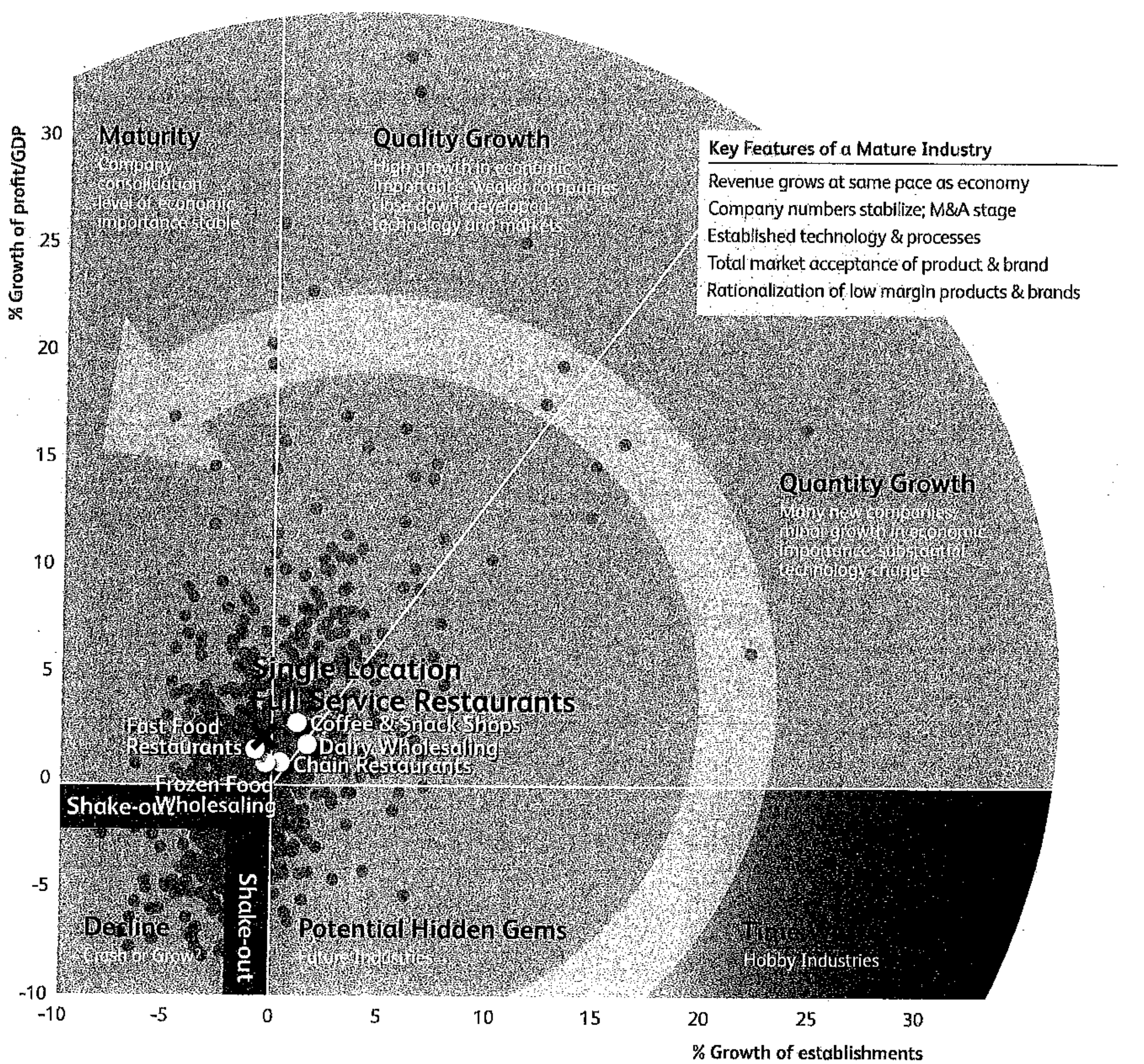
Industry Performance

Life Cycle Stage

Revenue is in a long-term slow-growth phase

Price-based competition is driving down menu prices

The industry's profit margins are low



SOURCE: WWW.IBISWORLD.COM

Industry Performance

Industry Life Cycle

This industry is Mature

This industry is currently in a long-term, low-revenue growth phase, which indicates that it may have reached market saturation. The limits of population size and growth within a city or town that can support a number of competing restaurants are being reached. Competition for prime operating sites is also significant. Over the 10 years to 2017, industry value added, which measures an industry's contribution to gross domestic product (GDP), is expected to grow at a rate of 0.8% per year, while GDP is expected to grow at a rate of 2.1% per year.

Some important market changes are also afoot as demand for smaller portions and healthier food choices increases. The market is moving away from high-fat, high-salt and super-sized meals as awareness of the obesity epidemic rises. Another significant indicator is ongoing price-based competition, which reflects the industry's small-business and fragmented nature; operators are struggling to capture market share in a slow-growth domestic market by discounting menu prices.

The industry must also contend with the market and marketing power of the Chain Restaurants industry (IBISWorld industry report 72211a) and the wider food services industry. They are in the same low-growth market and seek to maintain their fair shares of total revenue and customers. However, an expanding number of households in the key baby-boomer age group have high disposable incomes of $50,000 or more. Many only have limited time to cook, so they want good value, quality meals, convenience and service in a hospitable and friendly environment.

Products & Markets

Supply Chain | Products & Services | Demand Determinants
Major Markets | International Trade | Business Locations

Supply Chain

KEY BUYING INDUSTRIES

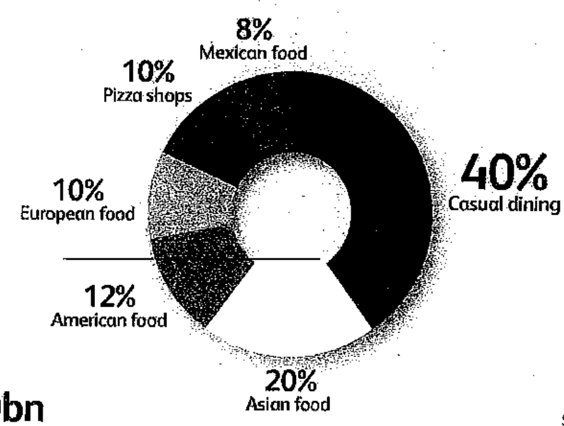
9901	**Consumers in the US** Households are the key drivers of demand for this industry's products.

KEY SELLING INDUSTRIES

42442	**Frozen Food Wholesaling in the US** Supply of frozen food products
42443	**Dairy Wholesaling in the US** Supply of dairy products
42444	**Egg & Poultry Wholesaling in the US** Supply of poultry products
42446	**Fish & Seafood Wholesaling in the US** Supply of fish and seafood products
42447	**Beef & Pork Wholesaling in the US** Supply of meat and meat products
42448	**Fruit & Vegetable Wholesaling in the US** Supply of fresh fruit and vegetables
42481	**Beer Wholesaling in the US** Supply of beer and ales
42482	**Wine & Spirits Wholesaling in the US** For wine and distilled alcoholic and other beverages

Products & Services

Products and services segmentation (2012)



Total $94.0bn

SOURCE: WWW.IBISWORLD.COM

Casual dining restaurants that offer a large variety in menu items with no general specialty make up the most popular type of restaurant (40.0%). However, the remaining share is composed of restaurants that offer a particular cuisine. The most popular is Asian (20.0%); American restaurants that serve foods like barbecue ribs and steak (12.0%); pizza restaurants (10.0%); European (10.0%); and Mexican (8.0%).

Products & Markets

Products & Services continued

Asian and Mexican

Asian and Mexican foods are increasing in popularity. There are discrepancies between levels of ethnic population and ethnic food revenue. The Hispanic population accounts for nearly 15.0% of the total population and for 8.0% of total industry revenue. In contrast, the reverse applies for the Asian-American population, which comprises 4.5% of the total population but a far higher share of industry revenue. Overall, the highest revenue growth potential still remains with traditional North American restaurants. These offer a range of foods at varying menu price points; therefore, they are able to cater to a wide range of customer tastes and needs.

Cultural exchange

The growth in particular restaurant types mirrors post-World War II and more recent immigration patterns into the United States. However, the population's adoption and acceptance of ethnic foods in general also will be significant as tastes develop and people become more adventurous in trying other cuisines. Higher rates of global travel and increased exposure to new cultures have also driven growth in the popularity of ethnic cuisine.

Demand Determinants

The industry is sensitive to factors that affect the growth in household disposable income. In turn, this factor is sensitive to changes in labor market growth (i.e. the unemployment rate) and movements in tax and interest rates. High gas prices also affect disposable incomes. Consumer sentiment affects it as well, particularly in light of the recent subprime residential mortgage crisis and resulting economic recession.

The changing age structure of the population is influencing change within the industry. Baby boomers are a major group that influences industry revenue growth. Not only are they a significant percentage of the population, they have the high disposable income to spend on restaurant meals. US Census Bureau household expenditure data indicates that households with incomes of more than $50,000 account for about 70.0% of the total personal expenditure on food eaten outside of the home. Of this group, households in the highest income quintile provide about 30.0% of the total away-from-home food expenditure. The most important factor driving the highest household income group to spend in restaurants is the pressure of work and lack of time.

Major Markets

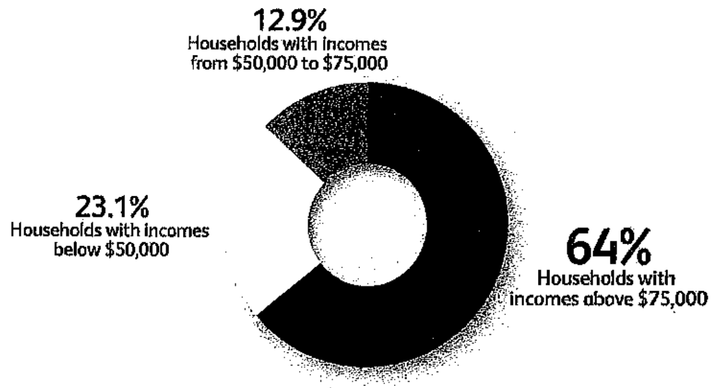
Income demographics

The extent to a population dines out can be projected based on age and income level. Households that make less than $50,000 per year spend 36.6% of their food budget on dining out. Households that make between $50,000 and $75,000 per year spend 42.4% of their food budget on dining out, while households that pull in more than $75,000 per year spend 45.7% of their food budget on dining out. For households making less than $50,000 per year, that amounts to an average of $1,626 per year, while those making between $50,000 and $75,000 dollars a year spend an average of $2,711 a year dining out. Households making more than $75,000 per year spend an average of $4,490 per year dining out.

Products & Markets

Major Markets continued

Major market segmentation (2012)



Total $94.0bn

SOURCE: WWW.IBISWORLD.COM

Age demographics

Broken down by age, people ages 18 to 25 spend 46.4% of their food budget dining out, an average of $2,351 per year. People 25 to 30 years old spend 44.8% of their budget (or an average of $2,668 per year) dining out. Those 35 to 50 years old tend to spend 42.3% of their food budget dining out, which amounts to an average of $3,165 per year. People 50 to 65 years old spend 42.8% of their budget dining out (an annual average of $2,991), while those 65 or older spend 37.0% of their food budget dining out (an average of $1,926 per year).

Market segmentation in this industry has been static over the past five years. Younger patrons (18 to 25) spend a larger portion of their budget dining out, but also have less money to spend. As they get older, their incomes grow, but increased culinary prowess and higher marriage and parenting rates result in them spending a smaller percentage of their food budget dining out. When consumers of any age group or income demographic increase their dining out and spending rates, it benefits restaurants and eating establishments of all types. IBISWorld research indicates that about 43.7% of all dining revenue in 2011 was generated at full-service restaurants (both chain and independent), while fast food restaurants made the additional 56.3% of revenue.

A market research study from 2008 by *Restaurants & Institutions* magazine (latest information available) highlights some important generational differences in choosing a restaurant. Mature diners (age 61 and older) are more likely than other age groups to try new restaurants or a new dish for a weekday meal. Also, the restaurant experience is more a social and family occasion. While 28.4% of Generation Y (age 26 and younger) prefers to use technology to place orders and pay for meals without interacting with counter staff, this is only important to 18.1% of Generation X (ages 27 to 41), 12.1% of baby boomers (ages 42 to 60) and 7.5% for matures. However, 29.0% of Generation Y consumers indicate that they prefer to book restaurants where the chef interacts with guests, compared with 17.8% of baby boomers. Most people in the Generation X and Y groups like to check a restaurant's menu prior to making a reservation. That said, about 25.0% also indicated that they like making changes to menu items, compared to 14.5% of mature diners. Also, about half of younger diners prefer creating combinations of small entrees to make meals.

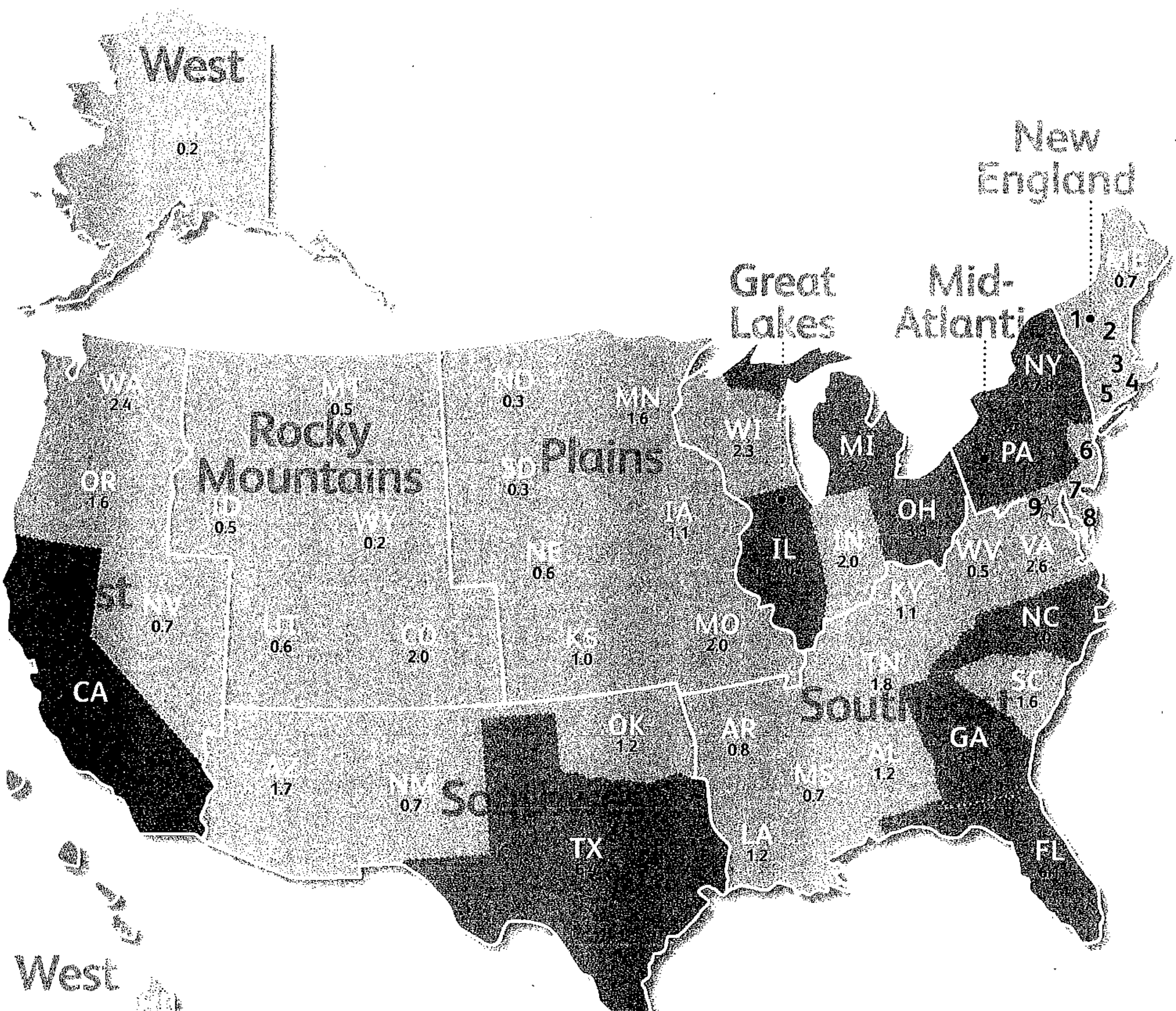
Products & Markets

International Trade

There is no international trade in this industry. The industry consists largely of small business owners, making it highly fragmented and largely domestic.

Products & Markets

Business Locations 2012



Additional States (as marked on map)

1 VT	2 NH	3 MA	4 RI	
0.3	0.6	2.5	0.5	
5 CT	**6 NJ**	**7 DE**	**8 MD**	**9 DC**
1.5	2.8	0.3	1.5	0.3

Establishments (%)

- Less than 3%
- 3% to less than 10%
- 10% to less than 20%
- 20% or more

SOURCE: WWW.IBISWORLD.COM

Products & Markets

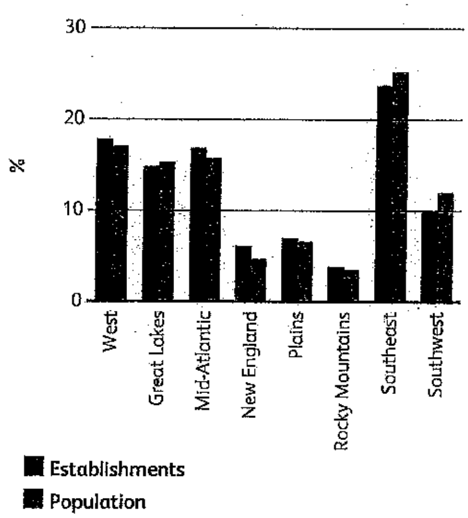
Business Locations

The industry is located according to population and income distribution for each region. Establishments in the Southeast and Southwest tend to be slightly larger than average in employment terms. Establishments in the Mid-Atlantic and West tend to be slightly smaller than average. This trend may occur because of a slightly higher share of franchised establishments in the former regions or higher levels of competition in the latter ones. However, population densities and the level of average household incomes affect the distribution of single-location full-service restaurants, with a larger number and concentration in or near higher household income areas.

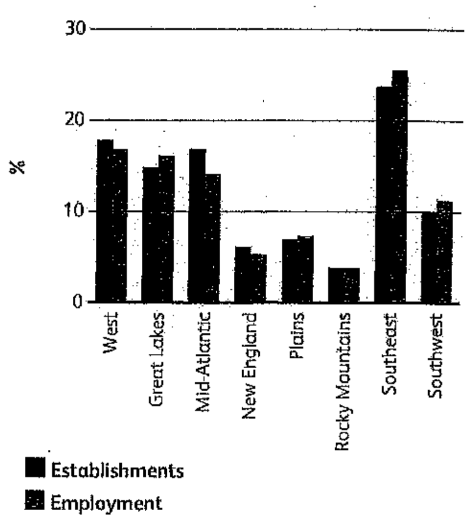
Restaurants & Institutions Magazine compiles a list of the top 100 independent restaurants by revenue. New York and Las Vegas account for 56.0% of the largest establishments because of the former's significant population size and the latter's reputation as a significant tourist destination. Other locations for dominant restaurants included Washington, DC, Chicago, Miami and San Francisco for many of the same reasons.

Many operators cannot compete for high-profile, high-rent locations with high passing traffic because of the industry's small-business nature; these places are usually garnered by the major chain and franchised restaurant operators. A large proportion of operators tend to be located in local neighborhoods and shopping centers. Given the small scale of their operations, a viable restaurant operation can still be established, but it will usually serve higher income populations in their immediate surroundings. Therefore, this level of geographic concentration is not expected to change significantly in the near future.

Establishments vs. population



Establishments vs. employment



SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalization

Market Share Concentration

Level
Concentration in this industry is Low

Overall, concentration is extremely low because the vast number of businesses are single, owner-operated establishments that are not part of a chain or franchise operation. Annual average revenue per operator is estimated to be about $460,000 in 2012, and each operator has about 12 employees.

There are no dominant players in this industry; top players are estimated to account for less than 1.0% each of total industry revenue. This number is confirmed by *Restaurants & Institutions* magazine's survey of the top 100 ranked independent restaurants. The top-ranked restaurant is Tao Las Vegas Restaurant and Nightclub, with annual revenue of $68.4 million, which is equivalent to an industry market share of only 0.08%. The next three have annual revenue between $28.6 and $34.2 million, about half of the top ranked one. Because of its fragmented nature, the level of industry concentration is not expected to change in the near future.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Access to multi-skilled and flexible workforce
Access to suitably skilled and trained staff on hourly rates is required to meet peak customer demand periods.

Ability to quickly adopt new technology
Owners need to adopt new employee training and kitchen and customer-related technology to increase productivity and lower labor costs.

Attractive product presentation
Restaurant atmosphere and ambiance are important to attract and retain guests.

Proximity to key markets
It is important to be in a good, easily accessible location that is close to target markets.

Ability to control stock on hand
Controlling orders, stock and food waste, which are major cost areas, can reduce unnecessary expenses.

Ensuring pricing policy is appropriate
To maintain costs and profit margins on meals, owners must ensure that menu pricing/portion control process is undertaken thoroughly.

Cost Structure Benchmarks

Profit
The Single Location Full-Service Restaurants industry has struggled recently with declining revenue because demand for the industry's services has fallen due to the global recession. The industry has high product turnaround but low profit margins, which makes it susceptible to any adverse changes in demand, including any recessionary declines. Changes in household preferences, in household disposable incomes and other health and food-safety concerns also influence demand. Industry profit is based on industry operators' earnings before income tax. Profit margins will vary among players depending on the size of the firm, with larger operators generally benefiting from economies of scale. IBISWorld estimates that in 2012, the average industry firm will obtain profit equivalent to 6.2% of revenue.

Purchases
Typically, the major costs for the industry are the cost of food and beverages sold and wages paid. Significant labor input is

Competitive Landscape

Cost Structure Benchmarks continued

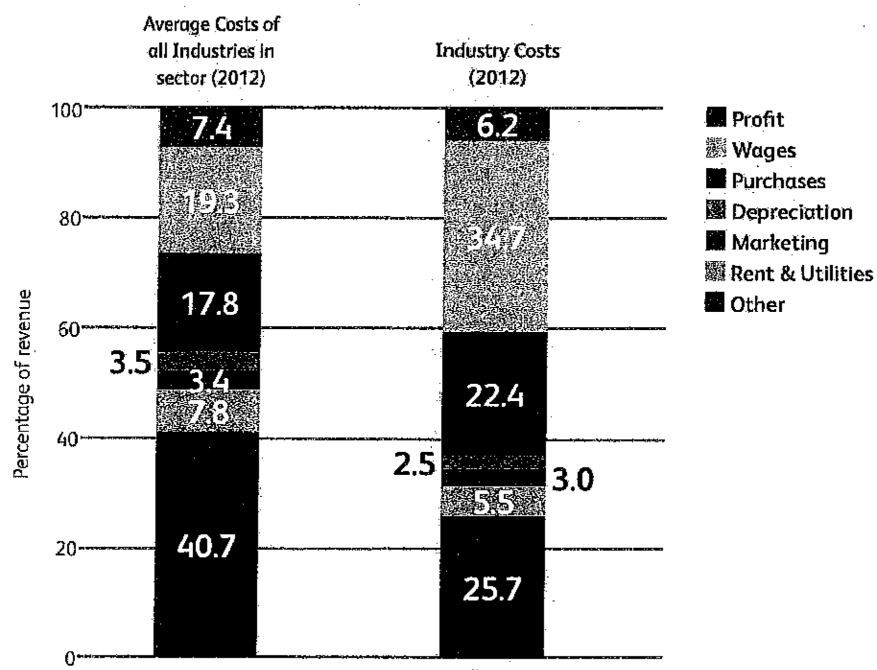
required in all aspects of the business, including for cooking, taking orders, serving and cleanup.

Food and beverages are usually purchased from wholesalers, particularly from operators that can guarantee both prompt delivery and quality foodstuffs. Fluctuations in the cost of food and liquor significantly impact industry revenue and profit. In the short term, many of these cost increases cannot be passed on to the consumer or client. Therefore menus, portion sizes and other inputs into food service have to be continually monitored. The other major source of inefficiency is waste due to fluctuations in demand, oversupply of meals or excess ingredients that cannot be used and are subsequently spoiled. IBISWorld forecasts that in 2012, purchases will account for 22.4% of an average firm's revenue.

Wages

Wages are high due to the labor-intensive nature of food preparation, cooking, serving and cleanup. Over the last five years, labor costs have increased; these costs include wages and benefits, such as health, workers' compensation and unemployment insurance. Menu prices and industry profitability are affected by labor intensity because cost increases cannot simply be passed directly on to consumers in the form of higher prices, especially given the weak economic conditions and rising unemployment levels. Industry wage costs incurred will account for 34.7% of an average firm's revenue in 2012.

Sector vs. Industry Costs



SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Basis of Competition

Level & Trend
Competition in this industry is **High** and the trend is **Increasing**

Although price-based competition is prevalent within this industry, restaurants also compete on the basis of location, food quality, style and presentation, food range and variety, ambiance and hospitality and service. Restaurants are involved in marketing the meal experience, so it is important that the owner-operator understands a restaurant's positioning in the marketplace, the clientele they are attracting or want to attract and the meal experience. Most importantly, a restaurant must consistently deliver on the customers' expectations.

Research by the National Restaurant Association indicated that choice of portion size and the availability of to-go boxes are important factors. A high proportion of the younger generation order larger portion sizes and request a to-go box, to use the excess for another meal. Varying portion size also meets the value-for-money criteria sought by many customers. Currently, there is high demand for the ability to customize orders, choose the type of sauce on the side, and have the food prepared with cooking oil, margarine, butter or no salt.

External competition

Competition to this industry arises from other food service areas, including limited-service restaurants and chains and franchised full-service restaurants, with the latter having a far greater market awareness and presence, but offering a standardized menu. Competition from limited-service restaurants is also subject to the population's awareness of the benefits in maintaining a healthy diet with low fat, sugar and salt content. Other competitors include households that prepare their own meals at home or purchase pre-packaged meals at supermarkets to consume at home.

Barriers to Entry

Level & Trend
Barriers to Entry in this industry are **Low and Steady**

The industry's barriers are low, since an operator can lease premises, equipment, furniture and fittings, lowering the initial capital costs, outlays and borrowings. In particular, industry concentration is low, as the top four players will total less than 8.0% of available market share in 2012. This percentage indicates the extreme small business and fragmented nature of this industry. No major player dominance exists within it.

Operators can enter the industry via a franchise agreement, which includes equipment, training and systems in place. Given the usual high owner/operator revenue in this industry, it may also be possible to enter through purchase of an existing business or closed restaurant operation. However, some refurbishing costs may be associated with this method.

Barriers to Entry checklist	Level
Competition	High
Concentration	Low
Life Cycle Stage	Mature
Capital Intensity	Low
Technology Change	Low
Regulation & Policy	Medium
Industry Assistance	Low

SOURCE: WWW.IBISWORLD.COM

Competitive Landscape

Industry Globalization

Level & Trend
Globalization in this industry is **Low** and the trend is **Increasing**

The majority of operators in this industry are small businesses that have a low level of globalization, because they are US-owned and earn most of their sales from domestic activity. No significant or major international operators exist in this industry. IBISWorld does not expect this industry is subject to much change in its level of globalization in the coming years.

Major Companies

There are no Major Players in this industry | Other Companies

Other Companies

There are no major players in the industry. Information on the top 100 ranked independent restaurants that are not part of a chain and have fewer than five establishments is available from *Restaurants and Institutions* magazine's annual survey. The survey says that 31 of the top 100 restaurants are located in New York City because of area's population size and density. Another 25 are located in Las Vegas because of the city's reputation as a major tourist destination. Other major cities represented include Washington, DC, Chicago, Miami and San Francisco. Of the top 20 restaurants, five offer seafood, five are steak houses and others offer Asian, mixed grills and other cuisines.

The top-ranked operator is Tao Las Vegas Restaurant and Nightclub, which had sales of nearly $60.0 million (estimated market share of 0.06%). Its operation has an average check of $72.00. The next in rank is Tavern on the Green in New York City, which has an average check of $66.00 and total revenue of $34.2 million (estimated market share of 0.04%). The third-ranked operator is the seafood restaurant Joe's Stone Crab, located in Miami Beach. It has an average check of $65.00. Its annual revenue is $28.8 million (estimated market share of 0.03%). Finally, the number-four restaurant is Smith and Wollensky, located on Third Avenue in New York City. It has an average check of $88.00. Its annual revenue is $28.6 million (estimated market share of 0.03%).

Of the remaining restaurants, revenue varies between $23.3 million and $11.0 million. Average checks can vary between $31.00 and $144.00, depending on the location, availability of alcoholic beverages on site, entertainment provided, quality of fittings, the menu, service and hospitality. All of these factors usually directly relate to staffing requirements and operating costs, especially for silver service restaurants, which is reflected in menu prices.

Operating Conditions

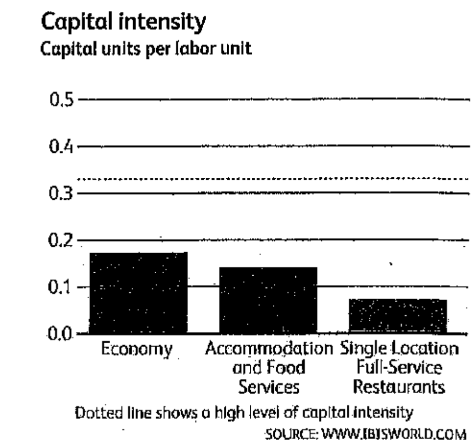
Capital Intensity | Technology & Systems | Revenue Volatility
Regulation & Policy | Industry Assistance

Capital Intensity

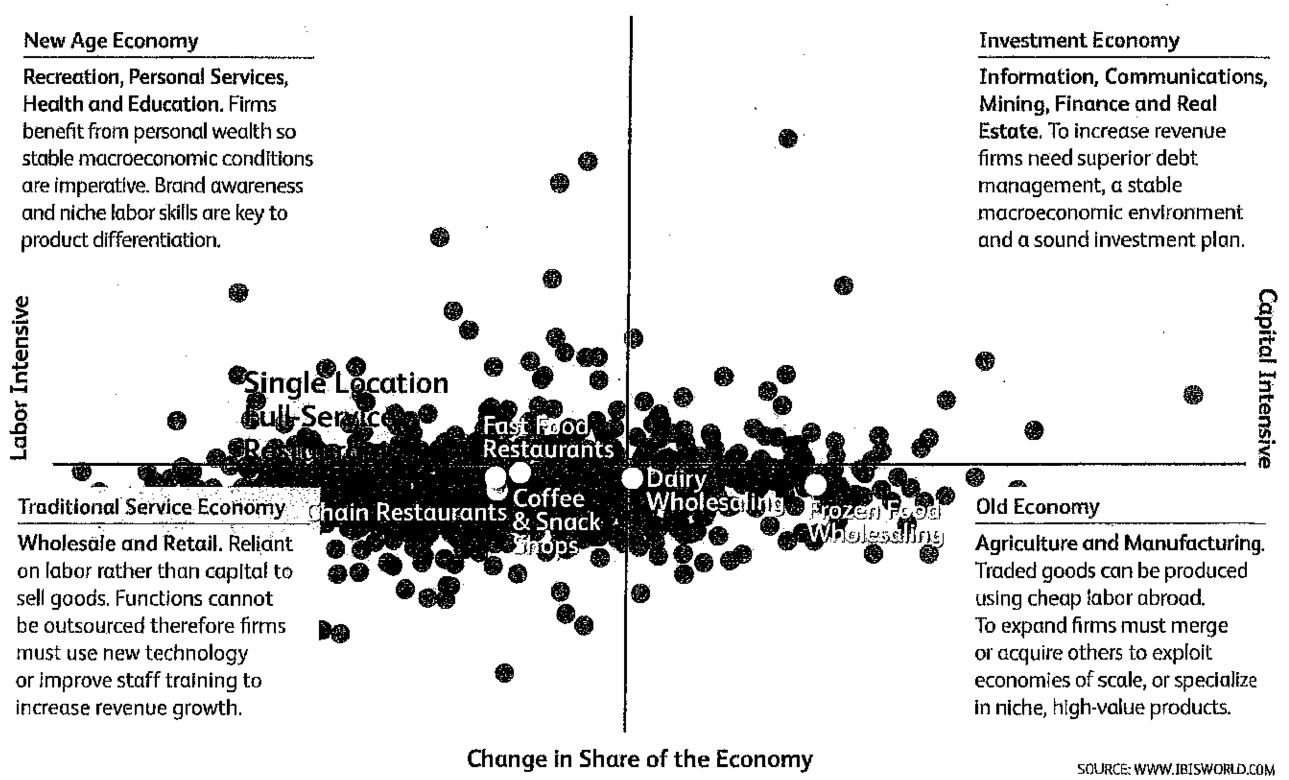
Level
The level of capital intensity is Low

The industry's capital intensity level is determined by the ratio of capital to labor costs. In order to calculate the ratio, wages and depreciation and costs from the cost structure are used as proxies. The ratio is calculated as 1:0.07. This means that for every dollar spent on wages, an additional $0.07 cents is spent to use and replace buildings and equipment. As such, this industry is deemed to have a high level of labor intensity.

The industry is heavily dependent on labor from all areas, including ordering, delivery, food preparation, liquor and other beverage sales, cooking, serving, cleaning and management.



Tools of the Trade: Growth Strategies for Success



SOURCE: WWW.IBISWORLD.COM

Operating Conditions

Technology & Systems

Level
The level of Technology Change is **Low**

Detailed analysis indicates that the industry as a whole is experiencing medium technological change. However, this factor may not affect this segment of the industry, since many are small business owners who do not have a strong inkling to invest heavily in new technology. Many owner-operators use a high level of their own labor or extended family and friends, usually at relatively low hourly rates. Consequently, it is not as critical to lower wage costs or raise productivity, particularly at the lower end of the industry.

However, not all single location full-service restaurants are in the same situation or have a similar mindset. Many are completely professional, operate at peak efficiency and productivity and use state-of-the-art technology, equipment and staff training programs. According to a Restaurant Technology Study undertaken by Hospitality Technology and Deloitte LLP, technology is mainly used to establish customer databases, reduce waiting times for guests, have a website for information and bookings and an electronic ordering and payment system.

Drivers of technological change

The first main driver for technology is to reduce labor costs, since the industry is labor intensive. The second is to reduce food cost and waste because the cost of purchasing inputs for sale is high. Finally, the last two main drivers include increasing or supporting existing sales and revenue and improving the dining experience for customers. Technology can also improve internal business processes, like ordering inputs, presenting meals to customers and all other back-of-house functions, including kitchen cleaning. These improvements deliver a competitive advantage against competitors, which is especially important given the fierce level of industry competition. They will also lead restaurants to attain leadership roles in the industry and establish e-commerce, especially for ordering inputs and providing information and reservations. To achieve these advantages, the most popular current applications in order of use are point-of-sale, time and attendance (for employees), customer traffic counter, in-store back office systems, debit and credit card programs, labor scheduling, labor productivity analysis, inventory management, e-mail and food production and kitchen scheduling.

Over the past decade, larger restaurants in the industry have established websites and access systems, including by e-mail, labor scheduling programs, inventory management programs and menu management programs. Industry operators have also automated the purchase order receiving processes, implemented a labor productivity analysis program, established employee training, automated the stock replenishment process and established in-store back of office systems. In the near future, it is expected that restaurants will prioritize employee training and customer loyalty/ frequent diner programs. They may also focus on purchase order receiving information, food production and kitchen scheduling, wireless technologies and automated replenishment software.

Increasingly, customers use cell phones to place an order or make a reservation. They also frequently use the internet and cell phones to view a restaurant's menu. Finally, they may use the internet or e-mail to obtain information, recommendations and reviews on a restaurant that they have not previously frequented. However, word-of-mouth recommendations from trusted friends are still the most important driver of restaurant reservations.

Operating Conditions

Revenue Volatility

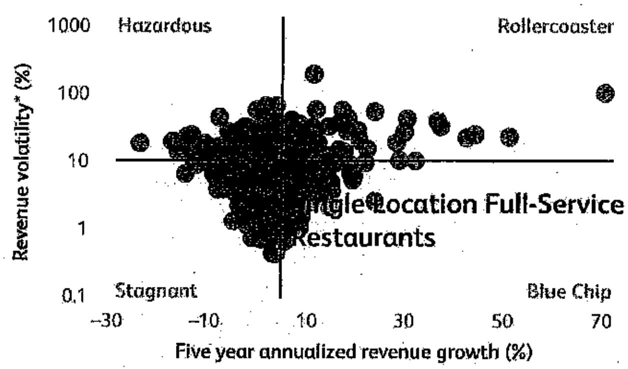
Level
The level of Volatility is Low

Industry revenue volatility is low because of the significant growth in demand that comes from higher income households that are typically time poor. The industry also offers a diversity of food styles, quality, menu prices and locations to suit guests' changing tastes and needs. The general increase in the health consciousness of some consumers is leading to a return to healthy eating. Over the five years to 2012, industry revenue has grown as much as 3.7% (in 2011) and fallen as much as 4.2% (in 2009) and will exhibit average revenue volatility of 2.2% per year.

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilized capacity if demand suddenly falls, or capacity constraints if it rises quickly.

Volatility vs Growth



* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM

Regulation & Policy

Level & Trend
The level of Regulation is Medium and the trend is Increasing

The regulations which directly affect this industry include franchising promotions and sales regulations by the federal and state government; minimum wage regulations, particularly since many people are paid at hourly rates; and regulation of employee benefits and conditions like workers' insurance and health insurance coverage by employers. Also, smoking bans in restaurants are slowly being legislated across the States.

The US Food and Drug Administration's (FDA) Model Food Code, which is a best-practice guide to food handling and presentation, applies to this industry and is updated each year. These are codes only, so states are not compelled to use them, but many have introduced part or all of them already. Also, the FDA Nutritional Value is important. Since 1996, FDA regulations have set standards for nutritional values of individual foods and meals. If claims such as low fat or heart healthy are made on a menu, the restaurant owner must be able to demonstrate to officials that the establishment has a reasonable basis to claim this. For instance, the meal may be based on a recipe from a health association or a recognized dietary group. However, complete nutritional information does not need to be supplied on menus.

Operating Conditions

Industry Assistance

Level & Trend
The level of Industry Assistance is **Low** and the trend is **Steady**

The industry receives no assistance.

Key Statistics

Industry Data

	Revenue ($b)	Industry Value Added ($b)	Establish-ments	Enterprises	Employment	Exports	Imports	Wages ($b)	Domestic Demand	Consumer Spending ($b)
2003	88.9	36.6	205,571	198,912	2,577,589	--	--	33.0	N/A	8,244.5
2004	91.6	37.4	208,038	201,498	2,613,675	--	--	33.5	N/A	8,515.8
2005	93.1	37.8	205,958	204,118	2,587,538	--	--	33.1	N/A	8,803.5
2006	93.1	37.3	205,134	204,955	2,574,600	--	--	33.0	N/A	9,054.5
2007	91.4	36.3	203,903	202,749	2,548,854	--	--	32.7	N/A	9,262.9
2008	89.1	35.0	201,456	199,720	2,502,975	--	--	32.0	N/A	9,211.7
2009	85.4	33.7	197,427	195,287	2,440,401	--	--	31.2	N/A	9,037.5
2010	88.1	34.5	199,401	198,523	2,467,245	--	--	31.6	N/A	9,220.9
2011	91.4	36.0	201,994	199,373	2,501,786	--	--	32.1	N/A	9,431.7
2012	94.0	36.5	204,216	202,410	2,534,310	--	--	32.6	N/A	9,618.0
2013	96.9	37.0	206,462	203,452	2,564,721	--	--	33.1	N/A	9,839.2
2014	99.6	37.5	208,939	205,708	2,592,933	--	--	33.5	N/A	10,115.9
2015	102.2	38.1	211,447	207,973	2,624,048	--	--	33.9	N/A	10,471.1
2016	104.9	38.7	214,196	209,456	2,626,644	--	--	34.4	N/A	10,724.0
2017	107.3	39.2	217,256	211,254	2,628,563	--	--	35.2	N/A	11,109.7
Sector Rank	4/13	4/13	3/13	2/13	3/13	N/A	N/A	4/13	N/A	N/A
Economy Rank	88/704	68/704	39/703	38/703	9/704	N/A	N/A	44/704	N/A	N/A

Annual Change

	Revenue (%)	Industry Value Added (%)	Establish-ments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Consumer Spending (%)
2004	3.0	2.2	1.2	1.3	1.4	N/A	N/A	1.5	N/A	3.3
2005	1.6	1.1	-1.0	1.3	-1.0	N/A	N/A	-1.2	N/A	3.4
2006	0.0	-1.3	-0.4	0.4	-0.5	N/A	N/A	-0.3	N/A	2.9
2007	-1.8	-2.7	-0.6	-1.1	-1.0	N/A	N/A	-0.9	N/A	2.3
2008	-2.5	-3.6	-1.2	-1.5	-1.8	N/A	N/A	-2.1	N/A	-0.6
2009	-4.2	-3.7	-2.0	-2.2	-2.5	N/A	N/A	-2.5	N/A	-1.9
2010	3.2	2.4	1.0	1.7	1.1	N/A	N/A	1.3	N/A	2.0
2011	3.7	4.3	1.3	0.4	1.4	N/A	N/A	1.6	N/A	2.3
2012	2.8	1.4	1.1	1.5	1.3	N/A	N/A	1.6	N/A	2.0
2013	3.1	1.4	1.1	0.5	1.2	N/A	N/A	1.5	N/A	2.3
2014	2.8	1.4	1.2	1.1	1.1	N/A	N/A	1.2	N/A	2.8
2015	2.6	1.6	1.2	1.1	1.2	N/A	N/A	1.2	N/A	3.5
2016	2.6	1.6	1.3	0.7	0.1	N/A	N/A	1.5	N/A	2.4
2017	2.3	1.3	1.4	0.9	0.1	N/A	N/A	2.3	N/A	3.6
Sector Rank	11/13	13/13	8/13	5/13	7/13	N/A	N/A	9/13	N/A	N/A
Economy Rank	312/704	495/704	330/703	217/703	329/704	N/A	N/A	404/704	N/A	N/A

Key Ratios

	IVA/Revenue (%)	Imports/ Demand (%)	Exports/Revenue (%)	Revenue per Employee ($'000)	Wages/Revenue (%)	Employees per Est.	Average Wage ($)	Share of the Economy (%)
2003	41.17	N/A	N/A	34.49	37.12	12.54	12,802.66	0.31
2004	40.83	N/A	N/A	35.05	36.57	12.56	12,817.20	0.31
2005	40.60	N/A	N/A	35.98	35.55	12.56	12,792.08	0.30
2006	40.06	N/A	N/A	36.16	35.45	12.55	12,817.53	0.29
2007	39.72	N/A	N/A	35.86	35.78	12.50	12,829.30	0.27
2008	39.28	N/A	N/A	35.60	35.91	12.42	12,784.79	0.27
2009	39.46	N/A	N/A	34.99	36.53	12.36	12,784.78	0.27
2010	39.16	N/A	N/A	35.71	35.87	12.37	12,807.81	0.26
2011	39.39	N/A	N/A	36.53	35.12	12.39	12,830.83	0.27
2012	38.83	N/A	N/A	37.09	34.68	12.41	12,863.46	0.27
2013	38.18	N/A	N/A	37.78	34.16	12.42	12,905.89	0.27
2014	37.65	N/A	N/A	38.41	33.63	12.41	12,919.73	0.26
2015	37.28	N/A	N/A	38.95	33.17	12.41	12,918.97	0.25
2016	36.89	N/A	N/A	39.94	32.79	12.26	13,096.56	0.25
2017	36.53	N/A	N/A	40.82	32.81	12.10	13,391.35	N/A
Sector Rank	5/13	N/A	N/A	13/13	1/13	7/13	11/13	4/13
Economy Rank	301/704	N/A	N/A	690/704	132/704	369/703	678/704	68/704

Figures are inflation-adjusted 2012 dollars. Rank refers to 2012 data.

SOURCE: WWW.IBISWORLD.COM

Jargon & Glossary

Industry Jargon

BACK-OF-OFFICE Administrative operations that support the primary business of the company.

CHAIN RESTAURANTS Restaurants that share a brand, central management and usually have standardized business methods and practices.

FOOD SERVICE Industry includes restaurants, catering and fast-food establishments, bars and taverns and other establishments that provide food for guests.

FULL-SERVICE RESTAURANT A restaurant that provides guests with sit-down meals that include table service by waitstaff.

LIMITED-SERVICE RESTAURANT A restaurant that provides guests with meals that are typically ordered at a counter, served with little or no service, and are paid for before eating.

SINGLE-LOCATION RESTAURANT Usually an owner-operated restaurant with significant and direct input by the owners into the business.

IBISWorld Glossary

BARRIERS TO ENTRY Barriers to entry can be High, Medium or Low. High means new companies struggle to enter an industry, while Low means it is easy for a firm to enter an industry.

CAPITAL/LABOR INTENSITY An indicator of how much capital is used in production as opposed to labor. Level is stated as High, Medium or Low. High is a ratio of less than $3 of wage costs for every $1 of depreciation; Medium is $3 – $8 of wage costs to $1 of depreciation; Low is greater than $8 of wage costs for every $1 of depreciation.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using 2012 as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the 'real' growth or decline in industry metrics. The inflation adjustments in IBISWorld's reports are made using the US Bureau of Economic Analysis' implicit GDP price deflator.

DOMESTIC DEMAND The use of goods and services within the US; the sum of imports and domestic production minus exports.

EARNINGS BEFORE INTEREST AND TAX (EBIT) IBISWorld uses EBIT as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding tax and interest.

EMPLOYMENT The number of working proprietors, partners, permanent, part-time, temporary and casual employees, and managerial and executive employees.

ENTERPRISE A division that is separately managed and keeps management accounts. The most relevant measure of the number of firms in an industry.

ESTABLISHMENT The smallest type of accounting unit within an Enterprise; usually consists of one or more locations in a state or territory of the country in which it operates.

EXPORTS The total sales and transfers of goods produced by an industry that are exported.

IMPORTS The value of goods and services imported with the amount payable to non-residents.

INDUSTRY CONCENTRATION IBISWorld bases concentration on the top four firms. Concentration is identified as High, Medium or Low. High means the top four players account for over 70 % of revenue; Medium is 40–70 % of revenue; Low is less than 40 %.

INDUSTRY REVENUE The total sales revenue of the industry, including sales (exclusive of excise and sales tax) of goods and services; plus transfers to other firms of the same business; plus subsidies on production; plus all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); plus capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED The market value of goods and services produced by an industry minus the cost of goods and services used in the production process, which leaves the gross product of the industry (also called its Value Added).

INTERNATIONAL TRADE The level is determined by: Exports/Revenue: Low is 0–5 %; Medium is 5–20 %; High is over 20 %. Imports/Domestic Demand: Low is 0–5 %; Medium is 5–35 %; and High is over 35 %.

LIFE CYCLE All industries go through periods of Growth, Maturity and Decline. An average life cycle lasts 70 years. Maturity is the longest stage at 40 years with Growth and Decline at 15 years each.

NON-EMPLOYING ESTABLISHMENT Businesses with no paid employment and payroll are known as non-employing establishments. These are mostly set-up by self employed individuals.

VOLATILITY The level of volatility is determined by the percentage change in revenue over the past five years. Volatility levels: Very High is greater than ±20 %; High Volatility is between ±10 % and ±20 %; Moderate Volatility is between ±3 % and ±10 %; and Low Volatility is less than ±3 %.

WAGES The gross total wages and salaries of all employees of the establishment.

IBISWorld

WHERE KNOWLEDGE IS POWER

IBISWorld Business Environment Report

Healthy eating index

December 2011

Estimated Value in 2011: 73.0%

2006-2011 Growth: -0.81 percentage points

Forecast Value for 2016: 71.1%

2011-2016 Growth: -1.44 percentage points

IBISWorld calculates a healthy eating index as the percentage of a recommended diet that an average American consumes. The percentage represents the degree that the average American adheres to the consumption guidelines set out by the US Department of Agriculture.

Current Performance

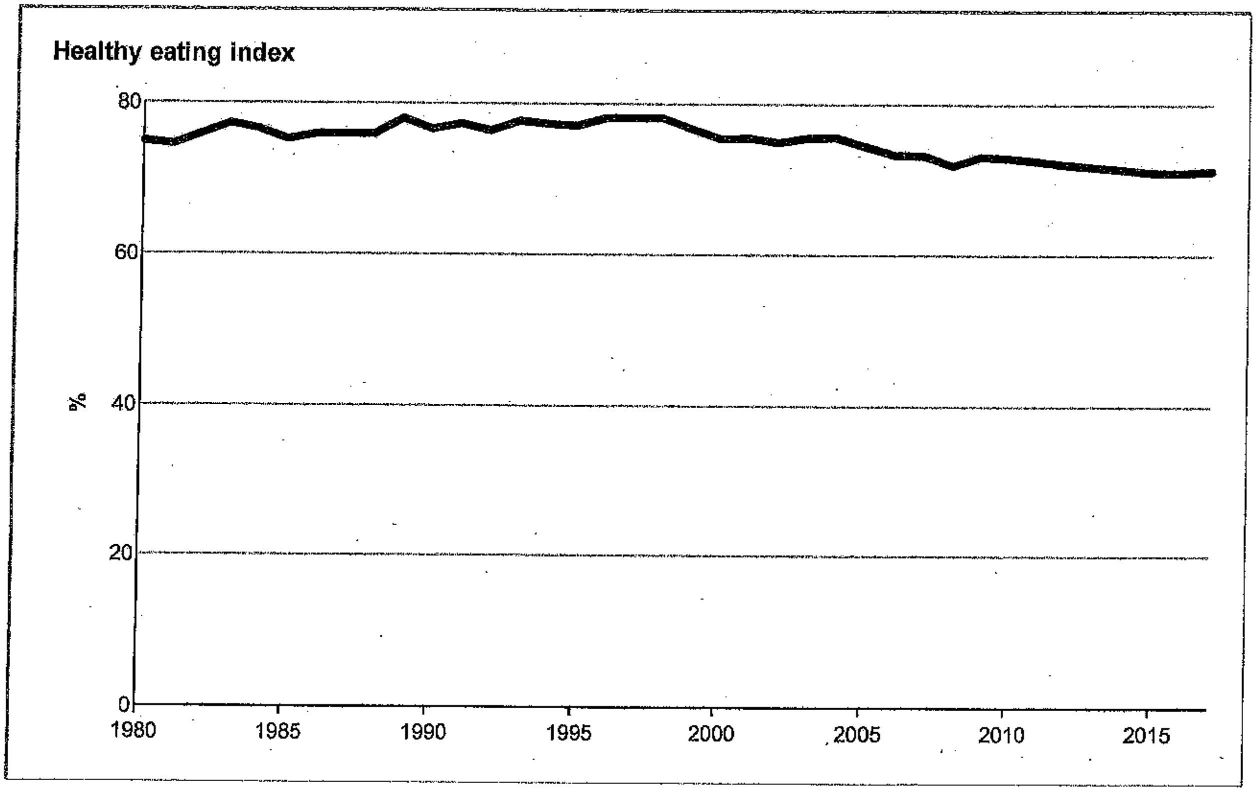
The healthiness of Americans' diets has decreased steadily since reaching a peak in the late 1990s. The greatest decline was a result of dramatic increases in dairy and fat consumption, with dairy consumption increasing from 567.3 pounds per person in 1997 to a peak of 603 pounds per person in 2008 and fat consumption increasing from 65 pounds per person to 87 pounds per person over the period. At the same time, fruit and vegetable consumption fell steadily due to rising prices. A growing trend toward vegetable-based biofuels as high crude oil prices prevailed in the United States boosted demand for produce over the past five years. The added demand, thus, drove up most vegetable prices. The same vegetable price increases, however, helped drive down corn syrup consumption, a major component of total sugar and sweetener consumption. The decrease in corn syrup consumption has been aided somewhat by the increasing exposure of its negative effects, namely elevated rates of obesity and diabetes, which has helped Americans choose healthier diets. In addition, low-carb, high-protein diets became increasingly popular, decreasing grain consumption and increasing meat consumption. Both food categories were overconsumed previously, though, causing a mixed effect on the overall healthiness of the diet.

The recession of 2008 and 2009 restricted the consumers' disposable incomes, which caused a drop in overall consumption of measured food products. Because Americans overconsume all food products except fruits and vegetables, this reduction had a positive net effect on the healthiness of diets. As the economy began recovering in 2010, though, disposable incomes expanded and the trend began to reverse. Consumption is expected to increase marginally across the board in 2011, worsening the average diet.

Outlook

In the coming years, the healthiness of Americans' diets will continue sliding, with the consumption patterns of all measured food categories (except grain) expected to worsen. Even though health stores have become more popular than ever in recent years, the effect is not enough to overcome the allure of cheap, convenient and accessible food products like most fast food.

Still-high oil prices will cause demand for biofuels to continue increasing, thereby causing produce prices to continue climbing. The rising prices will increasingly flow on to other food groups because vegetables are either inputs (e.g. dairy, meat and fat) or substitutes (e.g. wheat, fruit and sweeteners) of other food products. The enlarged prices will deter people from purchasing produce, effectively reducing consumption and causing the healthy eating index to plateau by 2016.



Year	%	% Change	Year	%	% Change
1980	75.0		1999	76.8	-1.79
1981	74.6	-0.53	2000	75.5	-1.69
1982	76.0	1.88	2001	75.6	0.13
1983	77.4	1.84	2002	75.0	-0.79
1984	76.7	-0.90	2003	75.6	0.80
1985	75.3	-1.83	2004	75.7	0.13
1986	76.0	0.93	2005	74.5	-1.59
1987	76.0	0.00	2006	73.4	-1.48
1988	76.0	0.00	2007	73.3	-0.14
1989	78.1	2.76	2008	72.0	-1.77
1990	76.7	-1.79	2009	73.2	1.67
1991	77.4	0.91	2010	73.0	-0.27
1992	76.5	-1.16	2011	72.6	-0.55
1993	77.8	1.70	2012	72.1	-0.69
1994	77.4	-0.51	2013	71.8	-0.42
1995	77.2	-0.26	2014	71.5	-0.42
1996	78.2	1.30	2015	71.1	-0.56
1997	78.2	0.00	2016	71.1	0.00
1998	78.2	0.00	2017	71.3	0.28

Healthy eating index

Disclaimer

LOVELAND CENTER for BUSINESS DEVELOPMENT

Fostering Entrepreneurship, Innovation & Growth

Loveland Center For Business Development Financing Overview

"Finance is the medium but communication is the message."

Understand the Partners Involved:	LCBD, Lender, and Accountant & Business Owner There is opportunity and obligation on both sides of the transaction.
Communication Vehicle:	Financial Statements which are timely, accurate, & document all assumptions. Pro-forma financials are more important than historical numbers. If you don't have an accountant - find one.
Challenge:	Financial Statements tell the business story. If you don't 'have' a story - develop one. If you don't like the story or if you have been turned down for financing, work to change the story. This change is called business management.
Discipline:	"You cannot manage what you cannot measure." W. Edwards Deming In financial terms performance measures are called ratios.
Business Owner Requirements:	1. Financial Education 2. Benchmarking 3. Accountability
Action Items:	<u>Education:</u> Step 1: Gather accurate financial information. Step 2: Package the information. Create financial statements. Step 3: Calculate your financial ratios. <u>Benchmarking:</u> Step 4: Gather industry / business benchmarking data (RMA) Step 5: Compare the results. <u>Accountability:</u> Step 5: Analyze the root cause of issues. Step 6: Take action: reformat and change your story.
Lenders Red Flags:	The business doesn't make money. Inadequate and/or inaccurate financial statements. Hurried loan request. Unclear or poorly thought out loan purpose. Inadequate cash flow and coverage of debt service. Thinly capitalized operations (current ratio < 2:1) and tight cash flow. Poor or marginal personal credit scores. No three year financial cash flow analysis. Don't know or understand their key performance ratios Don't know or understand their industry benchmarks.

Loveland Center For Business Development Financing Extract

"Finance is the medium but communication is the message."

Six Key Borrowing Points:

1. **<u>How</u>** much do you need?
2. **<u>What</u>** will you do with it?
3. **<u>When</u>** will you pay it back?
4. **<u>How</u>** will you pay it back?
5. **<u>What</u>** if something goes wrong?
6. **<u>How</u>** do you compare to other businesses in your industry and area?

What You Need:

A Business Plan or Operations Plan that answers the following:

1. **Proposal:**
    a. How much are you borrowing, what are you using the borrowed funds for, and how are you going to pay it back?
2. **Company:**
    a. Details: name, address, entity type, organization date, owners, etc.
    b. Descriptions – what you do, industry data, competitive advantage
3. **Operational Info:**
    a. Product/s: What is it? What are they?
    b. Relevance: Relative importance of each product or service to the volume of the business and to the profits of the business.
4. **Employment:**
    a. Total number of employees.
    b. Description of the critical skill required by the business.
5. **Supply Chain:**
    a. Description of the significant materials and supplies, and there adequacy & availability.
6. **Management:**
    a. Biographies of officers, directors, owners and key personnel.
7. **Marketing & Distribution:**
    a. The type, number, location and financial strength of customers and potential customers.
    b. Customer payment terms.
    c. Physical distribution. How are products and services delivered?
    d. Techniques currently utilized to create a demand for the product.
8. **Competition:**
    a. Who are they? Both large and small.
9. **References:**
    a. 5: One banking, one business, and three personal references
    b. Credit report on company principles
10. **Financial Statements: (with all assumptions clearly documented)**
    a. Historical (if available)
    b. Proforma
    c. Cashflow – minimum of three years
    d. Personal Financial Statement

Loveland Center For Business Development Financing Extract
"Finance is the medium but communication is the message."

Benchmarks:

Balance Sheet Ratios: Cash

1.	Solvency	<u>Current Ratio</u>	Current Assets / Current Liabilities	The number of dollars in current assets for every dollar in current liabilities. Example: current ratio of 1.76. For every $1 of current liabilities, the organization has $1.76 in current assets with which to pay them.
2.	Liquidity	<u>Quick Ratio</u>	Cash + AR / Current Liabilities	The number of dollars in cash & AR for each $1 in current liabilities. Example: quick ratio of 1.14. For every $1 of current liabilities, the organization has $1.14 in cash & AR with which to pay them.

Income Statement: Profitability

1.	Profitability	Gross Margin	Gross Profit / Sales	The number of dollars of gross margin produced for every $1 of sales. Measures ability to cover fixed costs. Example: gross margin of 34.4%. For every $1 in sales, the organization produces $.344 of profit.
2.	Profitability	Net Margin	Net Profit Before Tax / Sales	The number of dollars of net profit produced for every $1 in sales. Example: net margin 2.9%. For every $1 in sales, the organization produces $.029 of net profit.

Efficiency

1.	Efficiency	Sales to Assets	Sales / Total Assets	Measures the efficiency of total assets in generating sales. Example: sales-to-asset ratio of 2.35. For every $1 invested in total assets, the organization generated $2.35 dollars in sales.

Leverage

1.	Net worth Debt to Equity	Total Liabilities/ Total Owners Equity	Measures the relative amount of debt to the net value of the company. Shows risk.

Break Even

1.	Break Even Volume	Total Fixed Costs/ Gross Margin %	Measures sales volume necessary to cover actual (or budgeted) fixed costs.
2.	Sales Gap	Total Actual / Budgeted Sales- Total Break Even Volume	Measures the difference between projected sales break even volume.

Asset Management

1.	Inventory Turnover	Cost of Goods Sold / Inventory	Measures the rate at which inventory is being used on an annual basis.

Interest Rates Increase

Where to start?
1. Credit Score
2. Capital Available for Injection
3. Use of Funds

Self Funded
- Cash
- 401K / Ret
- Home Equity
- Unsec Prom Notes

Traditional Banks
- 20% + owner injection
- credit score > 750+
- asset based (40%+ collateral)
- no projection based loans
- each bank has business type bias

Community Banks & Credit Unions
- Home State & Colorado Community Bank
- Client focused not just numbers based lending

Specialty Lending Programs (Some Guarantee 10%+ Injection)
- credit score > 720+
- SBA – 7A Express (multi use) & 504 (asset)
- USDA – 50+ programs (rural development) & no prepayment
- CHAFA & CLS

Micro-Lending (Highest Rates But Will Loan Small Amounts)
- Colorado Enterprise Fund (CEF) – on-line application & ability to convert to conv.
- Loveland Micro-Loan Fund
- Accion (will accept credit scores in the 500s)

Twelve-month cash flow

Enter Company Name Here **Fiscal Year Begins: Jan-12**

	Pre-Startup EST	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Total Item EST
Cash on Hand (beginning of month)														
CASH RECEIPTS														
Sales - Hair Cut														
Sales - Hair Color (All Over)														
Sales - Highlights														
Sales - All In														
Collections fm CR accounts														
Loan/ other cash inj.														
TOTAL CASH RECEIPTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Available (before cash out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH PAID OUT														
Purchases (merchandise)														
Purchases (specify)														
Purchases (specify)														
Gross wages (exact withdrawal)														
Payroll expenses (taxes, etc.)														
Outside services (BNI)														
Supplies (office & oper.)														
Repairs & maintenance														
Advertising														
Car, delivery & travel														
Accounting & legal														
Rent														
Telephone														
Utilities														
Insurance														
Taxes (real estate, etc.)														
Interest														
Other - Heather Health Ins														
Other - Health Insurance Depend														
Other - Student Loan														
Miscellaneous														
SUBTOTAL														
Loan principal payment														
Capital purchase (specify)														
Other startup costs														
Reserve and/or Escrow														
Owners' Withdrawal														
TOTAL CASH PAID OUT														
Cash Position (end of month)														
ESSENTIAL OPERATING DATA (non cash flow information)														
Sales Volume (dollars)														
Accounts Receivable														
Bad Debt (end of month)														
Inventory on hand (eom)														
Accounts Payable (eom)														
Depreciation														

OriginalExampleBegFinMgmt [Basis] [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

BLUE CELLS: As you progress through the various worksheets, type into the blue cells only. All other cells contain formulas and will be automatically calculated.

INPUT INSTRUCTIONS: Some cells will automatically guide you as you type your entries. For example, click on the blue cell to the right of Company Name below. You will see your input instructions.

RED TRIANGLES: Some cells are not meant for input, but also have some tips and instruction for you. When you see a red triangle in the upper right hand corner of a cell, hover over that cell to see more explanation. For example, hover over this cell and you will see the words "This is a sample of hover text."

GETTING STARTED: The following blue cells are all that you need to enter in order to get started. Once you have entered these, click on each of the tabs at the bottom to progress through each of the worksheets. Have fun! Be profitable!

QUESTIONS: Please refer to the Frequently Asked Questions (the last worksheet in the series) or call Melissa Dunning (303 778-7165) or email her at lissa@megalo.com. If you have additional requirements, she can customize this spreadsheet for you.

Company Name	Beautiful Yards
Starting year	2008
Starting month	Apr

Last update Saturday, November 11, 2006

NOTE: This is not meant to be used as an accounting system. It is instead a financial management tool. You should maintain your business records as usual.

Overview Assumptions Operating Expenses Products Sales Cash Flow Loans Equipment Income Statement Balance Sheet Graphs FAQ

Ready

BLUE CELLS: As you progress through the various worksheets, type into the blue cells only. All other cells contain formulas and will be automatically calculated.

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Company Name	Beautiful Yards
Starting year	2008
Starting month	Apr

Last update Saturday, November 11, 2006

NOTE: This is not meant to be used as an accounting system. It is instead a financial management tool. You should maintain your business records as usual.

ASSUMPTIONS

Beautiful Yards (2008 - 2009)

Percentage of cash sales	10.00%	Sales where customers pay immediately.			
Percentage of credit sales	90.00%	Sales when customers pay later.			
How quickly do your customers pay?					
paid within 30 days	40.00%	If all of your customers pay immediately,			
paid in 31-60 days	50.00%	you can ignore this section.			
paid in 61-90 days	8.00%				
paid in 90+ days	2.00%				
Product return rate is expected to be	0.00%				
You want to keep inventory on hand for	0	months of projected sales			
You pay your bills within	1	months after purchase			
Income tax rate	25.00%				
Sales commissions rate	2.00%				
From your Balance Sheet:		as of the last of the previous month			
Beginning Cash	$1,000				
Accounts receivable	$0	Fill out this section only if you have a			
Inventory	$0	business that is already in operation.			
Property, plant & equipment	$6,000				
Accumulated depreciation	$0				
Accounts payable	$0				
Accrued payable	$0				
Capital stock	$1,000				
Retained Earnings	$0				
Existing Loans	Loan #1	Loan #2	Loan #3	Loan #4	Loan #5
Principle	$6,000	$0	$0	$0	$0
Interest	5.00%	0.00%	0.00%	0.00%	0.00%
Length in months	36	0	0	0	0
Current monthly payment	$180	$0	$0	$0	$0

PROJECTED OPERATING EXPENSES

Beautiful Yards (2008 - 2009)

Expense	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Personnel													
Administration Salaries	$300	$650	$750	$900	$750	$700	$650	$600	$600	$600	$600	$700	$7,800
Sales Salaries													$0
Officer Salaries	$1,000	$2,000	$2,500	$3,000	$3,000	$3,000	$2,500	$2,500	$1,000	$1,000	$1,000	$2,500	$25,000
Other													
Supplies	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$360
Repairs/Maintenance	$50	$50	$100	$100	$150	$150	$100	$50	$50	$50	$50	$100	$1,000
Advertising	$1,750	$250	$100	$50	$50	$50	$50	$50	$50	$50	$50	$50	$2,550
Travel													$0
Accounting/Legal	$200										$200		$400
Rent													$0
Telephone	$100	$100	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$1,700
Utilities													$0
Insurance	$85	$85	$115	$115	$115	$115	$115	$115	$115	$115	$115	$115	$1,320
Computers	$1,000												$1,000
Property Taxes													$0
Gasoline	$250	$250	$500	$500	$500	$500	$400	$250	$300	$300	$350	$400	$4,500
													$0
													$0
													$0
													$0
													$0
													$0
Unexpected Expenses	$477	$342	$425	$485	$475	$470	$400	$375	$230	$230	$255	$405	$4,563
SubTotal	$5,242	$3,757	$4,670	$5,330	$5,220	$5,165	$4,395	$4,120	$2,525	$2,525	$2,800	$4,450	$50,193
Sales Commissions	$83	$480	$435	$575	$666	$568	$703	$487	$60	$72	$90	$205	$4,423
Payroll Taxes	$207	$470	$553	$671	$662	$640	$578	$538	$249	$251	$254	$511	$5,583
Total Operating Expenses	$5,532	$4,706	$5,657	$6,576	$6,548	$6,373	$5,675	$5,145	$2,834	$2,847	$3,143	$5,165	$60,200

Unexpected Expenses % 10.00%

PROJECTED PRODUCT PRICING (per unit)
Beautiful Yards (2008 - 2009)

Product Name	Grass Cuts	Clean-ups	Material	Sprinkler	Snow removal
Low Sales Volume					
Price (Per Item)	$30.00	$100.00	$1.00	$45.00	$30.00
Cost of Goods Sold (Per Item)					
Labor	$15.00	$40.00	$0.00	$0.00	$15.00
Payroll taxes	$2.25	$6.00	$0.00	$0.00	$2.25
Materials	$0.00	$0.00	$0.90	$0.00	$0.00
Freight	$0.00	$0.00	$0.00	$0.00	$0.00
Total COGS	$17.25	$46.00	$0.90	$0.00	$17.25
Gross Profit (Per Item)	$12.75	$54.00	$0.10	$45.00	$12.75
Max monthly sales volumes	50,000	50,000	50,000	50,000	50,000

PROJECTED SALES (in number of units)
Beautiful Yards (2008 - 2009)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Grass Cuts		300	450	600	600	600	300	100					2,950
Clean-ups	40	150	80	100	150	100	250	200				50	1,120
Material			250	750	300	400							1,700
Sprinkler	3						25	30					58
Snow removal									100	120	150	175	545
Total Units	43	450	780	1,450	1,050	1,100	575	330	100	120	150	225	6,373
Total Revenue	$4,135	$24,000	$21,750	$28,750	$33,300	$28,400	$35,125	$24,350	$3,000	$3,600	$4,500	$10,250	$221,160
Returns	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Sales	$4,135	$24,000	$21,750	$28,750	$33,300	$28,400	$35,125	$24,350	$3,000	$3,600	$4,500	$10,250	$221,160
COGS: Labor	$1,600	$10,500	$9,950	$13,000	$15,000	$13,000	$14,500	$9,500	$1,500	$1,800	$2,250	$4,625	$97,225
COGS: Payroll Taxes	$240	$1,575	$1,493	$1,950	$2,250	$1,950	$2,175	$1,425	$225	$270	$338	$694	$14,584
COGS: Materials	$0	$0	$225	$675	$270	$0	$0	$0	$0	$0	$0	$0	$1,170
COGS: Freight	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total COGS	$1,840	$12,075	$11,668	$15,625	$17,520	$14,950	$16,675	$10,925	$1,725	$2,070	$2,588	$5,319	$112,979
Gross Profit	$2,295	$11,925	$10,083	$13,125	$15,780	$13,450	$18,450	$13,425	$1,275	$1,530	$1,913	$4,931	$108,181

PROJECTED CASH FLOW
Beautiful Yards (2008 - 2009)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Beginning Cash	$1,000	($4,119)	($7,959)	($5,193)	($3,574)	($244)	$5,959	$12,039	$22,019	$30,286	$30,183	$28,248	
Cash Sales	$414	$2,400	$2,175	$2,875	$3,330	$2,840	$3,513	$2,435	$300	$360	$450	$1,025	$22,116
Credit (0-30 days)	$1,489	$8,640	$7,830	$10,350	$11,988	$10,224	$12,645	$8,766	$1,080	$1,296	$1,620	$3,690	$79,618
Credit (31-60 days)	$0	$1,861	$10,800	$9,788	$12,938	$14,985	$12,780	$15,806	$10,958	$1,350	$1,620	$2,025	$94,910
Credit (61-90 days)		$0	$298	$1,728	$1,566	$2,070	$2,398	$2,045	$2,529	$1,753	$216	$259	$14,862
Credit (91+ days)			$0	$74	$432	$392	$518	$599	$511	$632	$438	$54	$3,651
Total Cash Collected	$1,902	$12,901	$21,103	$24,815	$30,254	$30,511	$31,853	$29,651	$15,378	$5,391	$4,344	$7,053	$215,155
Loans													
Principle			$15,000										$15,000
Interest Rate			6.00%										
Length in months			36										
Monthly payment	$0	$0	$456	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Equity	$0												$0
Total Cash Inflow	$1,902	$12,901	$36,103	$24,815	$30,254	$30,511	$31,853	$29,651	$15,378	$5,391	$4,344	$7,053	$230,155
Operating Cash Outflow													
COGS: Labor	$1,600	$10,500	$9,950	$13,000	$15,000	$13,000	$14,500	$9,500	$1,500	$1,800	$2,250	$4,625	$97,225
COGS: Payroll Taxes	$0	$240	$1,575	$1,493	$1,950	$2,250	$1,950	$2,175	$1,425	$225	$270	$338	$13,890
COGS: Materials	$0	$0	$0	$225	$675	$270	$0	$0	$0	$0	$0	$0	$1,170
COGS: Freight	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Operating Expenses	$5,242	$3,757	$4,670	$5,330	$5,220	$5,165	$4,395	$4,120	$2,525	$2,525	$2,800	$4,450	$50,193
OE: PR Taxes & Comm	$0	$290	$950	$988	$1,246	$1,328	$1,208	$1,280	$1,025	$309	$323	$344	$9,291
Loan Payments	$180	$180	$180	$636	$636	$636	$636	$636	$636	$636	$636	$636	$6,265
Equipment Purchase	$0	$0	$15,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$15,000
Income Taxes	$0	$1,774	$1,013	$1,525	$2,197	$1,659	$3,084	$1,961	$0	$0	$0	$0	$13,211
Operating Cash Outflow	$7,021	$16,740	$33,337	$23,196	$26,924	$24,308	$25,773	$19,672	$7,111	$5,495	$6,278	$10,392	$206,245
Ending Cash	($4,119)	($7,959)	($5,193)	($3,574)	($244)	$5,959	$12,039	$22,019	$30,286	$30,183	$28,248	$24,910	
Accounts Receivable	$2,233	$13,332	$13,979	$17,915	$20,961	$18,851	$22,123	$16,821	$4,444	$2,652	$2,808	$6,005	
Inventory	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	

PROJECTED LOANS

Beautiful Yards (2008 - 2009)

This worksheet is informational only: no entries are required here.

If you want to include loans in your plan, enter them in Assumptions tab or in Cash Flow.

	Beginning	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb.	Mar
Existing: Loan #1													
Principle due	$6,000	$5,845	$5,690	$5,534	$5,377	$5,219	$5,061	$4,903	$4,743	$4,583	$4,422	$4,261	$4,099
Due long term	$4,261	$4,099	$3,936	$3,773	$3,609	$3,444	$3,278	$3,112	$2,945	$2,778	$2,610	$2,441	$2,271
Due short term	$1,739	$1,746	$1,754	$1,761	$1,768	$1,776	$1,783	$1,790	$1,798	$1,805	$1,813	$1,820	$1,828
Principle paid		$155	$155	$156	$157	$157	$158	$159	$159	$160	$161	$161	$162
Interest paid		$25	$24	$24	$23	$22	$22	$21	$20	$20	$19	$18	$18
Existing: Loan #2													
Principle due	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Existing: Loan #3													
Principle due	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Existing: Loan #4													
Principle due	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Existing: Loan #5													
Principle due	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan taken in Apr													
Principle due		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan taken in May													
Principle due			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest paid				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan taken in Jun													
Principle due				$15,000	$14,619	$14,235	$13,850	$13,463	$13,074	$12,683	$12,290	$11,895	$11,499
Due long term				$10,699	$10,296	$9,891	$9,484	$9,075	$8,665	$8,252	$7,836	$7,419	$7,000
Due short term				$4,301	$4,323	$4,344	$4,366	$4,388	$4,410	$4,432	$4,454	$4,476	$4,499
Principle paid					$381	$383	$385	$387	$389	$391	$393	$395	$397
Interest paid					$75	$73	$71	$69	$67	$65	$63	$61	$59
Loan taken in Jul													
Principle due					$0	$0	$0	$0	$0	$0	$0	$0	$0
Due long term					$0	$0	$0	$0	$0	$0	$0	$0	$0
Due short term					$0	$0	$0	$0	$0	$0	$0	$0	$0
Principle paid						$0	$0	$0	$0	$0	$0	$0	$0
Interest paid						$0	$0	$0	$0	$0	$0	$0	$0
Loan taken in Aug													
Principle due						$0	$0	$0	$0	$0	$0	$0	$0
Due long term						$0	$0	$0	$0	$0	$0	$0	$0
Due short term						$0	$0	$0	$0	$0	$0	$0	$0
Principle paid							$0	$0	$0	$0	$0	$0	$0
Interest paid							$0	$0	$0	$0	$0	$0	$0
Loan taken in Sep													
Principle due							$0	$0	$0	$0	$0	$0	$0
Due long term							$0	$0	$0	$0	$0	$0	$0
Due short term							$0	$0	$0	$0	$0	$0	$0
Principle paid								$0	$0	$0	$0	$0	$0
Interest paid								$0	$0	$0	$0	$0	$0
Loan taken in Oct													
Principle due								$0	$0	$0	$0	$0	$0

PROJECTED EQUIPMENT PURCHASES
Beautiful Yards (2008 - 2009)

Equipment	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
													$0
2nd crew truck			$15,000										$15,000
													$0
													$0
													$0
													$0
													$0
Total	$0	$0	$15,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$15,000
Depreciation	$100	$100	$350	$350	$350	$350	$350	$350	$350	$350	$350	$350	$3,700

PROJECTED INCOME STATEMENT

Beautiful Yards (2008 - 2009)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Grass Cuts													
Net Sales	$0	$9,000	$13,500	$18,000	$18,000	$18,000	$9,000	$3,000	$0	$0	$0	$0	$88,500
Cost of Goods Sold	$0	$5,175	$7,763	$10,350	$10,350	$10,350	$5,175	$1,725	$0	$0	$0	$0	$50,888
Gross Profit	$0	$3,825	$5,738	$7,650	$7,650	$7,650	$3,825	$1,275	$0	$0	$0	$0	$37,613
COGS %		57.5%	57.5%	57.5%	57.5%	57.5%	57.5%	57.5%					57.5%
Clean-ups													
Net Sales	$4,000	$15,000	$8,000	$10,000	$15,000	$10,000	$25,000	$20,000	$0	$0	$0	$5,000	$112,000
Cost of Goods Sold	$1,840	$6,900	$3,680	$4,600	$6,900	$4,600	$11,500	$9,200	$0	$0	$0	$2,300	$51,520
Gross Profit	$2,160	$8,100	$4,320	$5,400	$8,100	$5,400	$13,500	$10,800	$0	$0	$0	$2,700	$60,480
COGS %	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%	46.0%				46.0%	46.0%
Material													
Net Sales	$0	$0	$250	$750	$300	$400	$0	$0	$0	$0	$0	$0	$1,700
Cost of Goods Sold	$0	$0	$225	$675	$270	$360	$0	$0	$0	$0	$0	$0	$1,530
Gross Profit	$0	$0	$25	$75	$30	$40	$0	$0	$0	$0	$0	$0	$170
COGS %			90.0%	90.0%	90.0%	90.0%							90.0%
Sprinkler													
Net Sales	$135	$0	$0	$0	$0	$0	$1,125	$1,350	$0	$0	$0	$0	$2,610
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Profit	$135	$0	$0	$0	$0	$0	$1,125	$1,350	$0	$0	$0	$0	$2,610
COGS %	0.0%						0.0%	0.0%					0.0%
Snow removal													
Net Sales	$0	$0	$0	$0	$0	$0	$0	$0	$3,000	$3,600	$4,500	$5,250	$16,350
Cost of Goods Sold	$0	$0	$0	$0	$0	$0	$0	$0	$1,725	$2,070	$2,588	$3,019	$9,401
Gross Profit	$0	$0	$0	$0	$0	$0	$0	$0	$1,275	$1,530	$1,913	$2,231	$6,949
COGS %									57.5%	57.5%	57.5%	57.5%	57.5%
Total Net Sales	$4,135	$24,000	$21,750	$28,750	$33,300	$28,400	$35,125	$24,350	$3,000	$3,600	$4,500	$10,250	$221,160
Total Cost of Goods Sold	$1,840	$12,075	$11,668	$15,625	$17,520	$14,950	$16,675	$10,925	$1,725	$2,070	$2,588	$5,319	$112,979
Gross profit	$2,295	$11,925	$10,083	$13,125	$15,780	$13,450	$18,450	$13,425	$1,275	$1,530	$1,913	$4,931	$108,181
Depreciation	$100	$100	$350	$350	$350	$350	$350	$350	$350	$350	$350	$350	$3,700
Operating expenses	$5,532	$4,706	$5,657	$6,576	$6,548	$6,373	$5,675	$5,145	$2,834	$2,847	$3,143	$5,165	$60,200
Operating profit	($3,337)	$7,119	$4,075	$6,199	$8,882	$6,727	$12,425	$7,930	($1,909)	($1,667)	($1,581)	($584)	$44,282
Less interest expense	$25	$24	$24	$98	$95	$93	$90	$88	$85	$83	$80	$77	$862
Profit before income taxes	($3,362)	$7,095	$4,052	$6,101	$8,787	$6,634	$12,335	$7,843	($1,994)	($1,750)	($1,660)	($661)	$43,419
Less income taxes	$0	$1,774	$1,013	$1,525	$2,197	$1,659	$3,084	$1,961	$0	$0	$0	$0	$13,211
Net income/loss	($3,362)	$5,321	$3,039	$4,576	$6,590	$4,976	$9,251	$5,882	($1,994)	($1,750)	($1,660)	($661)	$30,208

Percentage Profit Analysis

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	44.5%	50.3%	53.6%	54.3%	52.6%	52.6%	47.5%	44.9%	57.5%	57.5%	57.5%	51.9%	51.1%
Gross profit	55.5%	49.7%	46.4%	45.7%	47.4%	47.4%	52.5%	55.1%	42.5%	42.5%	42.5%	48.1%	48.9%
Operating expenses	133.8%	19.6%	26.0%	22.9%	19.7%	22.4%	16.2%	21.1%	94.5%	79.1%	69.8%	50.4%	27.2%
All other expenses	0.6%	0.1%	0.1%	0.3%	0.3%	0.3%	0.3%	0.4%	2.8%	2.3%	1.8%	0.8%	0.4%
Profit before taxes	-81.3%	29.6%	18.6%	21.2%	26.4%	23.4%	35.1%	32.2%	-66.5%	-48.6%	-36.9%	-6.5%	19.6%
Breakeven point	$9,967	$9,471	$12,204	$14,404	$13,818	$13,456	$10,804	$9,331	$6,667	$6,700	$7,395	$10,736	$123,069
													$10,256

PROJECTED BALANCE SHEET
Beautiful Yards (2008 - 2009)

	Previous	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Assets													
Current assets													
Cash	$1,000	($4,119)	($7,959)	($5,193)	($3,574)	($244)	$5,959	$12,039	$22,019	$30,286	$30,183	$28,248	$24,910
Accounts receivable	$0	$2,233	$13,332	$13,979	$17,915	$20,961	$18,851	$22,123	$16,821	$4,444	$2,652	$2,808	$6,005
Inventory	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total current assets	$1,000	($1,886)	$5,374	$8,787	$14,341	$20,717	$24,809	$34,162	$38,840	$34,730	$32,835	$31,056	$30,915
Property, plant & equipment	$6,000	$6,000	$6,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000	$21,000
Less accumulated depreciation	$0	$100	$200	$550	$900	$1,250	$1,600	$1,950	$2,300	$2,650	$3,000	$3,350	$3,700
Total assets	**$7,000**	**$4,014**	**$11,174**	**$29,237**	**$34,441**	**$40,467**	**$44,209**	**$53,212**	**$57,540**	**$53,080**	**$50,835**	**$48,706**	**$48,215**
Liabilites and stockholders' equity													
Current liabilities													
Accounts payable	$0	$0	$0	$225	$675	$270	$0	$0	$0	$0	$0	$0	$0
Accrued payable	$0	$530	$2,525	$2,480	$3,196	$3,578	$3,158	$3,455	$2,450	$534	$593	$681	$1,410
Notes payable	$1,739	$1,746	$1,754	$6,062	$6,091	$6,120	$6,149	$6,178	$6,208	$6,237	$6,267	$6,297	$6,327
Total current liabilities	$1,739	$2,276	$4,278	$8,767	$9,962	$9,968	$9,307	$9,633	$8,658	$6,771	$6,860	$6,978	$7,736
Long term debt	$4,261	$4,099	$3,936	$14,472	$13,905	$13,335	$12,763	$12,188	$11,610	$11,029	$10,446	$9,860	$9,271
Stockholders' equity													
Capital stock	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Retained earnings	$0	($3,362)	$1,959	$4,998	$9,574	$16,164	$21,140	$30,391	$36,273	$34,279	$32,529	$30,869	$30,208
Total stockholders' equity	$1,000	($2,362)	$2,959	$5,998	$10,574	$17,164	$22,140	$31,391	$37,273	$35,279	$33,529	$31,869	$31,208
Total liabilities and stockholders' equity	**$7,000**	**$4,014**	**$11,174**	**$29,237**	**$34,441**	**$40,467**	**$44,209**	**$53,212**	**$57,540**	**$53,080**	**$50,835**	**$48,706**	**$48,215**

Ratio Asset Analysis

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Industry
Return on investment (after tax)			66.2%	83.3%	90.5%	94.2%	95.5%	96.8%	97.3%	97.2%	97.0%	96.9%	96.8%	150.0%
Return on assets (after tax)			17.5%	17.1%	27.8%	39.9%	47.8%	57.1%	63.0%	64.6%	64.0%	63.4%	62.7%	36.0%
Current ratio		-0.8	1.3	1	1.4	2.1	2.7	3.5	4.5	5.1	4.8	4.5	4	1.5
Quick ratio		-0.8x1	1.3x1	1x1	1.4x1	2.1x1	2.7x1	3.5x1	4.5x1	5.1x1	4.8x1	4.5x1	4x1	1.2x1
Debt to worth ratio			2.8x1	3.9x1	2.3x1	1.4x1	1x1	0.7x1	0.5x1	0.5x1	0.5x1	0.5x1	0.5x1	3.2x1
Sales to receivables		1.9 turns	2.1 turns	3.6 turns	4.4 turns	5.3 turns	7.4 turns	7.9 turns	11.9 turns	45.6 turns	77.8 turns	75.1 turns	36.8 turns	146
Cost of sales to inventory														