

# Custom Jewelry Business Plan

## Contemporary Ti Design

### Executive Summary

#### Introduction

Contemporary Ti Design is a designer and manufacturer of unique titanium jewelry. Contemporary Ti Design makes many different designs in the form of earrings, pins, and pendants. All of the products are designed and manufactured by Steve Artificer. In order to grow and achieve the desired level of market penetration, the company has outlined the following marketing/production goals over the next three years:

- The utilization of Contemporary's designs in at least 40 different galleries.
- Increase the number of designs offered by 8% per year.

#### The Company

Contemporary Ti Design, located in Hood River, OR, is a custom manufacturer of titanium jewelry. Contemporary Ti Design has a wide range of jewelry offerings, from pendants, to pins, to earrings. All of the pieces are made by Steve Artificer. The business will be based out of his home. Steve sells the pieces direct through his website as well as through selected galleries and art shows. Steve plans to hire a sales representative by month eight to handle customer interaction.

#### The Market

The jewelry industry is highly fragmented with thousands and thousands of artisans competing for distribution contracts and fame. Some work and distribute locally, others have national distribution systems set up. Some artists will design products for larger companies to manufacture, others will design and make the pieces themselves. Competition for Contemporary Ti takes the following forms:

- Artists creating designs that are then manufactured on a large scale and distributed nationally.
- Companies that have their own designers in-house. In this case everything is done in-house, design, marketing and wholesaling.
- Artists such as Steve who design and make all of the pieces themselves, and then do the wholesaling or retailing themselves.

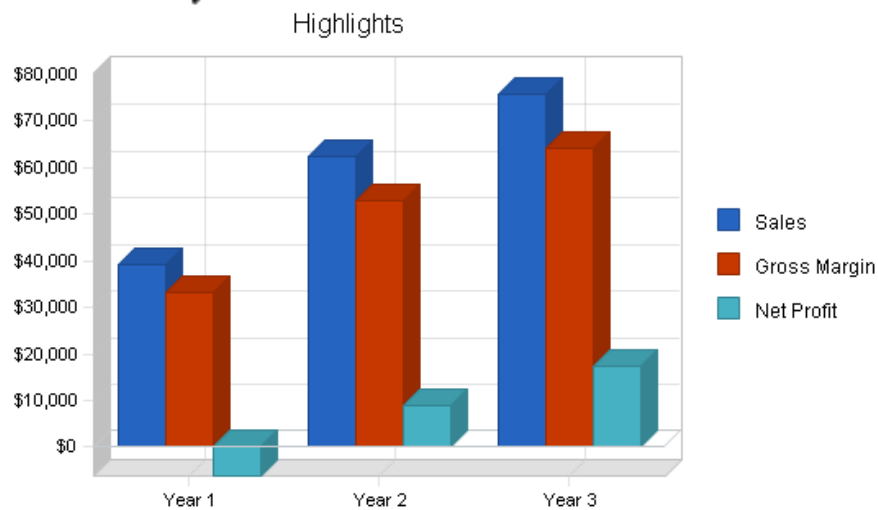
Contemporary Ti Design will be focusing on two distinct groups of customers. One is the end consumer, the other is galleries, to be used as a distribution channel. The end consumer will be

interacting with Steve via his website as well as through personal contact at exhibitions/shows. The galleries (museum shops, jewelry stores) will also be met through the exhibitions and shows.

## Financial Considerations

Contemporary Ti will be completely financed by equity capital provided by Steve Artificer. We will pass our break-even point within the first year. Conservative projections based on sales over the next three years yield an annual revenue of \$75,000 by Year 3. The company expects its cash account to remain healthy.

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## 1.1 Objectives

The objectives for the first three years of operation include:

- To create a jewelry manufacturing company whose primary goal is to exceed customer's expectations.
- The utilization of Contemporary's designs in at least 40 different galleries.
- To increase the number of designs offered by 8% per year.
- To develop a profitable/sustainable home-based company.

## 1.2 Mission

Contemporary Ti Design's mission is to make innovative pieces of art in jewelry form out of titanium. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall in to place. Our services will exceed the expectations of our customers.

## Company Summary

Contemporary Ti Design, located in Hood River, OR, is a custom manufacturer of titanium jewelry. Contemporary Ti Design has a wide range of jewelry offerings, from pendants, to pins, to approximately. All of the pieces are made by Steve Artificer. Steve sells the pieces direct through his website as well as through selected galleries and art shows.

The business will based out of Steve's home.

If the company goes as planned, month nine will signal profitability and year three will see profit of \$17,000.

## 2.1 Company Ownership

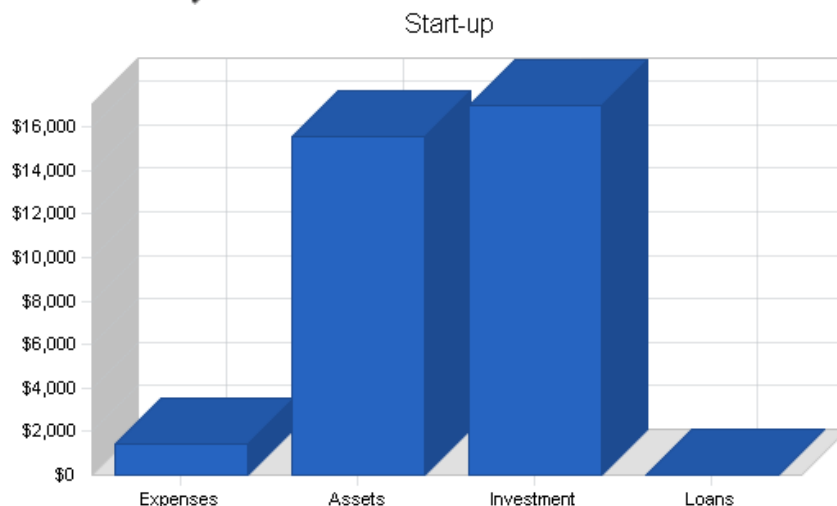
Contemporary Ti Design is a sole proprietorship, owned by Steve Artificer. The advantage of incorporation generally eliminating personal liability is of little concern.

## 2.2 Start-up Summary

Contemporary Ti Design's start-up costs will include the following equipment for the home-based business:

- Legal fees.
- Website creation fees.
- Home office furniture including desk, file cabinet, chairs.
- Computer including printer, CD-RW.
- DSL hookup.
- Copier and fax machine.
- Extra land phone line.
- Cutting tools.
- Raw materials (titanium sheet and wire).
- Anodizing equipment.

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#### Start-up

##### Requirements

##### Start-up Expenses

Legal	\$500
Stationery etc.	\$150
Website Development	\$500
DSL Set-up	\$100
Titanium Sheet	\$200
Other	\$0
Total Start-up Expenses	\$1,450

##### Start-up Assets

Cash Required	\$12,750
Start-up Inventory	\$0
Other Current Assets	\$0
Long-term Assets	\$2,800
Total Assets	\$15,550
Total Requirements	\$17,000

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#### Start-up Funding

Start-up Expenses to Fund	\$1,450
Start-up Assets to Fund	\$15,550
Total Funding Required	\$17,000

##### Assets

Non-cash Assets from Start-up	\$2,800
Cash Requirements from Start-up	\$12,750
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$12,750
Total Assets	\$15,550

#### Liabilities and Capital

##### Liabilities

Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0

##### Capital

##### Planned Investment

Steve	\$17,000
Investor 2	\$0
Other	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$17,000
Loss at Start-up (Start-up Expenses)	(\$1,450)
Total Capital	\$15,550
Total Capital and Liabilities	\$15,550

Total Funding

\$17,000

## Products

Contemporary Ti Design manufactures titanium jewelry. The jewelry takes the form of pendants, approximately, and pins. All of the jewelry is made out of titanium. All of the products are designed and made by Steve.

Steve has chosen titanium because of its unique characteristics. It is stronger than steel, yet similar in weight to aluminum. It is inert and hypoallergenic.

Most of the jewelry is left unfinished. The grey of the titanium by itself looks quite nice. Some of the pieces are anodized. Anodizing adds a broad range of colors to the titanium. Anodizing occurs by immersing the titanium in electrically charged water or hooking up the titanium to an electrical power source. When charged with electricity, a light film of oxide will form on the surface of the titanium and this produces color.

Contemporary Ti Design's pieces are constructed out of titanium sheets. The material is cut using a saw blade. The interior of the pieces is cut by piercing a small hole through the interior and inserting a saw blade. All pieces are made from several pieces of titanium. The pieces are held together by rivets. Small holes are drilled through the different pieces and a small wire (rivet) is inserted through. The head and end of the rivet are tapped with a hammer and that enlarges the end holding the pieces together. In addition to the utility of the rivet, it is aesthetically pleasing in terms of the overall look of the piece.

## Market Analysis Summary

Contemporary Ti Design will be focusing on two distinct groups of customers. One is the end consumer, the other is galleries, to be used as a distribution channel. The end consumer will be interacting with Steve via his website as well as through personal contact at exhibitions/shows. The galleries (museum shops, jewelry stores) will also be met through the exhibitions and shows. At these events a long-term relationship will be entered into so that the shops become a retail distribution channel for Contemporary Ti Design. Additionally, Contemporary Ti Design will be traveling the country meeting with different galleries and setting up retailing relationships with them.

### 4.1 Market Segmentation

Contemporary Ti Design has two targeted groups of people, galleries and individuals:

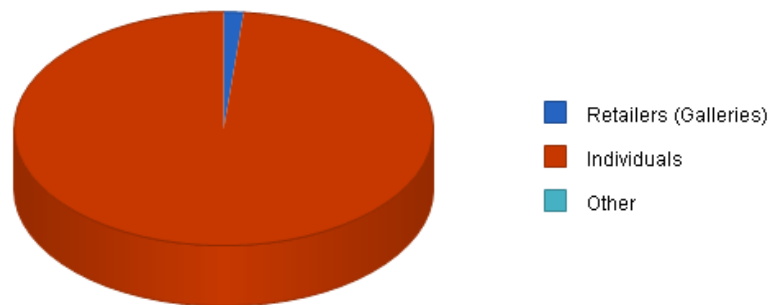
- Galleries- These buyers are purchasing jewelry wholesale in quantity and reselling it to the public. Some of the galleries are private galleries, some are artisan jewelry shops, some are museum stores, like the Smithsonian Hirshhorn Museum of Modern Art Store. The margins are not as good compared to sales to individuals and there is also the

expense of setting up relationships with the galleries to sell the art pieces, but galleries move a large quantity of work. The galleries and stores that typically are interested in Contemporary's work are more upscale and modern. They appeal to a crowd that favors progressive or industrial design.

- **Individuals-** These buyers are familiar with Contemporary Ti Design either from stumbling across the website, saw some examples of Steve's work at a showing or art festival, word of mouth, or some other avenue. The individual would then view the different available pieces on the website and place the order via the Web, phone, fax, or mail. The margins for individual sales are greater because there is not a distribution layer involved, it is direct from Contemporary Ti Design to the end consumer. The individuals that are typically attracted to this type of art work are generally from cities and are fairly progressive. The reason for this is that the jewelry, while not flashy, is not all that conservative looking. They are intricate pieces, typically using organic shapes and industrial design. This is the reason that more progressive people will appreciate the Contemporary Ti Design pieces.

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Market Analysis (Pie)



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Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Retailers (Galleries)	7%	2,525	2,702	2,891	3,093	3,310	7.00%
Individuals	9%	165,475	180,368	196,601	214,295	233,582	9.00%
Other	0%	0	0	0	0	0	0.00%
Total	8.97%	168,000	183,070	199,492	217,388	236,892	8.97%

## 4.2 Target Market Segment Strategy

Contemporary Ti Design is targeting galleries and individuals because they are the most likely purchasers of the jewelry. Galleries typically purchase works of art from many different artisans. The galleries will first come into contact with Contemporary through examples of the work at an exhibition, or the retailer is contacted by Steve (or sales rep) and shown samples. If there is interest, the gallery will place an order for a few representative pieces. This is hopefully the

beginning of a long-term relationship where the gallery will then reorder more pieces to replenish their stock as well as to hopefully broaden their product offering.

Contemporary's target segment strategy for the individuals will also be based on exhibitions. The individual will see examples of Steve's work and either purchase the product right then, or will be referred to the website where a complete product listing is available and all pieces are sold. Additionally, individuals will come across our website, either from a referral or a targeted Web search. The individual is able to make a purchase, or find out what galleries carry Contemporary's pieces to view them in person.

## **4.3 Industry Analysis**

The jewelry industry, or even broader the art industry, is quite large and diverse. There are countless different artisans making so many different pieces of work. There are artists from every state that manufacture products. Some sell to large department stores, some to galleries, some sell them only via a website, others will travel with the products and sell what they are carrying.

### **4.3.1 Competition and Buying Patterns**

As previously stated, the jewelry industry is composed of thousand upon thousands of people. Some work and distribute locally, others have national distribution systems set up. Some artists will design products for larger companies to manufacture, others will design and make the pieces themselves. This business plan will have an abridged competition section. This is because of the very large and distributed nature of artisan jewelry design, the market is entirely too dispersed to have a complete catalog of the competition.

Competition does take the following forms:

- Artists creating designs that are then manufactured on a large scale and distributed nationally. The artists might be famous enough to have their own one-name studio that they create designs and the product is made and sold under the larger companies name. If the artist does not have national name recognition, the designers might belong to a firm that is hired to develop designs for a company who will manufacture and sell the product.
- A company that has their own designers in-house. In this case everything is done in-house, design, marketing and wholesaling. Another variation would be in-house designers, marketers and wholesalers with the manufacturing contracted out.
- Artists such as Steve who design and make all of the pieces themselves, and then do the wholesaling or retailing themselves.

The buying patterns of consumers fall into typically two types: gifts and impulse purchases. A gift purchase occurs when the buyer is looking for a gift for someone, sees the art piece, and then purchases it. In this case the plan is to make a purchase, it is just not known what or where that purchase will be made. The other buying pattern is an impulse purchase. Someone will be shopping, they are not in need of anything, will see the item and have to have it, buying it on the

spot. One last pattern, that occurs less frequently is if someone was looking for an "accessory" that would match an outfit and happens to come across the piece of jewelry and buys it.

## **Strategy and Implementation Summary**

Contemporary Ti Design is Steve Artificer's design and manufacturing company. Contemporary's competitive edge is Steve's artistic skill. While Steve does not have a monopoly of artistic skill, his level of creativity and expertise is encountered very infrequently. Steve will be applying his competitive edge in the development of some wonderful pieces of art. These works will be sold initially by Steve through shows and exhibitions, as well as through strategic relationships with retail outlets. Toward the end of year one Steve will cease handling sales activity personally and hire an independent sales representative to handle exhibitions and retailers.

### **5.1 Competitive Edge**

Contemporary Ti Design's competitive edge is fairly simple. It is based on creative, unusual designs. While this strategy can be replicated, it is not easy. Creative, unusual designs require skill. While not everyone has artistic skill, Steve is certainly not the only one graced with this skill. Regardless, Steve is very skilled in what he does, and every piece that he manufactures incorporates an element of creative, unusual, eye catching design that stands out from most jewelry.

### **5.2 Sales Strategy**

Contemporary Ti Design's sales strategy will be targeted at getting a wide range of galleries to carry Steve's products. This will be done with two methods. The first is attendance and display at different shows. The shows are typically craft shows, art shows or art festivals. Although final consumers attend these shows, buyers from galleries attend these shows to meet artists and form relationships with them. The other method of reaching the galleries is through the process of traveling to different galleries and speaking with the buyer or owner and showing them the pieces that Contemporary Ti Design designs. Lists can be purchased of different galleries in the country and Steve or a sales representative will travel and show off the "wares."

To reach the consumer, one of the methods is the same, the shows. As stated in the previous paragraph, end consumers attend these shows and many different pieces will be sold. In addition to this method, a complete catalog of the collection can be viewed and purchased over the Web. While some people like to hold the actual piece before purchasing, the photos on the Web are quite detailed and people often feel comfortable ordering a piece directly from the website.

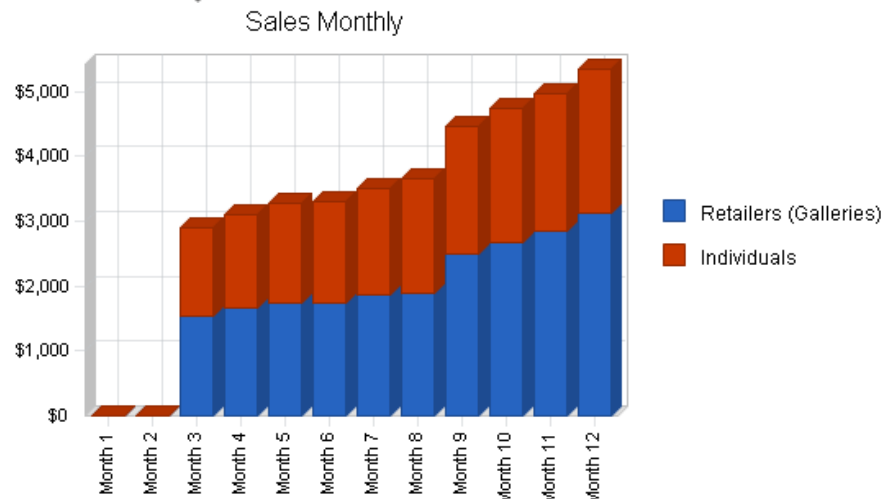
#### **5.2.1 Sales Forecast**

The first month will be spent setting up the work quarters and building up inventory. The second month will be spent traveling around visiting galleries trying to set up distribution channels. Month three will mark the first month of some sales activity. Steve will have been to several exhibits and sold products as well as pieces sold through the website. From month three on sales

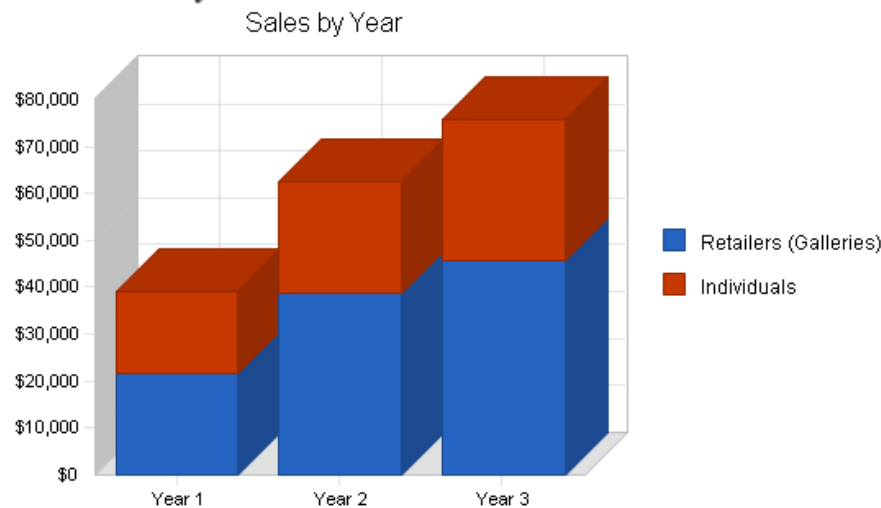


will increase incrementally. Steve will be on the road usually about a week per month traveling to different galleries and exhibits. This will occur till month eight. Month eight will mark the time when Steve will hire a sales representative to do the traveling to set up distributors and attend exhibitions to allow Steve to concentrate on his design and production. Month eight will mark a larger increase in the sales.

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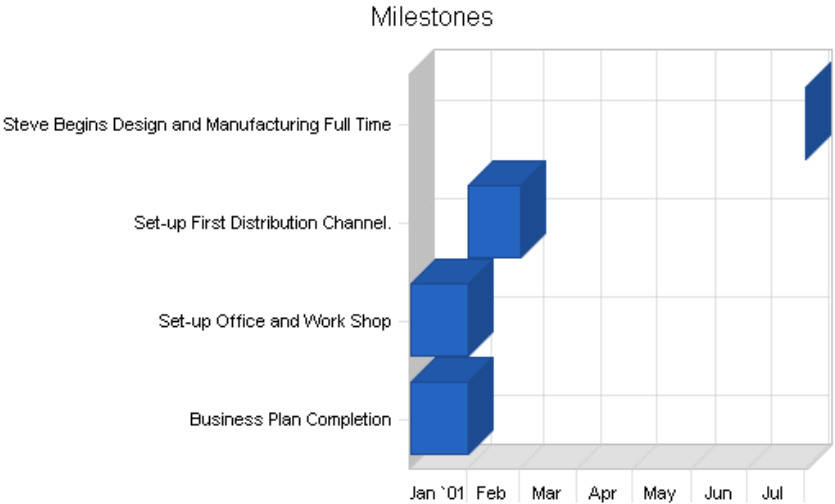
Sales Forecast	Year 1	Year 2	Year 3
Sales			
Retailers (Galleries)	\$21,593	\$38,874	\$45,785
Individuals	\$17,708	\$23,545	\$29,874
Total Sales	\$39,301	\$62,419	\$75,659
Direct Cost of Sales	Year 1	Year 2	Year 3
Retailers (Galleries)	\$3,239	\$5,831	\$6,868
Individuals	\$2,656	\$3,532	\$4,481
Subtotal Direct Cost of Sales	\$5,895	\$9,363	\$11,349

### 5.3 Milestones

Contemporary Ti Design will have several milestones early on:

- 1. Business plan completion. This will be done as a roadmap for the organization. While we do not need a business plan to raise capital, it will be an indispensable tool for the ongoing performance and improvement of the company.
- 2. Set up office and work shop.
- 3. Set up the first distribution channel.
- 4. Steve begins design and manufacturing full time.

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Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan Completion	1/1/2001	2/1/2001	\$0	ABC	Marketing
Set-up Office and Work Shop	1/1/2001	2/1/2001	\$1,450	ABC	Department
Set-up First Distribution Channel.	2/1/2001	3/1/2001	\$600	ABC	Department
Steve Begins Design and Manufacturing Full Time	8/1/2001	8/1/2001	\$0	ABC	Department
Totals			\$2,050		

### Management Summary

Contemporary Ti Design is owned and operated by Steve Artificer. It will be formed as a sole proprietorship. Steve was always an artistic child, even at a young age instead of playing sports such as baseball and kickball would make things. He would often find ordinary things lying around school and transform them into a piece of art. Most of his free time was spent crafting things, this is what he enjoyed.

Steve pursued his undergraduate degree from the Cleveland Institute of Art (CIA). At the CIA Steve studies graphic design. Steve worked throughout school at a local design firm that did a wide range of design work including company logos, furniture design, and product design.

Upon graduation Steve was unsure what direction in the art industry he wanted to pursue so he decided to pursue a Masters in product design from Iowa State University. While at Iowa Steve met E. Douglas Wunder, a designer who primarily used titanium. Steve worked with Douglas for two years, an event that sealed his fate. Steve realized that he needed to develop his own business, specifically a jewelry design and manufacturing studio, also specializing in titanium. Recognizing that location of the studio was not that important, Steve moved out to Hood River, OR with his wife because of the proximity to the mountains and opened shop up in the basement of his house.

### 6.1 Personnel Plan

Steve, for the first eight months will wear many different hats. He will be designer and manufacturer of the jewelry. He will also handle all ordering of the raw material and sales of the pieces. Steve will bring on board an independent sales representative to take over the sales and marketing of the pieces.

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Personnel Plan

	Year 1	Year 2	Year 3
Steve	\$24,000	\$24,000	\$24,000
Independant Sales Representative	\$3,500	\$8,400	\$8,400
Total People	2	2	2
Total Payroll	\$27,500	\$32,400	\$32,400

## Financial Plan

The following sections will outline the important financial information.

### 7.1 Important Assumptions

The following table highlights some of the important financial assumptions for Contemporary Ti Design.

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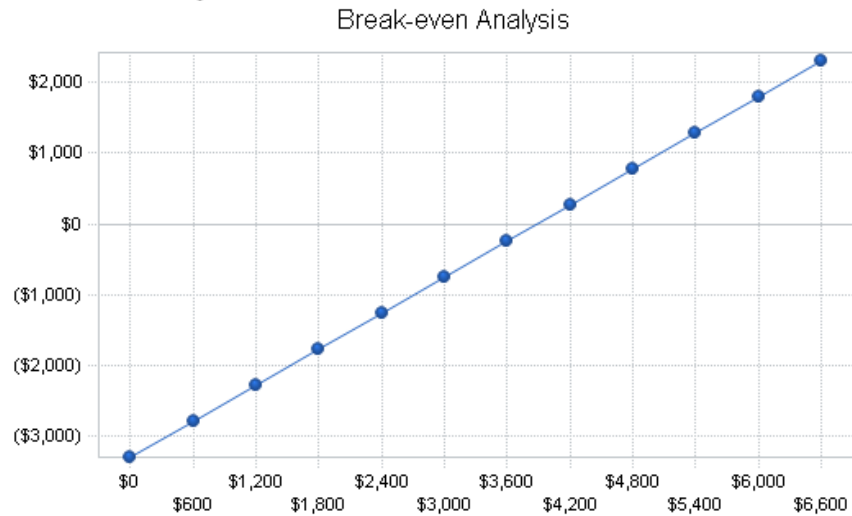
General Assumptions

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Other	0	0	0

## 7.2 Break-even Analysis

The following table and chart show our Break-even Analysis.

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Break-even Analysis

Monthly Revenue Break-even \$3,879

Assumptions:

Average Percent Variable Cost 15%

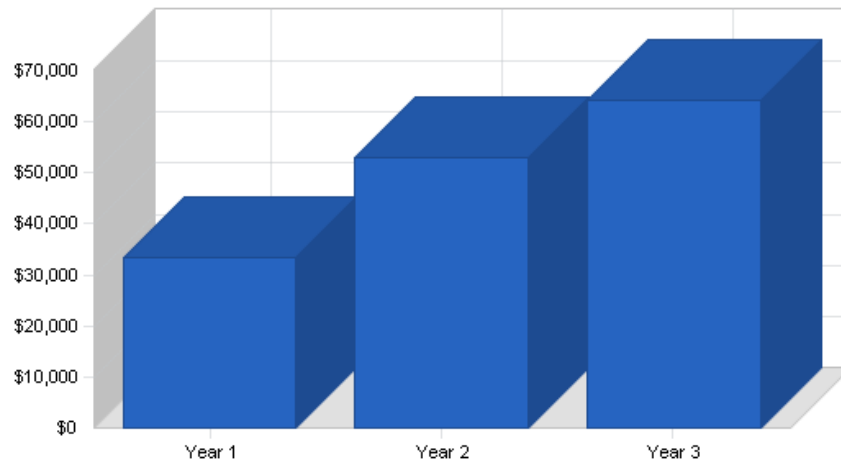
Estimated Monthly Fixed Cost \$3,297

## 7.3 Projected Profit and Loss

The following table indicates projected profit and loss.

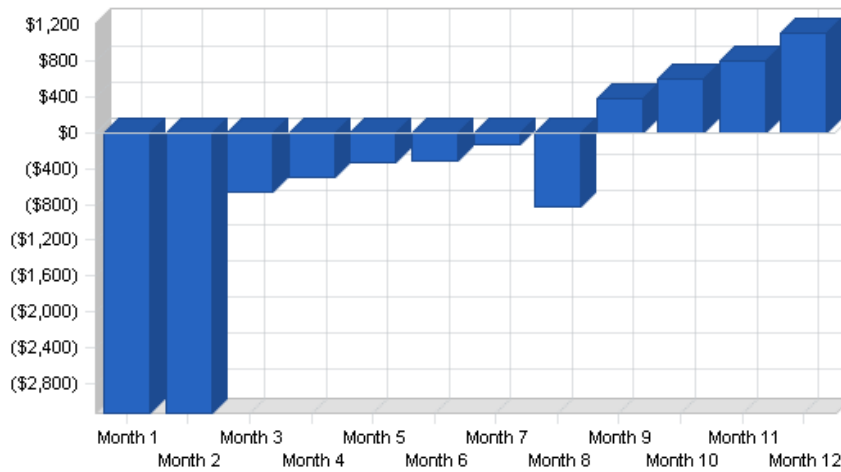
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Gross Margin Yearly



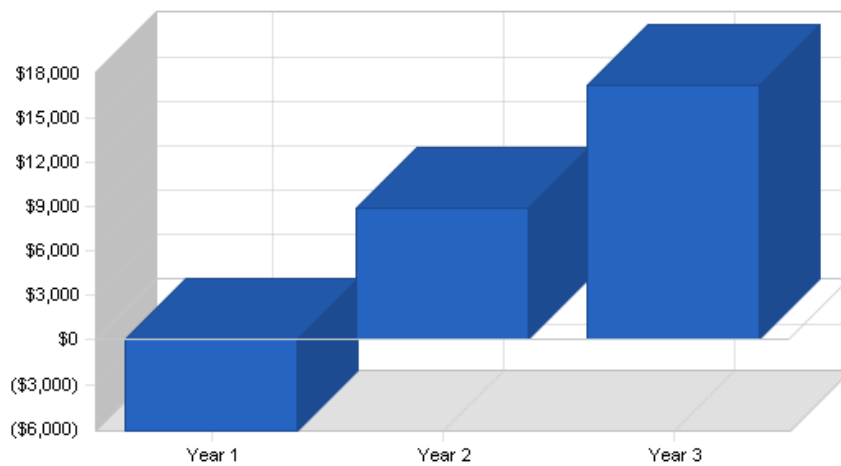
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Profit Monthly

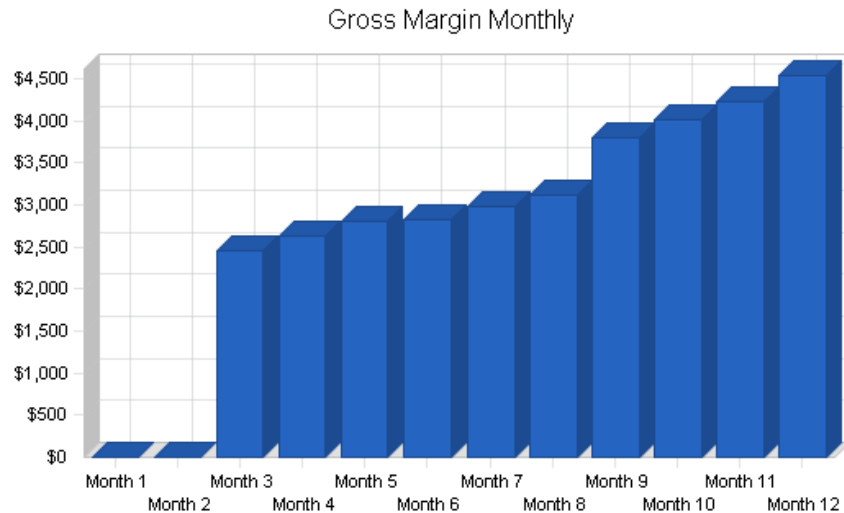


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Profit Yearly



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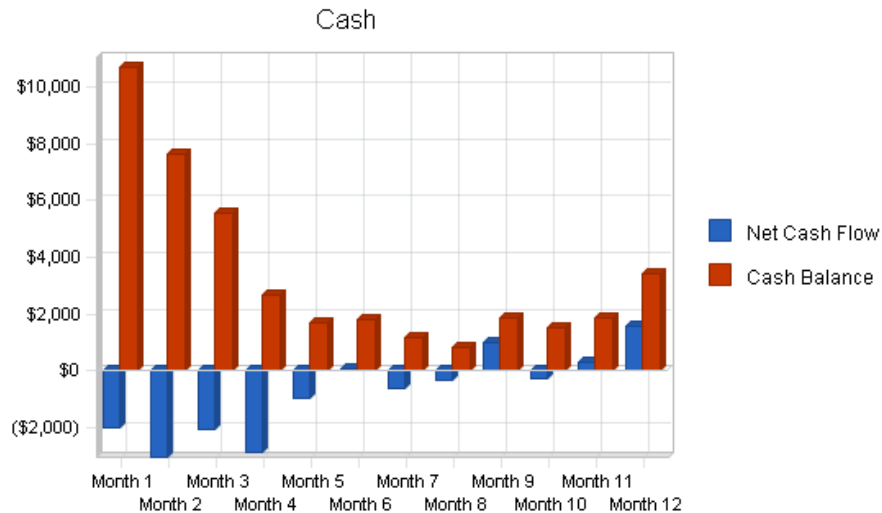
#### Pro Forma Profit and Loss

	Year 1	Year 2	Year 3
Sales	\$39,301	\$62,419	\$75,659
Direct Cost of Sales	\$5,895	\$9,363	\$11,349
Other	\$0	\$0	\$0
Total Cost of Sales	\$5,895	\$9,363	\$11,349
Gross Margin	\$33,406	\$53,056	\$64,310
Gross Margin %	85.00%	85.00%	85.00%
Expenses			
Payroll	\$27,500	\$32,400	\$32,400
Sales and Marketing and Other Expenses	\$5,200	\$1,200	\$1,200
Depreciation	\$936	\$936	\$928
Leased Equipment	\$0	\$0	\$0
Utilities	\$600	\$600	\$600
Insurance	\$1,200	\$1,200	\$1,200
Rent	\$0	\$0	\$0
Payroll Taxes	\$4,125	\$4,860	\$4,860
Other	\$0	\$0	\$0
Total Operating Expenses	\$39,561	\$41,196	\$41,188
Profit Before Interest and Taxes	(\$6,155)	\$11,860	\$23,122
EBITDA	(\$5,219)	\$12,796	\$24,050
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$0	\$2,965	\$5,877
Net Profit	(\$6,155)	\$8,895	\$17,245
Net Profit/Sales	-15.66%	14.25%	22.79%

## 7.4 Projected Cash Flow

The following chart and table indicate projected cash flow.

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#### Pro Forma Cash Flow

	Year 1	Year 2	Year 3
<b>Cash Received</b>			
<b>Cash from Operations</b>			
Cash Sales	\$13,755	\$21,847	\$26,481
Cash from Receivables	\$18,949	\$36,692	\$46,956
Subtotal Cash from Operations	\$32,705	\$58,539	\$73,437
<b>Additional Cash Received</b>			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$2,000	\$0	\$0
Subtotal Cash Received	\$34,705	\$58,539	\$73,437
<b>Expenditures</b>			
<b>Expenditures from Operations</b>			
Cash Spending	\$27,500	\$32,400	\$32,400
Bill Payments	\$16,525	\$20,725	\$25,078
Subtotal Spent on Operations	\$44,025	\$53,125	\$57,478
<b>Additional Cash Spent</b>			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$44,025	\$53,125	\$57,478
Net Cash Flow	(\$9,321)	\$5,414	\$15,959
Cash Balance	\$3,429	\$8,843	\$24,802

## 7.5 Projected Balance Sheet

The following table indicates the projected balance sheet.

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#### Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$3,429	\$8,843	\$24,802
Accounts Receivable	\$6,596	\$10,477	\$12,699
Inventory	\$1,105	\$1,755	\$2,127
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$11,131	\$21,075	\$39,628
<b>Long-term Assets</b>			
Long-term Assets	\$2,800	\$2,800	\$2,800
Accumulated Depreciation	\$936	\$1,872	\$2,800
Total Long-term Assets	\$1,864	\$928	\$0
Total Assets	\$12,995	\$22,003	\$39,628
<b>Liabilities and Capital</b>			
	Year 1	Year 2	Year 3
<b>Current Liabilities</b>			
Accounts Payable	\$1,600	\$1,713	\$2,092
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$1,600	\$1,713	\$2,092
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$1,600	\$1,713	\$2,092
Paid-in Capital	\$19,000	\$19,000	\$19,000
Retained Earnings	(\$1,450)	(\$7,605)	\$1,290
Earnings	(\$6,155)	\$8,895	\$17,245
Total Capital	\$11,395	\$20,290	\$37,535
Total Liabilities and Capital	\$12,995	\$22,003	\$39,628
Net Worth	\$11,395	\$20,290	\$37,535

## Appendix

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#### Sales Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Sales</b>													
Retailers (Galleries)	0%	\$0	\$0	\$1,547	\$1,654	\$1,745	\$1,732	\$1,874	\$1,888	\$2,487	\$2,687	\$2,854	\$3,125
Individuals	0%	\$0	\$0	\$1,345	\$1,445	\$1,547	\$1,585	\$1,645	\$1,774	\$1,987	\$2,045	\$2,114	\$2,221
Total Sales		\$0	\$0	\$2,892	\$3,099	\$3,292	\$3,317	\$3,519	\$3,662	\$4,474	\$4,732	\$4,968	\$5,346
<b>Direct Cost of Sales</b>													
Retailers (Galleries)		\$0	\$0	\$232	\$248	\$262	\$260	\$281	\$283	\$373	\$403	\$428	\$469
Individuals		\$0	\$0	\$202	\$217	\$232	\$238	\$247	\$266	\$298	\$307	\$317	\$333
Subtotal Direct Cost of Sales		\$0	\$0	\$434	\$465	\$494	\$498	\$528	\$549	\$671	\$710	\$745	\$802

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#### Personnel Plan

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Steve	0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Independent Sales Representative	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700	\$700	\$700	\$700	\$700
Total People		1	1	1	1	1	1	1	2	2	2	2	2
Total Payroll		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700



### General Assumptions

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Expenses

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[illegible]

Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$2,035	\$3,050	\$3,083	\$4,050	\$4,017	\$3,083	\$4,017	\$3,787	\$4,838	\$4,355	\$4,322	\$3,388
Net Cash Flow	(\$2,035)	(\$3,050)	(\$2,071)	(\$2,903)	(\$980)	\$96	(\$645)	(\$345)	\$1,018	(\$301)	\$331	\$1,564
Cash Balance	\$10,715	\$7,665	\$5,594	\$2,691	\$1,711	\$1,807	\$1,162	\$818	\$1,836	\$1,535	\$1,866	\$3,429

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#### Pro Forma Balance Sheet

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$12,750	\$10,715	\$7,665	\$5,594	\$2,691	\$1,711	\$1,807	\$1,162	\$818	\$1,836	\$1,535	\$1,866	\$3,429
Accounts Receivable	\$0	\$0	\$0	\$1,880	\$3,831	\$4,087	\$4,225	\$4,372	\$4,591	\$5,209	\$5,887	\$6,202	\$6,596
Inventory	\$0	\$0	\$0	\$566	\$1,101	\$608	\$1,110	\$582	\$1,033	\$1,362	\$1,652	\$907	\$1,105
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$12,750	\$10,715	\$7,665	\$8,040	\$7,624	\$6,406	\$7,142	\$6,116	\$6,442	\$8,407	\$9,074	\$8,975	\$11,131
Long-term Assets													
Long-term Assets	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
Accumulated Depreciation	\$0	\$78	\$156	\$234	\$312	\$390	\$468	\$546	\$624	\$702	\$780	\$858	\$936
Total Long-term Assets	\$2,800	\$2,722	\$2,644	\$2,566	\$2,488	\$2,410	\$2,332	\$2,254	\$2,176	\$2,098	\$2,020	\$1,942	\$1,864
Total Assets	\$15,550	\$13,437	\$10,309	\$10,606	\$10,112	\$8,816	\$9,474	\$8,370	\$8,618	\$10,505	\$11,094	\$10,917	\$12,995
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$1,015	\$1,015	\$1,982	\$1,982	\$1,015	\$1,982	\$1,015	\$2,083	\$1,600	\$1,600	\$633	\$1,600
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$1,015	\$1,015	\$1,982	\$1,982	\$1,015	\$1,982	\$1,015	\$2,083	\$1,600	\$1,600	\$633	\$1,600
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$1,015	\$1,015	\$1,982	\$1,982	\$1,015	\$1,982	\$1,015	\$2,083	\$1,600	\$1,600	\$633	\$1,600
Paid-in Capital	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$19,000	\$19,000	\$19,000	\$19,000
Retained Earnings	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)	(\$1,450)
Earnings	\$0	(\$3,128)	(\$6,256)	(\$6,926)	(\$7,420)	(\$7,749)	(\$8,058)	(\$8,195)	(\$9,015)	(\$8,645)	(\$8,056)	(\$7,266)	(\$6,155)
Total Capital	\$15,550	\$12,422	\$9,294	\$8,624	\$8,130	\$7,801	\$7,492	\$7,355	\$6,535	\$8,905	\$9,494	\$10,284	\$11,395
Total Liabilities and Capital	\$15,550	\$13,437	\$10,309	\$10,606	\$10,112	\$8,816	\$9,474	\$8,370	\$8,618	\$10,505	\$11,094	\$10,917	\$12,995
Net Worth	\$15,550	\$12,422	\$9,294	\$8,624	\$8,130	\$7,801	\$7,492	\$7,355	\$6,535	\$8,905	\$9,494	\$10,284	\$11,395