Start-Up of a Salon Specializing in Hair Replacement and Hair

INSERT IMAGE/LOGO

 [YOUR COMPANY NAME]

Owner:  [YOUR NAME]

[YOUR COMPLETE ADDRESS]

Phone: [YOUR PHONE NUMBER]

Email: [YOUREMAIL@YOURCOMPANY.COM]

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by [YOUR COMPANY NAME] in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of [YOUR COMPANY NAME].

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to [YOUR COMPANY NAME].

Upon request, this document is to be immediately returned to [YOUR COMPANY NAME].

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name (typed or printed)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

This is a business plan. It does not imply an offering of securities.

Contents

1.0 Executive Summary

 3

1.1 Objectives

 5

1.2 Mission

 5

1.3 Keys to Success

 5

2.0 Company Summary/Company Ownership

 6

2.1 Start-Up Summary

 6

3.0 Products and Services

 6

4.0

Market Analysis Summary (data provided by the American Cancer Society)

 6

4.1 Competition and Buying Patterns

 7

5.0 Web Plan Summary

 7

6.0 SWOT Analysis

 7

6.1 Competitive Edge

 8

6.2 Marketing Strategy

 8

6.3 Sales Strategy

 9

6.4 Sales Forecast

 9

6.5 Milestones

 11

7.0 Management Summary

 11

7.1 Personnel Plan

 11

8.0 Financial Plan

 11

8.2 Break-even Analysis

 12

8.3 Projected Profit and Loss

 12

8.4 Projected Operating Cash Flow

 15

8.5 Projected Balance Sheet

 16

Table: Sales Forecast

 1

Table: Personnel

 2

Table: Profit and Loss

 3

Table: Cash Flow

 4

Table: Balance Sheet

 5

**1.0 Executive Summary**

[YOUR COMPANY NAME]

Owner:  INSERT NAME

INSERT ADDRESS

Phone:

Email:

**Introduction**

[YOUR COMPANY NAME] is seeking $127,000 funding in order to fund the start-up of a ‘green’ hair salon that focuses on hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting. The business will also offer traditional salon services and will offer some educational opportunities for stylists.

**Location**

The business will be located in [CITY, STATE].

**The Organization**

The business will be organized as a Minnesota LLC and will be owned 100% by INSERT NAME. INSERT NAME will be the full-time owner/operator of the salon.

**Services**

The salon focuses on hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting. In addition, the firm will offer laser hair growth services at $65 a session, estitician services, and retail sales of salon products.

**The Market**

There are 1,530,000 new cases of cancer are expected to be found in the U.S. in 2010, of which 740,000 will be female. The 5-year relative survival rate for all cancers diagnosed between 1999-2005 is 68%, up from 50% in 1975-1977. There are currently 11,000,000 cancer survivors in the U.S., of which 5,320,261 are women. The high-end services and location of the salon in a high-income area will provide a stable demographic to support the business. All of this points to a large and growing market of potential customers of [YOUR COMPANY NAME].

**Financial Considerations**

[YOUR COMPANY NAME] is projecting $638,840 in annual sales and a $65,813 net profit in year 1,

 and is seeking $127,000 in funding to be used as follows. The working capital will be

 partially used to acquire inventory.

|  |  |
| --- | --- |
| *Start-up* |   |
| Start-up Expenses |   |
| Legal Accounting | $2,000  |
| Salon Build-Out | $7,500  |
| Laser Hair Growth Machine | $7,000 |
| Furniture (includes shelving, chairs, and receptionist desk) | $5,000  |
| Mirrors | $3,000  |
| Rent Deposits | $2,500  |
| Initial Marketing Expense | $10,000  |
| Wigs and Mannequins | $1,500  |
| Working Capital (2.5 months of operating expenses) | $88,500  |
| Total Start-Up Costs | $127,000  |

**The major focus for funding is as follows:**

Hire employees; the firm will look to hire veterans, minorities, and the unemployed; as sales and cash flow improve.

Chart: Projected Financial Performance

The firm is projecting a net profit of $65,813 in year 1 and a net profit of $135,670 in year 2.

***1.1 Objectives***

1. Begin dialogue with cancer health care providers to identify patients who can benefit from the firm's hair replacement services.

2. Create a new company website for a services description, education/awareness, with contact information and online appointment scheduling.

3. Build a ‘green’ salon with organic products; yet retaining an upscale environment.

***1.2 Mission***

The mission of [YOUR COMPANY NAME] is to provide high quality hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting.

***1.3 Keys to Success***

1. INSERT NAME’s management experience and personal attention to client needs

2. Commitment to employee training and professional development for stylists and barbers in order to expand hair replacement services to more cancer patients.

3. INSERT NAME’s desire to help cancer patients, including offering discounted services to those in need.

**2.0 Company Summary/Company Ownership**

[YOUR COMPANY NAME] is a start-up up-scale and ‘green’ hair salon that will specialize in hair

extension and replacement services for cancer patients. In addition, the firm will offer laser hair growth services at $65 a session, estitician services, and retail sales of salon products. The salon will be located in [CITY, STATE]. The business will be organized as a [STATE] LLC, with INSERT NAME as the President. INSERT NAME is the President and 100% owner.

***2.1 Start-Up Summary***

[YOUR COMPANY NAME] is projecting $450,000 in annual sales and a $4,706 net profit in year 1,

 and is seeking $127,000 in funding to be used as follows. The working capital will be

 partially used to acquire inventory.

|  |  |
| --- | --- |
| *Start-up* |   |
| Start-up Expenses |   |
| Legal Accounting | $2,000  |
| Salon Build-Out | $7,500  |
| Laser Hair Growth Machine | $7,000 |
| Furniture (includes shelving, chairs, and receptionist desk) | $5,000  |
| Mirrors | $3,000  |
| Rent Deposits | $2,500  |
| Initial Marketing Expense | $10,000  |
| Wigs and Mannequins | $1,500  |
| Working Capital (2.5 months of operating expenses) | $88,500  |
| Total Start-Up Costs | $127,000  |

**3.0 Products and Services**

The primary services offered by [YOUR COMPANY NAME] are hair extensions and hair reconditioning. The owner is highly skilled in the technique of Thermal Reconditioning, which is a Japanese straightening treatment that uses heat to restructure the bonds in your hair so the hair lies straight, giving you glossy, smooth, shiny straight hair that requires hardly any blow drying. Thermal Reconditioning has been practiced in the United States for just over six years. This treatment has been featured in just about every fashion magazine in America including: In Style, Allure, Vogue, Marie Claire, Jane, Woman's Day, Cosmopolitan, Self, Oprah, Lucky, Glamour, and Elle. The business also offers traditional hair salon services, including haircuts, up-dos, and hair coloring. The firm can also offer formal training to stylists twice a month as an additional revenue source. In addition, the firm will offer laser hair growth services at $65 a session, estitician services, and retail sales of salon products.

The standard price for a hair extension case is $1,500.

Market Analysis Summary (data provided by the American Cancer Society)

1,530,000 new cases of cancer are expected to be found in the U.S. in 2010, of which 740,000 will be female.

The 5-year relative survival rate for all cancers diagnosed between 1999-2005 is 68%, up from 50% in 1975-1977.

There are currently 11,000,000 cancer survivors in the U.S., of which 5,320,261 are women.

According to the Pantene Beautiful Lengths Web site, a recent study revealed that nearly 60 percent of women consider hair loss the most dreaded side effect they face when undergoing chemotherapy.

Real-hair wigs can cost as much as $1,200 and are often only partially covered by health insurance.

Dakota County, MN has a population of approximately 386,599 and a median household income of $73,209. With 55.5% of the population in the 25-64 age range and 52.65% of the adult population being female, the target population of women is 112,967 (data from the U.S. Census Bureau 2009 estimates)

***4.1 Competition and Buying Patterns***

There are many small salons, resort salons, and a few larger salons who offer general cosmetology services.  Hair extensions touch a specific client and the firm’s hair replacement services will actively seek women and childhood cancer patients.

Several competing salons that offer extensions and wigs include the following:

INSERT COMPETITION

The firm believes that the most attractive growth strategies involve marketing based upon the firm’s upscale and green image, mining the existing customer base for referrals, and by contacting any visitors to the company’s website

**5.0 Web Plan Summary**

A website will be developed. It will allow prospective customers to view examples of the firm’s service, including photos of the dramatic improvement in the attractiveness in the patient’s hair. In addition, the firm will make a stronger effort at collecting customer’s email for periodic email blasts.

 The website will also allow for online scheduling of appointments.

***6.0 SWOT Analysis***

***SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis***

|  |  |
| --- | --- |
| **STRENGTHS** | **HOW STRENGTHS WILL BE LEVERAGED** |
|  Ability to change hair services quickly based upon changing consumer demand Only high-end salon in this particular suburb |  The firm will move quickly to take advantage of changing customer preferences The firm will quickly attract financial comfortable clients  |
|   |   |
| **WEAKNESSES** | **HOW WEAKNESSES WILL BE MINIMIZED** |
| Lack of Capital to Fund Business Start-Up | The firm is seeking funding  |
| **OPPORTUNITIES** | **HOW TO CAPITALIZE**  |
| The number of cancer patients in the U.S. has risen due to the increased survivability rates of cancer treatment  Many small, poorly managed hair salons have gone out of business during the recession; lack of high-end salon in high-income Dakota County | The firm has a large pool of potential customers.     The firm can quickly build sales with customers who have lost their salon contacts and market to targeted customer demographic |
|   |   |
| **THREATS** | **HOW COMPANY WILL MINIMIZE THREATS** |
| A less expensive competition (i.e. economies of scale enjoyed by a multi-unit salon operator) can win market share by undercutting prices if they target the hair replacement/hair extension market  | The firm maintains a higher standard of quality by having an owner/operator who will monitor all client relationships with a focus of customer satisfaction and with the goal of developing a more personal relationship between the stylist and the client |

***6.1 Competitive Edge***

The firm’s competitive edge will be created by its proximity to multiple cancer treatment facilities in the Twin Cities area, high-end and comfortable salon facilities, eco-friendly “green” and organic product philosophy and management experience brought by INSERT NAME; which will allow for a strong brand image that will attract new customers and build referral pipelines. In addition, the salon will be the only high-end salon currently operating in the subject suburb.

***6.2 Marketing Strategy***

The firm will utilize the following marketing methods:

Customer referrals

Visitors to the website

Email blasts/email newsletters targeting site visitors and current/previous customers

Signage at the location

Newspaper advertisement

Local promotions and networking

New web site that will exclusively target hair replacement services

Doctor’s office brochures

***6.3 Sales Strategy***

All employees are paid based on performance (40 – 52% commission) providing incentive for customer service and relationship-building. Customer referrals and e-marketing will drive both local and national customers to the salon.

***6.4 Sales Forecast***

**The firm projects to achieve $638,840 in sales during year 1, $767,166 in year 2, and $899,741 in year 3.**

**Table: Sales Forecast**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sales Forecast** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Sales |   |   |   |
| Salon Services by Stylists and Barbers | $450,000  | $550,000  | $650,000  |
| Salon Services by Estitician | $84,000  | $96,600  | $111,090  |
| Laser Hair Growth Services by Owner/Manager | $60,840  | $69,966  | $80,461  |
| Retail Product Sales by Stylists and Barbers | $44,000  | $50,600  | $58,190  |
| Total Sales | $638,840  | $767,166  | $899,741  |
|   |   |   |   |
| Direct Cost of Sales |  Year 1 |  Year 2 |  Year 3 |
| Salon Services by Stylists Barbers | $0  | $0  | $0  |
| Salon Services by Estiticians | $42,000  | $48,300  | $55,545  |
| Laser Hair Growth Services | $36,504  | $41,980  | $48,277  |
| Retail Product Sales | $23,040  | $26,496  | $30,470  |
| **Subtotal Direct Cost of Sales** | **$101,544**  | **$116,776**  | **$134,292**  |

***6.5 Milestones***

Table: Milestones

|  |  |  |
| --- | --- | --- |
| *Milestones* |   |   |
|   |   |   |
| Milestone | Start Date | End Date |
| Receive Funding Sources | 2/28/11 | 5/1/11 |
| Hire Employees | 4/15/11 | 5/8/11 |
| Prep Location/Pre-Open Ads | 5/1/11 | 5/15/11 |
| Grand Opening | 5/16/11 |   |
| **Totals** |   |   |

**7.0 Management Summary**

INSERT NAME is a former educator (5 years in public school systems) and retail manager (9 years at all levels of management). He has specialized knowledge in the fitting and care of wigs. He is also skilled in creating and analyzing business financial statements and managing the cash flow of an operating business.

***7.1 Personnel Plan***

The firm estimates a first year payroll expense of $326,064. The stylists and barber will be independent contractors.

Table: Personnel

|  |  |  |  |
| --- | --- | --- | --- |
| **Personnel Plan** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Full-Time Sylists (Seven in Year 1) 1099 | $224,004  | $230,724  | $237,646  |
| Full-Time Barber (One in Year 1) 1099 | $32,004  | $32,964  | $33,953  |
| Full-Time Receptionist (One in Year 1) W-2 | $20,796  | $21,420  | $22,063  |
| Part-Time Receptionist (One in Year 1) W-2 | $13,260  | $13,658  | $14,068  |
| Owner/Manager | $36,000  | $37,080  | $38,192  |
|   |   |   |   |
| **Total Payroll** | **$326,064**  | **$335,846**  | **$345,921**  |

**8.0 Financial Plan**

This Business Plan is used by the management as a road map to its success.  It is an indispensable tool for the ongoing performance and improvement of the Company, and it will be referred to often as management plots its business course.  The Company provided the assumptions for all financial projections which are detailed in the tables and charts throughout this plan.

8.1 Start-Up Funding

 [YOUR COMPANY NAME] is projecting $638,840 in annual sales and a $65,813 net profit in year 1,

 and is seeking $127,000 in funding to be used as follows. The working capital will be

 partially used to acquire inventory.

|  |  |
| --- | --- |
| *Start-up* |   |
| Start-up Expenses |   |
| Legal Accounting | $2,000  |
| Salon Build-Out | $7,500  |
| Laser Hair Growth Machine | $7,000 |
| Furniture (includes shelving, chairs, and receptionist desk) | $5,000  |
| Mirrors | $3,000  |
| Rent Deposits | $2,500  |
| Initial Marketing Expense | $10,000  |
| Wigs and Mannequins | $1,500  |
| Working Capital (2.5 months of operating expenses) | $88,500  |
| Total Start-Up Costs | $127,000  |

***8.2 Break-even Analysis***

The firm

needs to produce $43,921 in monthly sales in order to break-even.

Table: Break-even Analysis

|  |  |
| --- | --- |
| **Break-even Analysis** |   |
|   |   |
| Monthly Revenue Break-even | $43,921 |
|   |   |
| **Estimated Monthly Fixed Cost** | **$36,940** |

***8.3 Projected Profit and Loss***

The following Projected Profit and Loss Table and charts illustrate the firm’s sales, operating expenses, and profitability over the next three years.  It illustrates the effects on profitability of increased expenses such as asset acquisition, personnel, and marketing as the Company expands.  It also illustrates the delayed revenue (sales) growth that occurs months after the capital expenditures of start-up and expansion.  A monthly projection for the first twelve months of sales, direct cost of sales, operating expenses, gross profits, tax consequences, and net profits after taxes is found in the appendix.

The firm is projecting a $638,840 sales figure in year 1 and a $65,813 net profit.

Table: Profit and Loss

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Profit and Loss** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Sales | $638,840  | $767,166  | $899,741  |
| Direct Cost of Sales | $101,544  | $116,776  | $134,292  |
| Other Costs of Sales | $0  | $0  | $0  |
| Total Cost of Sales | $101,544  | $116,776  | $134,292  |
|   |   |   |   |
| Gross Margin | $537,296  | $650,390  | $765,449  |
| Gross Margin % | 84.10%  | 84.78%  | 85.07%  |
|   |   |   |   |
|   |   |   |   |
| Expenses |   |   |   |
| Payroll | $326,064  | $335,846  | $345,921  |
| Marketing/Promotion | $15,000  | $15,450  | $15,914  |
| Depreciation | $0  | $0  | $0  |
| Rent | $24,000  | $24,720  | $25,462  |
| Utilities | $6,000  | $6,180  | $6,365  |
| Insurance with Workers Comp | $8,004  | $8,244  | $8,491  |
| Payroll Taxes | $48,910  | $50,377  | $51,888  |
| Phone/Fax | $1,500  | $1,545  | $1,591  |
| Legal Accounting | $3,000  | $3,090  | $4,026  |

|  |  |  |  |
| --- | --- | --- | --- |
| Office Expense | $1,800  | $1,854  | $1,910  |
| Repair/Maintenance | $2,400  | $2,472  | $2,546  |
| Travel | $3,600  | $3,708  | $3,819  |
| Auto/Truck Expense | $3,000  | $3,090  | $3,183  |
|   |   |   |   |
| Total Operating Expenses | $443,278  | $456,576  | $471,117  |
|   |   |   |   |
| Profit Before Interest and Taxes | $94,018  | $193,814  | $294,332  |
| EBITDA | $94,018  | $193,814  | $294,332  |
|  Interest Expense | $0  | $0  | $0  |
|  Taxes Incurred | $28,206  | $58,144  | $88,300  |
|   |   |   |   |
| Net Profit | $65,813  | $135,670  | $206,032  |
| **Net Profit/Sales** | **10.30%**  | **17.68%**  | **22.90%**  |

***8.4 Projected Operating Cash Flow***

[YOUR COMPANY NAME] has applied for $127,000 in funding sources. The Company forecast that it will receive the funding between the first and second quarter of 2011. As all sales will be paid by cash, check, or credit card; there will be no delayed collection of receipts and most inventory or supplies will be paid up front as well. The cash flow statement below projects the operating cash flow only.

Table: Operating Cash Flow

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Cash Flow** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Cash Received |   |   |   |
|   |   |   |   |
| Cash from Operations |   |   |   |
| Cash Sales | $638,840  | $767,166  | $899,741  |
| Subtotal Cash from Operations | $638,840  | $767,166  | $899,741  |
|   |   |   |   |
| Additional Cash Received |   |   |   |
| Sales of Other Current Assets | $0  | $0  | $0  |
| Sales of Long-term Assets | $0  | $0  | $0  |
| New Investment Received | $0  | $0  | $0  |
| Subtotal Cash Received | $638,840  | $767,166  | $899,741  |
|   |   |   |   |
| Expenditures |  Year 1 |  Year 2 |  Year 3 |
|   |   |   |   |
| Expenditures from Operations |   |   |   |
| Cash Spending | $573,027  | $631,496  | $693,709  |
| Bill Payments | $0  | $0  | $0  |
| Subtotal Spent on Operations | $573,027  | $631,496  | $693,709  |
|   |   |   |   |
| Additional Cash Spent |   |   |   |
| Purchase Other Current Assets | $0  | $0  | $0  |
| Purchase Long-term Assets | $0  | $0  | $0  |
| Dividends | $0  | $0  | $0  |
| Subtotal Cash Spent | $573,027  | $631,496  | $693,709  |
|   |   |   |   |
| Net Cash Flow | $65,813  | $135,670  | $206,032  |
| **Cash Balance** | **$65,813**  | **$201,483**  | **$407,515**  |

***8.5 Projected Balance Sheet***

The Balance Sheet Table (below) shows the Pro-Forma Balance Sheet projections.  In the appendix, the first twelve months are shown individually.

Based on these financial projections, [YOUR COMPANY NAME] expects to build a business with a solid balance sheet for years to come. The balance sheet assumes that all earnings are retained in the business and projects that cash will grow to $407,515 by year 3.

Table: Balance Sheet

|  |  |  |  |
| --- | --- | --- | --- |
| **Pro Forma Balance Sheet** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Assets |   |   |   |
|   |   |   |   |
| Current Assets |   |   |   |
| Cash | $65,813  | $201,483  | $407,515  |
| Other Current Assets | $0  | $0  | $0  |
| Total Current Assets | $65,813  | $201,483  | $407,515  |
|   |   |   |   |
| Long-term Assets |   |   |   |
| Long-term Assets | $0  | $0  | $0  |
| Accumulated Depreciation | $0  | $0  | $0  |
| Total Long-term Assets | $0  | $0  | $0  |
| Total Assets | $65,813  | $201,483  | $407,515  |
|   |   |   |   |
| Liabilities and Capital |  Year 1 |  Year 2 |  Year 3 |
|   |   |   |   |
| Current Liabilities |   |   |   |
| Accounts Payable | $0  | $0  | $0  |
| Current Borrowing | $0  | $0  | $0  |
| Other Current Liabilities | $0  | $0  | $0  |
| Subtotal Current Liabilities | $0  | $0  | $0  |
|   |   |   |   |
| Long-term Liabilities | $0  | $0  | $0  |
| Total Liabilities | $0  | $0  | $0  |
|   |   |   |   |
| Paid-in Capital | $120,000  | $120,000  | $120,000  |
| Retained Earnings | ($120,000) | ($54,187) | $81,483  |
| Earnings | $65,813  | $135,670  | $206,032  |
| Total Capital | $65,813  | $201,483  | $407,515  |
| Total Liabilities and Capital | $65,813  | $201,483  | $407,515  |
|   |   |   |   |
| **Net Worth** | **$65,813**  | **$201,483**  | **$407,515**  |

**8.6 Business Ratios**

The table below presents the projected business ratios from the beauty salons services as a reference with sales from $500,000-$999,999. The firm is projecting sales growth of 20.09% in year 2 and 17.28% in year 3.

Table: Ratios

|  |  |  |  |
| --- | --- | --- | --- |
| **Ratio Analysis** |   |   |   |
|   |  Year 1 |  Year 2 |  Year 3 |
| Sales Growth | n.a. | 20.09%  | 17.28%  |
|   |   |   |   |
|   |   |   |   |
| Percent of Sales |   |   |   |
| Sales | 100.00%  | 100.00%  | 100.00%  |
| Gross Margin | 84.10%  | 84.78%  | 85.07%  |
| Selling, General Administrative Expenses | 73.80%  | 67.09%  | 62.18%  |
| Advertising Expenses | 2.35%  | 2.01%  | 1.77%  |
| Profit Before Interest and Taxes | 14.72%  | 25.26%  | 32.71%  |
|   |   |   |   |
| Main Ratios |   |   |   |
| Current | 0.00  | 0.00  | 0.00  |
| Quick | 0.00  | 0.00  | 0.00  |
| Total Debt to Total Assets | 0.00%  | 0.00%  | 0.00%  |
| Pre-tax Return on Net Worth | 142.86%  | 96.19%  | 72.23%  |
| Pre-tax Return on Assets | 142.86%  | 96.19%  | 72.23%  |
|   |   |   |   |
| Additional Ratios |  Year 1 |  Year 2 |  Year 3 |
| Net Profit Margin | 10.30%  | 17.68%  | 22.90%  |
| Return on Equity | 100.00%  | 67.34%  | 50.56%  |
|   |   |   |   |
| Activity Ratios |   |   |   |
| Accounts Payable Turnover | 0.00  | 0.00  | 0.00  |
| Payment Days | 0  | 0  | 0  |
| Total Asset Turnover | 9.71  | 3.81  | 2.21  |
|   |   |   |   |
| Debt Ratios |   |   |   |
| Debt to Net Worth | 0.00  | 0.00  | 0.00  |

|  |  |  |  |
| --- | --- | --- | --- |
| Current Liab. to Liab. | 0.00  | 0.00  | 0.00  |
|   |   |   |   |
| Liquidity Ratios |   |   |   |
| Net Working Capital | $65,813  | $201,483  | $407,515  |
| Interest Coverage | 0.00  | 0.00  | 0.00  |
|   |   |   |   |
| Additional Ratios |   |   |   |
| Assets to Sales | 0.10  | 0.26  | 0.45  |
| Current Debt/Total Assets | 0%  | 0%  | 0%  |
| Acid Test  | 0.00  | 0.00  | 0.00  |
| Sales/Net Worth | 9.71  | 3.81  | 2.21  |
| **Dividend Payout** |  0.00  | 0.00  | 0.00  |

**Table: Sales Forecast**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 |
| Sales |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Salon Services by Stylists and Barbers |   | $33,750  | $33,750  | $33,750  | $37,500  | $37,500  | $37,500  | $37,500  | $37,500  | $37,500  | $41,250  | $41,250  | $41,250  |
| Salon Services by Estitician |   | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  | $7,000  |
| Laser Hair Growth Services by Owner/Manager |   | $780  | $1,560  | $2,340  | $3,120  | $3,900  | $4,680  | $5,460  | $6,240  | $7,020  | $7,800  | $8,580  | $9,360  |
| Retail Product Sales by Stylists and Barbers |   | $0  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  | $4,000  |
| Total Sales |   | $41,530  | $46,310  | $47,090  | $51,620  | $52,400  | $53,180  | $53,960  | $54,740  | $55,520  | $60,050  | $60,830  | $61,610  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| Direct Cost of Sales |   |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Salon Services by Stylists Barbers |   | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Salon Services by Estiticians |   | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  | $3,500  |
| Laser Hair Growth Services |   | $468  | $936  | $1,404  | $1,872  | $2,340  | $2,808  | $3,276  | $3,744  | $4,212  | $4,680  | $5,148  | $5,616  |
| Retail Product Sales |   | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  | $1,920  |
| **Subtotal Direct Cost of Sales** |   | **$5,888**  | **$6,356**  | **$6,824**  | **$7,292**  | **$7,760**  | **$8,228**  | **$8,696**  | **$9,164**  | **$9,632**  | **$10,100**  | **$10,568**  | **$11,036**  |

**Table: Personnel**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Full-Time Sylists (Seven in Year 1) 1099 |   | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  | $18,667  |
| Full-Time Barber (One in Year 1) 1099 |   | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  | $2,667  |
| Full-Time Receptionist (One in Year 1) W-2 |   | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  | $1,733  |
| Part-Time Receptionist (One in Year 1) W-2 |   | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  | $1,105  |
| Owner/Manager |   | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  | $3,000  |
| Total People |   | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0  | 0  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Total Payroll** |   | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  | **$27,172**  |

**Table: Profit and Loss**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Pro Forma Profit and Loss** |   |   |   |   |   |   |   |   |   |   |   |   |
|   |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Sales | $41,530  | $46,310  | $47,090  | $51,620  | $52,400  | $53,180  | $53,960  | $54,740  | $55,520  | $60,050  | $60,830  | $61,610  |
| Direct Cost of Sales | $5,888  | $6,356  | $6,824  | $7,292  | $7,760  | $8,228  | $8,696  | $9,164  | $9,632  | $10,100  | $10,568  | $11,036  |
| Other Costs of Sales | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Cost of Sales | $5,888  | $6,356  | $6,824  | $7,292  | $7,760  | $8,228  | $8,696  | $9,164  | $9,632  | $10,100  | $10,568  | $11,036  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Gross Margin | $35,642  | $39,954  | $40,266  | $44,328  | $44,640  | $44,952  | $45,264  | $45,576  | $45,888  | $49,950  | $50,262  | $50,574  |
| Gross Margin % | 85.82%  | 86.28%  | 85.51%  | 85.87%  | 85.19%  | 84.53%  | 83.88%  | 83.26%  | 82.65%  | 83.18%  | 82.63%  | 82.09%  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Expenses |   |   |   |   |   |   |   |   |   |   |   |   |
| Payroll | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  | $27,172  |
| Marketing/Promotion | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  | $1,250  |
| Depreciation | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Rent | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  | $2,000  |
| Utilities | $500  | $500  | $500  | $500  | $500  | $500  | $500  | $500  | $500  | $500  | $500  | $500  |
| Insurance with Workers Comp | $667  | $667  | $667  | $667  | $667  | $667  | $667  | $667  | $667  | $667  | $667  | $667  |
| Payroll Taxes | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  | $4,076  |
| Phone/Fax | $125  | $125  | $125  | $125  | $125  | $125  | $125  | $125  | $125  | $125  | $125  | $125  |
| Legal Accounting | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  |
| Office Expense | $150  | $150  | $150  | $150  | $150  | $150  | $150  | $150  | $150  | $150  | $150  | $150  |
| Repair/Maintenance | $200  | $200  | $200  | $200  | $200  | $200  | $200  | $200  | $200  | $200  | $200  | $200  |
| Travel | $300  | $300  | $300  | $300  | $300  | $300  | $300  | $300  | $300  | $300  | $300  | $300  |
| Auto/Truck Expense | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  | $250  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Total Operating Expenses | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  | $36,940  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Profit Before Interest and Taxes | ($1,298) | $3,014  | $3,326  | $7,388  | $7,700  | $8,012  | $8,324  | $8,636  | $8,948  | $13,010  | $13,322  | $13,634  |
| EBITDA | ($1,298) | $3,014  | $3,326  | $7,388  | $7,700  | $8,012  | $8,324  | $8,636  | $8,948  | $13,010  | $13,322  | $13,634  |
|  Interest Expense | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
|  Taxes Incurred | ($389) | $904  | $998  | $2,216  | $2,310  | $2,404  | $2,497  | $2,591  | $2,684  | $3,903  | $3,997  | $4,090  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Net Profit | ($908) | $2,110  | $2,328  | $5,172  | $5,390  | $5,609  | $5,827  | $6,045  | $6,264  | $9,107  | $9,326  | $9,544  |
| **Net Profit/Sales** | **-2.19%**  | **4.56%**  | **4.94%**  | **10.02%**  | **10.29%**  | **10.55%**  | **10.80%**  | **11.04%**  | **11.28%**  | **15.17%**  | **15.33%**  | **15.49%**  |

**Table: Cash Flow**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Pro Forma Cash Flow*** |   |   |   |   |   |   |   |   |   |   |   |   |
|   |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
| Cash Received |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash from Operations |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash Sales | $41,530  | $46,310  | $47,090  | $51,620  | $52,400  | $53,180  | $53,960  | $54,740  | $55,520  | $60,050  | $60,830  | $61,610  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Subtotal Cash from Operations | $41,530  | $46,310  | $47,090  | $51,620  | $52,400  | $53,180  | $53,960  | $54,740  | $55,520  | $60,050  | $60,830  | $61,610  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Additional Cash Received |   |   |   |   |   |   |   |   |   |   |   |   |
| Sales of Other Current Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Sales of Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| New Investment Received | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Cash Received | $41,530  | $46,310  | $47,090  | $51,620  | $52,400  | $53,180  | $53,960  | $54,740  | $55,520  | $60,050  | $60,830  | $61,610  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Expenditures |  Month 1 |  Month 2 |  Month 3 |  Month 4 |  Month 5 |  Month 6 |  Month 7 |  Month 8 |  Month 9 |  Month 10 |  Month 11 |  Month 12 |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Expenditures from Operations |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash Spending | $42,438  | $44,200  | $44,762  | $46,448  | $47,010  | $47,571  | $48,133  | $48,695  | $49,256  | $50,943  | $51,504  | $52,066  |
| Bill Payments | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Spent on Operations | $42,438  | $44,200  | $44,762  | $46,448  | $47,010  | $47,571  | $48,133  | $48,695  | $49,256  | $50,943  | $51,504  | $52,066  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Additional Cash Spent |   |   |   |   |   |   |   |   |   |   |   |   |
| Long-term Liabilities Principal Repayment | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Purchase Other Current Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Purchase Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Dividends | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Subtotal Cash Spent | $42,438  | $44,200  | $44,762  | $46,448  | $47,010  | $47,571  | $48,133  | $48,695  | $49,256  | $50,943  | $51,504  | $52,066  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Net Cash Flow | ($908) | $2,110  | $2,328  | $5,172  | $5,390  | $5,609  | $5,827  | $6,045  | $6,264  | $9,107  | $9,326  | $9,544  |
| **Cash Balance** | **($908)** | **$1,201**  | **$3,530**  | **$8,702**  | **$14,092**  | **$19,700**  | **$25,527**  | **$31,573**  | **$37,836**  | **$46,943**  | **$56,269**  | **$65,813**  |

**Table: Balance Sheet**

The $127,000 funding request has been rounded down to $120,000 in the statement below, assuming that negotiations result in a smaller funding amount.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **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 |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Current Assets |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
| Other Current Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Current Assets | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Long-term Assets |   |   |   |   |   |   |   |   |   |   |   |   |
| Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Accumulated Depreciation | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Long-term Assets | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Assets | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| 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  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Current Borrowing | $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  |
| Subtotal Current Liabilities | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Long-term Liabilities | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
| Total Liabilities | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  | $0  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| Paid-in Capital | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  | $120,000  |
| Retained Earnings | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) | ($120,000) |
| Earnings | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
| Total Capital | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
| Total Liabilities and Capital | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |
| **Net Worth** | ($908) | $1,201  | $3,530  | $8,702  | $14,092  | $19,700  | $25,527  | $31,573  | $37,836  | $46,943  | $56,269  | $65,813  |