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| Philly Landscaping |

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| To: | Steve |
| From: | Noah Smith |
| Date: | 5/30/2018 |
| Re: | Skeleton Analysis |
| Comments: | Hello Steve, I understand that you want to know if you will be able to hire a general manager and whether income from the company surpasses the estimated annuity rate. For this I have created a what if analysis for Philly Landscaping using the information given.  The four scenarios included do nothing, accept with low ROI, accept with a high ROI, and accept the buyout offer. In the scenario you do nothing you assume no changes will be made and that there will be a 5% annual decrease of the customer base with an income of $65,000. For the loan with low ROI, it is estimated that a 10-year loan with 3% interest would total $120,000 while the customer base grows 6% with annual income of $100,000  For the loan with high ROI, the loan offer is the same, but the customer base is expected to grow 13% annually starting in 2018. In the scenario where you accept the buyout offer from a competitor and invest it, you collect $100,000 annually from the annuity. The customer base will go from 850 to 0 as well.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | Do Nothing | Loan – Low ROI | Loan – High ROI | Buyout | | Sum of cash flow from 2018 to 2027 | $591,205 | $183,435 | $714,053 | $0 | | Year with enough profit to hire general manager? | - | - | 2027 | - | | Year with income over expected annuity earnings? | - | - | 2025, 2026, 2027 | - | |