

A SAMPLE BUSINESS PLAN

ABC, Inc.

Executive Summary

Key executives:	Mr. James K. Quadrant 978 Lakeside Drive Hamilton, New York 13346 (515) 555-5431	Mr. Isiah M. Gradient 113 Broughton Road Hamilton, New York 13346 (315) 555-6871
Business:	Quadrant Surveying & Equipment Company 600 Madison Drive Hamilton, New York 13346 (315) 555-4000	
Business size:	\$378,000 in billings in latest fiscal year. Qualify under SBA definition of a "small business."	
Form of ownership:	S Corporation	
Loan purpose:	To purchase 1 Zeiss total stage with data storage and transfer capabilities to improve the quantity and the quality of the surveying jobs performed for	
Amount requested:	\$25,000	
<hr/>		
	Mr. James K. Quadrant 978 Lakeside Drive Hamilton, New York 13346 (315) 555-5431	
Work experience:		
1974-present	<u>Quadrant Surveying & Engineering Company</u> , Hamilton, New York. Manager-Partner. Created business and continues to actively manage technical	
1970-1974	<u>Boise-Cascade Timber Co.</u> , Freeport, Maine. Survey project manager. Supervised field activities of a six-man survey crew. Planned weekly work	
1965-1970	<u>Hi-Tech Survey Co.</u> , Albany, New York Technician. Performed various surveying tasks as a part-time member of a field crew while attending	
Education:	<u>Rensselaer Polytechnical Institute</u> , Troy, New York Master of Science in Engineering Management. Grades in top 10% of class, GPR of 3.7/4.0.	
1969-1970		

1965-1969 Rensselaer Polytechnical Institute, Troy, New York Bachelor of Science degree in Civil Engineering Graduated with honors.

References:

Mr. Frank Boland President, Hi-Tech Survey Co. Troy, New York 12180 (315) 555-1890	Mr. Jeff Anderson President, Sound Investment Co. Hamilton, New York 13346 (315) 555-3671
Ms. Sally LeGrand Account Executive Merrill, Lynch, Pierce, Fenner, and Smith Portland, Maine 04111 (207) 555-1218	

Personal Financial Statement

Assets		Liabilities
Cash-	\$12,000	Notes payable
Savings		
account		
Checking	3,000	Mortgage
account		
Stocks	22,000	Miscellaneous
Keogh	31,000	Total liabilities
contribution		
s		
Home	96,000	Net worth
Autos	20,000	Total liabilities
Miscellaneo	<u>8,000</u>	& net worth
us assets		
Total	\$192,000	
assets		

Mr. Isiah M. Gradient

113 Broughton Road
Hamilton, New York 13346
(315) 555-6871

Work experience:

1976-Present Quadrant Surveying & Engineering Co., Hamilton, New York. Managing partner. Supervises internal managerial operations, including financial,

1971-1975 New York Department of Health & Sanitation, Albany, New York. District Maintenance Engineer. Designed water and sewage projects for cities.

1966-1970 Hi-tech Survey Co., Albany, New York Technician. Worked part-time as field crew member performed various surveying duties.

Education:
1975-1976

University of Virginia, Charlottesville, Virginia. Master of Business Administration. GPR of 40/4.0.

1966-1970

Clemson University, Clemson, South Carolina. Bachelor of Science degree, in Civil Engineering.

References:

Mr. John Molooney	Dr. Fred Target
Assistant Vice President	Professor of Engineering
Con-Edison	Rensselaer Polytechnical Institute
New York, New York	Troy, New York 12181
(212) 555-2268	(518) 555-3196

Mr. Sam Hough
Certified Public
Charlottesville, Virginia
(804) 555-3241

Personal Financial Statement

Assets

Cash-	\$6,000
Savings	
account	
Checking	4,000
account	
Mutual	27,000
funds	

Liabilities

Notes payable
Mortgage
Miscellaneous

Stocks	18,000	Total liabilities
Keogh contributions	24,000	Net worth
Home	94,000	Total liabilities & net worth
Real estate	17,000	
Autos	19,000	
Miscellaneous assets	<u>8,000</u>	
Total assets	\$217,000	

Setting goals & Objectives

STRATEGIC ACTION PLAN

Goals, Objectives, and Strategies

The principals of Quadrant recognize the importance of quality management in successfully meeting their competition. To focus the firm's activities,

The overall mission of Quadrant is more clearly defined by dissecting it into the following objectives:

To boost annual sales to \$480,000.

To increase market share from 31 percent to 36 percent of the local market.

To obtain a contract for another golf course.

To increase by 10% the number of engineering jobs performed for local towns and districts (e.g., water and sewage systems design).

To improve profit margin from 13 percent to 17 percent.

To obtain these objectives, Quadrant will employ a business strategy designed to exploit the four key factors for success in the surveying business-

To utilize equipment offering the latest technological advances.

To train employees in implementing advanced survey techniques into their work.

To provide the opportunity for clients to consult with project managers (or principals, if desired) on all projects.

To keep the customer informed of the job's progress on a timely basis.

To "crack the engineering market" by obtaining small jobs with cities, districts, and subdivisions.

To increase the number of government contracts bid on.

To acquire and to develop "regional accounts"-clients with large land holdings (e.g., large timber companies).

loan purpose: To purchase a Zeiss total station with data storage and transfer capabilities that will facilitate taking angular and distance

Amount requested: \$25,000 (see attached vendor's estimate)

Terms: One year and no prepayment penalty.

**Interest
rate:** Prime

Collateral: Personal guarantees of principals' title to Zeiss total station.

Repayment: Quadrant's ability to repay is illustrated on the accompanying proforma financial statements. The cash budget projected for the

Reduce the number of field personnel by one-third.

Reduce office personnel by the immediate transferring field data to the home office via telephone.

Minimize the number of return trips to the job site, a significant cost of doing business.

Improve productivity by performing more jobs in less time.

Improve the firm's professional image with its clientele by employing the latest, most advanced equipment.

Obtain golf course that requires a level accuracy attainable only with EDM devices.

Feasibility Analysis

KEY SUCCESS FACTORS

The principals see the following factors playing a critical role in the success of the company:

Providing services in a timely fashion.

Accuracy of work.

"Guaranteed satisfaction."

Professional image.

Capable work force.

MARKET ANALYSIS

Quadrant has been extremely successful in carving out a specialty niche for itself as well as in meeting the surveying needs of the general public.

TARGET MARKET

The principals of Quadrant have identified their primary target market (in descending order of importance) as: (1) golf courses; (2) realtors; (3)

COMPETITOR ANALYSIS

Quadrant Surveying & Engineering Company faces no direct competition in its hometown, Hamilton, New York, but there are three primary

Geodetic Survey, Inc. A small corporation (three principals) whose primary focus is surveying large land tracts for timber companies. Serves 28%

Photogrammetry Engineers, Ltd. A small partnership that performs all types of surveying jobs and specializes in surveying by aerial photography.

Land Surveyors, Inc. A relatively new, aggressive company that also performs all types of surveying jobs and specializes in surveying for local architectural firms, Controls 18% of the local market.

Business Organization

COMPANY HISTORY

James K. Quadrant created Quadrant Surveying & Engineering Company in 1974 as a part-time business venture designed to serve the surveying

INDUSTRY TRENDS AND THE STATE OF THE ART

The development of "state of the art" equipment in the surveying industry has paralleled the expansion in the service's demand. The surveyor's tools have undergone a major transformation in the last ten years; they are more sophisticated, more accurate, and more refined than ever before. Technological advances have manifested themselves in two important forms: (1) the development of speedy, accurate computational equipment (e.g., microcomputers, programmable calculators, etc.) that allows the surveyor to perform complex calculations on field data, and (2) the introduction of electronic distance meters (EDMs), which yield more accurate survey measurements faster and facilitate data processing.

Key Personnel

In addition to the principals, whose experience and network of contacts is crucial to the company's success, two long-term field managers play major roles in the firm. As Quadrant grows over the next year, another field manager will be hired, etc.

Operations Plan

Quadrant employs the S Corporation form of ownership primarily for tax reasons. The organizational chart is attached on a separate form.

The market & market Plan

Quadrant has been extremely successful in carving out a specialty niche for itself as well as in meeting the surveying needs of the general public. The company has earned a reputation as the expert in surveying and planning golf courses. After completing work on two local courses, Quadrant obtained a contract on a large, "upscale" golf course 125 miles west of Hamilton. The work is progressing on schedule and will be finished on time and within budget.

Premises & Equipment

The quadrant has been able to maintain current assets nearly worth \$10, 000 and the fixed assets including EDB equipments are worth \$ 200, 000

The following audited financial statements summarize Quadrant's latest operations:

Quadrant Surveying and Engineering Company

Balance Sheet

Assets		Liabilities
Current assets:		Current liabilities:
Cash	\$5,000	Accounts payable
Accounts receivable	<u>4,700</u>	
Total current assets	\$9,700	Long term liabilities:
Fixed assets:		Notes Payable
20 vehicles	40,500	Mortgages On real property
3 computers	30,000	
6 sets EDM equipment	48,000	Total L-T liabilities
4 transits	6,000	Total liabilities
4 levels	4,800	Owner's equity
Misc. field equipment	20,000	Total liabilities & Owners' equity
Office fixtures & equip.	18,000	
leasehold improvements	7,500	
Total fixed assets	\$174,800	

Total
assets \$184,500

Income Statement

Net sales	\$378,000	
Operating expenses:		
Labor expense	\$219,800	
Gas expense	29,993	
Telephone expense	6,270	
Equipment repair	5,600	
Insurance' expense	9,025	
Rent expense	5,400	
Depreciation expense	9,200	
license expense	1,500	
Payroll taxes	11,050	
Office supplies expense	7,200	
Field supplies expense	10,900	
Miscellaneous expenses	4,700	
Total operating		<u>\$320,638</u>
Net operating profit		57,362
Income taxes		8,397
Net profit		<u>\$48,965</u>

Quadrant Surveying & Engineering Company
Break-Even Analysis

Break-even sales = total fixed expenses

1.00 - variable expenses expressed as percentage of sales

total expenses	\$320,638
Fixed	88,122
Variable	240,913

		240,913	
variable expenses as a % of sales =			
		378,000	
=		63.73%	
			88,122
Break-even sales=			
			1.00 - 0.06373
Break-even sales=		\$242,985	
Projected Cash Budget			

Cash Receipts	Jan	Feb	Mar	Apr	May	
SALES	20,000	25,000	28,000	33,000		47,000
COLLECTIONS:						
20% same month			5,600	6,600		9,400
60% first month after sale			15,000	16,800		19,800
18% second month after sale			3,600	4,500		5,040
Other cash receipts			<u>250</u>	<u>50</u>		<u>380</u>
TOTAL CASH RECEIPTS			24,450	27,950		34,620
CASH DISBURSEMENTS:						
Wages			15,680	18,480		26,320
Taxes						
	Payroll		532	628		987
	Property		0	0		400
Transportation			790	840		1,380

Repairs & maintenance	375	450	575
Field supplies	650	800	1,050
Rent	500	500	500
Utilities	100	110	130
Telephone (including yellow	450	575	800
Entertainment	200	200	200
Insurance			
Malpractice	0	9,000	0
Tenant's	0	0	1,500
Auto	0	0	0
Licenses	0	0	0
Miscellaneous	<u>210</u>	<u>340</u>	<u>425</u>
TOTAL CASH DISBURSEMENTS	19,487	31,923	34,267
END OF MONTH BALANCE			
Beginning cash balance	5,000	9,963	5,990
+ cash receipts	24,450	27,950	34,620
- cash disbursements	<u>19,487</u>	<u>31,923</u>	<u>34,267</u>
CASH END OF THE MONTH	9,963	5,990	6,343
(REPAYMENT)	0	0	0
or			
(BORROWING)	0	0	0
CASH END OF THE MONTH	\$9,963	\$5,990	\$6,343
Minimum Cash Balance = \$5,000			

Pro Forma Income Statement

Net sales	\$480,000
Operating expenses:	
Labor expense	\$272,000
Gas expense	30,305
Telephone expense	10,650
Equipment repair expense	6,500

Insurance expense	11,000
Rent expense	6,000
Depreciation expense	10,000
License expense	1,500
Payroll expense	12,750
Office supplies expense	7,400
Field supplies expense	11,200
Miscellaneous expenses	5,100
Total operating expenses	<u>\$384,405</u>
Net operating profit	95,595
Income taxes	<u>13,995</u>
Net profit	<u>\$81,600</u>

Expansion

Quadrant focuses on no expansion for the near fiscal year, but focuses on downsizing with employee layoffs.