

How to open a sports goods manufacturer?



Want to start a sports goods manufacturing business but don't know where to begin? Then you've come to the right place!

Our comprehensive guide covers everything related to opening a sports goods manufacturing business - from choosing the right concept to setting out your marketing plan and financing your business.

You'll also learn how to assess the profitability of your business idea and decide whether or not it can be viable from a financial perspective.

Ready to kickstart your entrepreneurial journey? Let's begin!

In this guide:

1. [What is the business model of a sports goods manufacturing business?](#)
2. [What is the ideal founding team for my sports goods manufacturing business?](#)

3. Is there room for another sports goods manufacturing business on the market?
4. How should I position my sports goods manufacturing business on the market?
5. Where should I base my sports goods manufacturing business?
6. What legal form should I choose for my sports goods manufacturing business?
7. How much money do I need to start a sports goods manufacturing business?
8. How will I promote my sports goods manufacturing business's?
9. How do I build my sports goods manufacturing business financial forecast?
10. How do I choose a name and register my sports goods manufacturing business?
11. What corporate identity do I want for my sports goods manufacturing business?
12. What legal steps are needed to start a sports goods manufacturing business?
13. How do I write a business plan for a sports goods manufacturing business?
14. How to raise finance for my sports goods manufacturing business?
15. What to do after launching my sports goods manufacturing business?
16. Key takeaways

Understanding how a sports goods manufacturing business works

The very first step when exploring a business idea such as starting a sports goods manufacturing business is to make sure you understand how the business operates and makes money (which is what we call the business model).

This will not only give you an initial idea of how profitable the business can be, but it will also enable you to make sure that this is the right business idea for you, given your skills, start-up capital and family or personal lifestyle, in particular.

The best ways to get to grips with the sports goods manufacturing business's business model are to:

- Talk to sports goods manufacturing business owners with experience
- Work a few months in a sports goods manufacturing business already in operation
- Take a training course

Talk to sports goods manufacturing business owners with experience

Experienced sports goods manufacturing business owners have valuable insights and can provide practical advice based on their firsthand experiences.

They've likely encountered and overcome challenges that a newcomer might not anticipate. Learning from other's mistakes can save you both time and money and potentially increase your venture's chances of succeeding.

Work a few months in a sports goods manufacturing business already in operation

Obtaining work experience in the industry can be a crucial factor in confirming whether you truly want to start a sports goods manufacturing business, as it provides insight into the day-to-day activities.

For instance, if the working hours are longer than expected or if other business requirements don't align with your personal lifestyle or preferences, you might reconsider your entrepreneurial goals.

Even if you've decided that this business idea is a good fit for you, gaining work experience will still be valuable. It helps you better understand your target market and customer needs, which is likely to be beneficial when launching your own sports goods manufacturing business.

Take a training course

Obtaining training within your chosen industry is another way to get a feel for how a sports goods manufacturing business works before deciding to pursue a new venture.

Whatever approach you choose to familiarise yourself with the business, before going any further with your plans to open a sports goods manufacturing business, make sure you understand:

- What skills are required to run the business (compare this with your own skills)
- What a typical week in the business is like (compare this with your personal or family life)
- What is the potential turnover of a sports goods manufacturing business and the long-term growth prospects (compare this with your level of ambition)

- Your options once you decide to sell the business or retire (it's never too early to consider your exit)

Assembling your sports goods manufacturing business's founding team

The next step to opening your sports goods manufacturing business is to think about the ideal founding team, or to decide to go in alone.

Starting and growing a successful business doesn't have to be a solo journey and setting up a sports goods manufacturing business with several co-founders is generally easier. The business benefits from a management team with a wider skillset, decisions are made together, and the financial risk is shared among the partners, making the journey more collaborative and less daunting.

But, running a business with several partners brings its own challenges. Disagreements between co-founders are quite common, and these can pose risks to the business. That's why it's crucial to consider all aspects before starting your own business.

We won't go into too much detail here, as this is a complex topic that deserves its own guide, but we do recommend that you ask yourself the following questions:

- What is the ideal number of co-founders for this venture?
- Are you on the same wavelength as your potential partners in terms of vision and ambition?
- How will you deal with potential failure?

Let's look at each of these questions in more detail.

What is the ideal number of co-founders for this venture?

To answer this question you will need to consider the following:

- What skills do you need to run the business? Are you lacking any?
- How much startup capital do you need? How much do you have?
- How are key decisions going to be made? - It is usually advisable to have an odd number of partners (or a majority shareholder) to help break the tie.

Put simply, your co-founders contribute skills, capital, or both. Increasing the number of partners becomes advantageous when there is a deficiency in either of these resources.

Are you on the same wavelength as your potential partners in terms of vision and ambition?

Your business partners should share the same short and long-term vision, be it business expansion or social responsibility, to avoid future frustrations and simplify decision-making. Different views are natural, but alignment is ideal.

In any case, you should think of having an exit mechanism in place in case one of the partners wants to move on.

How will you deal with potential failure?

We wish you nothing but success when starting up and growing your sports goods manufacturing business, but it's always wise to have a backup in case things don't go as planned.

How you deal with a potential failure can vary significantly based on the relationship you have with your business partner (close friend, spouse, ex-colleague, etc.) and the personal circumstances of each of you.

For instance, starting a business with your spouse might seem appealing, but if it doesn't succeed, you risk losing 100% of the household income at once, which could be stressful.

Similarly, going into a partnership with a friend can put pressure on the friendship in the event of failure or when you need to make difficult decisions.

There is no wrong answer, but it is essential to carefully evaluate your options before starting up to ensure you're well-prepared for any potential outcomes.

Conducting market research for a sports goods manufacturing business

The next step in launching a sports goods manufacturing business is to carry out market research. Let's take a look at what this involves.

The objectives of market research

The objective here is very simple: to assess the level of demand for your business and whether there is an opportunity for it to thrive in your chosen location.

The first step will be to check that the market is not saturated with competing offers and that there is room for a new player: your sports goods manufacturing business.

Your market analysis will also help you identify a concept and market positioning that has every chance of being successful in your target market, thereby helping increase your business's chances of success.

Carrying out market research for your sports goods manufacturing business will also enable you to better understand the expectations of your future customers and the most effective ways to communicate with them in your marketing plan.

Analyse key trends in the industry

Your market research should start with an industry analysis in order to gain a good understanding of the main players and current trends in your sector.

Once you've delved into the current state of the market, it will be time to assess what proportion of your target market can be seized by your sports goods manufacturing business. To do this, you will need to consider both the demand and supply side of the market.

Assess the demand

After checking out the industry, let's shift our focus to figuring out what your potential customers want and how they like to buy.

A classic mistake made by first-time entrepreneurs is to assess demand on the global or national market instead of concentrating on their target market. Only the market share that can be captured by your company in the short term matters.

Your demand analysis should seek to find answers to the following questions:

- Who are your target customers?
- How many are there?
- What are their expectations?
- What are their buying habits?
- How much budget do they have?
- What are the different customer segments and their characteristics?
- What are the main distribution channels and means of communication for reaching each segment?

The aim of the demand analysis is to identify the customer segments that could be targeted by your sports goods manufacturing business and what products and services you need to offer to meet their expectations.

For example, your target market might include schools and sports teams. These customers often require a variety of sports equipment, from balls and jerseys to training gear and accessories. They are looking for high-quality, durable products that can withstand the demands of regular use. They also value competitive pricing and may be interested in bulk discounts for their team or school. Additionally, they may be interested in customizing their gear with their team or school logo. By targeting schools and sports teams, you can establish long-term partnerships and potentially gain a loyal customer base for your sports goods manufacturing business.

Analyse the supply side

You will also have to familiarize yourself with the competing sports goods manufacturers on the market targeted by your future business.

Amongst other things, you'll need to ask yourself:

- Who are the main competitors?
- How many competitors are already present?
- Where are they located?
- How many people do they employ?

- What is their turnover?
- How do they set their prices?
- Are they small independent businesses or national players?
- Do they seem to be in difficulty or are they flourishing?
- What is their market positioning?
- What types of products and services do they offer?
- What do customers seem to like about them?

The aim of the competitive analysis is to identify who your competitors will be and to gather information that will help you find a differentiating commercial positioning (more on that later in this guide).

Regulations

Conducting market research is also an opportunity to look at the regulations and conditions required to do business.

You should ask yourself the following questions:

- Do you need to have a specific degree to open a sports goods manufacturing business?
- Do you need specific licences or permits?
- What are the main regulations applicable to your future business?

Given that your project is at an early stage, your focus should be to ensure that there are no roadblocks from a regulatory standpoint before you deep dive into the planning process.

Once your project is more advanced, you will have the opportunity to talk about regulation more in-depth with your lawyer.

Concluding your market research

By the time your market research is completed, you should have either:

- Pinpointed an untapped business opportunity,
- Or arrived at the realisation that the market is saturated, prompting the search for alternative business ideas or models.

If the conclusion is that there is an opportunity in the market to cater to one or more customer segments currently underserved by competitors, that's great!

Conversely, if you come to the conclusion that the market is already saturated, don't panic! The good news is that you won't spend several years working hard on a project that has little chance of success. There is no shortage of business ideas either - at The Business Plan Shop, we have identified more than 1,300 potential business ideas!

Choosing the right concept and positioning for your sports goods manufacturing business

Once your market research is completed, it's time to consider the type of sports goods manufacturing business you want to open and define precisely your company's market positioning in order to capitalise on the opportunity you identified during your market research.

Market positioning refers to the place your product and service offering occupies in customers' minds and how they differ from competing products and services. Being perceived as the premium solution, for example.

There are four questions you need to consider:

- How will you compete with and differentiate yourself from competitors already on the market?
- Is it better to start or buy a sports goods manufacturing business already in operation?
- How will you validate your concept and market positioning?

Let's look at each of these in a little more detail.

How will you compete with and differentiate yourself from competitors already on the market?

When you choose to start up a sports goods manufacturing business, you are at a disadvantage compared to your rivals who have an established presence on the market.

Your competitors have a reputation, a loyal customer base and a solid team already in place, whereas you're starting from scratch...

Entering the market and taking market share from your competitors won't happen automatically, so it's important to carefully consider how you plan to establish your presence.

There are four questions to consider here:

- Can you avoid direct competition by targeting a customer segment that is currently poorly served by other players in the market?
- Can you offer something unique or complementary to what is already available on the market?
- How will you build a sustainable competitive advantage for your sports goods manufacturing business?
- Do you have the resources to compete with well-established competitors on your own, or would it be wiser to explore alternative options?

Also, think about how your competitors will react to your arrival in their market.

Is it better to start or buy a sports goods manufacturing business already in operation?

An alternative to opening a new business is to take over a sports goods manufacturing business already trading.

Purchasing an existing sports goods manufacturing business means you get a loyal customer base and an efficient team. It also avoids disrupting the equilibrium in the market by introducing a new player.

A takeover hugely reduces the risk of the business failing compared to starting a new business, whilst giving you the freedom to change the market positioning of the business taken over if you wish.

This makes buying an existing sports goods manufacturing business a solid alternative to opening your own.

However, buying a business requires more capital compared to starting a sports goods manufacturing business from scratch, as you will need to purchase the business from its current owner.

How will you validate your concept and market positioning?

Regardless of how you choose to establish your business, it's crucial to make sure that the way you position your company aligns with the expectations of your target market.

To achieve this, you'll have to meet with your potential customers to showcase your products or services and get their feedback.

Where should I base my sports goods manufacturing business?

The next step in our guide on starting a sports goods manufacturing business involves making a key choice about where you want your business to be located.

Picking the ideal location for your business is like selecting the perfect canvas for a painting. Without it, your business might not showcase its true colors.

We recommend that you take the following factors into account when making your decision:

- Efficient logistics: This is important for a sports goods manufacturing business because it involves producing and shipping large quantities of goods. Having an efficient logistics system in place can help minimize costs and ensure timely delivery to customers.
- Availability of skilled labor: Manufacturing sports goods requires specialized skills and knowledge. Having access to a pool of skilled labor can help ensure the production process runs smoothly and efficiently.
- Storage space: Since sports goods are often bulky and require proper storage, having adequate space is

crucial for a manufacturing business. This can also help with managing inventory and meeting production demands. - Proximity to target customers: Being close to target customers can help reduce shipping costs and make it easier to conduct market research and gather customer feedback.

This list is not comprehensive and will have to be adjusted based on the details of your project.

The parameters to be taken into account will also depend on whether you opt to rent premises or buy them. If you are a tenant, you will need to consider the conditions attached to the lease: duration, rent increase, renewal conditions, etc.

Lease agreements differ widely from country to country, so it's essential to review the terms that apply to your situation. Before putting pen to paper, consider having your lawyer look carefully at the lease.

What legal form should I choose for my sports goods manufacturing business?

The next step to start a sports goods manufacturing business is to choose the legal form of your business.

The legal form of a business simply means the legal structure it operates under. This structure outlines how the business is set up and defines its legal obligations and responsibilities.

Why is your sports goods manufacturing business's legal form important?

Choosing the right legal form for your sports goods manufacturing business is important because this will affect:

- **Taxation:** your tax obligations depend on the legal structure you choose, and this principle applies to both personal income tax and business taxes.
- **Risk exposure:** some legal structures have a legal personality (also known as corporate personality) and limited liability, which separates them from the owners running the business. This means that the business would be liable rather than the owners if things were to go wrong (lawsuit, debt owed in case of bankruptcy, etc.).
- **Decision-making and governance:** how you make key decisions varies based on the legal form of your business. In some cases you might need to have a board of directors and organise general assemblies to enable shareholders to influence major decisions with their voting rights.
- **Financing:** securing funding from investors requires you to have a company and they will expect limited liability and corporate personality to protect them legally.
- **Paperwork and legal formalities:** the legal structure you select determines whether certain obligations are necessary, such as producing annual accounts, or getting your books audited.

Popular business legal forms

The specific names of legal structures vary from country to country, but they usually fall within the two main categories below:

- Individual businesses
- Companies

Individual businesses

Individual businesses, like sole traders or sole proprietorships, are made for self-employed entrepreneurs and freelancers rather than businesses which employ staff.

They benefit from straightforward administrative requirements, minimal paperwork to start, simpler tax calculations, and streamlined accounting procedures.

However, the downside is that there's typically no legal distinction between the business and the person responsible for day-to-day operations. This means the owner's personal assets are at risk if the business faces problems or goes bankrupt.

There is also no share capital in such a structure, meaning that individual businesses cannot raise equity from investors which seriously limits funding options.

Companies

Companies are versatile structures suited to projects of all sizes in terms of number of founders, number of employees and amount of capital.

They are a bit more complex to operate than individual businesses with more formalities, stringent accounting requirements, more complex tax implications, etc.

In return, they offer stronger protections to their shareholders. They usually benefit from having their own legal identity and limited liability, meaning co-founders and investors can only ever lose the amount of money they have put into the company.

For instance, if things were to go south (the company files for bankruptcy or there is a legal issue), the company would take the hit, safeguarding the personal assets of the founders and investors.

How should I choose my sports goods manufacturing business's legal structure?

Deciding on a legal form is easy once you've estimated your sales, decided whether or not you need employees and figured out the number of co-founders joining you.

It's essential to remember that a solid business idea will succeed no matter which legal structure you pick. Tax laws change regularly, so you can't rely on specific tax advantages tied to a particular structure when starting a business.

A proven approach is to look at what legal structures your top competitors are using, and go with the most common option as a working assumption. Once your idea is mature enough, and you're getting closer to officially registering your business, you can get advice from a lawyer and an accountant to confirm your choice.

Can I switch my sports goods manufacturing business's legal structure if I get it wrong?

Yes, changing your legal structure later is possible, though it may involve selling the old entity to a new entity in some cases, which adds further expenses. If you want to save on such costs, it makes sense to pick the correct legal form for your business the first time around.

How much money do I need to start a sports goods manufacturing business?

To answer this key question, we first need to look at the resources you'll need to launch your sports goods manufacturing business and keep it running on a daily basis. Let's take a look at what that entails.

Since each venture is distinct, providing an average budget for starting a sports goods manufacturing business is impossible.

We strongly advise careful consideration when reading estimates on the web. It's best to ask yourself the following questions:

- Is my project similar (location, concept, planned size, etc.)?
- Can I trust where this information is coming from?
- Is the data fresh or stale?

Your thinking behind the investments and human resources required to launch and operate the business will then enable you to cost each item and include them in your financial forecast (which we'll look at later in this guide).

Once complete, the forecast will give you a precise idea of the initial investment required and profitability potential for your business idea.

Startup costs and investments to start a sports goods manufacturing business

Let's start with the investments. To set up a sports goods manufacturing business, initial working capital and investments can include the following items:

- **Machinery and Equipment:** As a sports goods manufacturing business, you will need to invest in machinery and equipment to produce your products. This can include items such as sewing machines, cutting machines, and heat press machines.
- **Facility Upgrades:** In order to create a safe and efficient manufacturing environment, you may need to invest in facility upgrades. This can include

things like installing ventilation systems, upgrading lighting, and improving storage capabilities.

- **Inventory:** As a manufacturer, you will need to purchase raw materials and components to produce your sports goods. These items will be considered capital expenditures as they are essential for your production process.
- **Software and Technology:** In today's digital age, it is important for a sports goods manufacturing business to invest in software and technology to streamline operations. This can include inventory management software, production planning software, and quality control technology.
- **Furniture and Fixtures:** To create a professional and functional workspace, you may need to invest in furniture and fixtures for your manufacturing facility. This can include workbenches, shelving units, and office furniture.

Of course, you will need to adapt this list to your company's specific needs.

Staffing requirements to operate a sports goods manufacturing business

You'll also need to think about the staff required to run the business on a day-to-day basis.

The human resources required will vary according to the size of your company.

For example, you could recruit a production manager to oversee the manufacturing process and ensure timely and efficient production of sports goods. This role would involve coordinating with suppliers, managing inventory levels, and supervising the production team. Another important addition to your team could be a sales representative who would be responsible for promoting and selling your products to retailers and consumers. They would need to have excellent communication and negotiation skills, as well as a good understanding of the sports industry. Additionally, hiring a quality control specialist could help maintain the high standards of your products and ensure customer satisfaction.

Once again, this list is only indicative and will need to be adjusted according to the specifics of your sports goods manufacturing business.

Operating expenses of a sports goods manufacturing business

The final point to consider when analyzing the resources required is the question of operating costs.

Operating expenses for a sports goods manufacturing business may include:

- **Staff Costs:** This includes salaries, wages, benefits, and training for all employees working in the manufacturing, sales, and administrative departments.
- **Raw Materials:** This includes the cost of sourcing and purchasing materials such as fabrics, metals, plastics, and other components used in the production of sports goods.

- **Manufacturing Supplies:** These are the supplies needed to support the manufacturing process, such as tools, machinery, and equipment.
- **Rent and Utilities:** This includes the cost of renting a manufacturing facility, as well as electricity, water, and other utilities needed to run the business.
- **Marketing and Advertising:** This includes the cost of promoting and advertising your sports goods, such as creating ads, sponsoring events, and attending trade shows.
- **Shipping and Logistics:** This includes the cost of shipping and delivering your products to customers, as well as any warehousing or storage fees.
- **Insurance:** This includes the cost of insuring your business, employees, and products against any potential risks or damages.
- **Accounting and Legal Fees:** These are the fees for hiring an accountant and/or lawyer to help with financial and legal aspects of your business.
- **Software Licenses:** This includes the cost of purchasing and renewing software licenses for programs used in the manufacturing and administrative processes.
- **Banking Fees:** This includes the cost of transaction fees, bank account maintenance fees, and any other fees associated with your business bank accounts.
- **Office Supplies:** This includes the cost of purchasing office supplies such as paper, pens, and printer ink for administrative tasks.
- **Employee Benefits:** This includes the cost of providing benefits such as health insurance, retirement plans, and paid time off for employees.
- **Training and Development:** This includes the cost of training programs and workshops for employees to improve their skills and knowledge in the sports goods industry.
- **Maintenance and Repairs:** This includes the cost of maintaining and repairing equipment, machinery, and facilities used in the manufacturing process.
- **Taxes and Licenses:** This includes the cost of business taxes, permits, and licenses required to operate a sports goods manufacturing business.

Here also, this list will need to be tailored to the specifics of your sports goods manufacturing business but should be a good starting point for your budget.

Create a sales & marketing plan for your sports goods manufacturing business

The next step to launching your sports goods manufacturing business is to think about the actions you need to take to promote your products and services and build customer loyalty.

Here, you'll be looking at the following issues:

- What is the best method to attract as many new customers as possible?
- How to build customer loyalty and spread word of mouth?
- What human and financial resources will be required to implement the planned actions?
- What level of sales can I expect to generate in return?

The precise sales and marketing levers to activate will depend on the size of your sports goods manufacturing business. But you could potentially leverage some of the initiatives below.

For example, your street sports goods manufacturing business might launch a digital marketing campaign to target potential customers in the sports industry. This could include creating informative and visually appealing social media posts, partnering with popular sports influencers to showcase your products, and investing in targeted online ads to reach a larger audience. Additionally, you could attend trade shows and industry events to network with potential buyers and showcase your products. By utilizing digital marketing and attending industry events, you can increase brand awareness and generate more sales for your sports goods business.

Besides your sales and marketing plan, your sales forecast will be affected by seasonal patterns related to the nature of your business, such as fluctuations during the holiday season, and your competitive landscape.

Building your sports goods manufacturing business's financial forecast

The next step to opening a sports goods manufacturing business is to create your financial forecast.

What is a sports goods manufacturing business financial forecast?

A sports goods manufacturing business financial forecast is a forward-looking tool that projects the financial performance of your business over a specific period (usually 3 years for start-ups).

A forecast looks at your business finances in detail - from income to operating costs and investments - to evaluate its expected profitability and future cash flows.

Building a financial forecast enables you to determine the precise amount of initial financing required to start your sports goods manufacturing business.

There are many promising business ideas but very few are actually viable and making a financial forecast is the only way to ensure that your project holds up economically and financially.

My Financial Forecast

Report Date

My Financial Forecast

Projected Cash Flow

Net operating cash flow should be positive over the duration of this business plan allowing us to meet loan repayments whilst retaining sufficient headroom to deal with any unforeseen circumstances.

An investment of £10,000 is planned in year 3 to develop new products.

Cash Flow Statement (GBP)	Year 2024	Year 2025	Year 2026
EBITDA	4,882	11,796	21,489
Change in working capital	0	0	0
Change in current liabilities	0	0	0
Change in current assets	0	0	0
Change in financial assets	14,370	100	-420
Other operating items	0	0	0
Financial items (post interest)	0	0	0
Financial items	0	0	0
Operating Cash Flow	19,252	11,900	21,069
Interest paid on borrowings	-1,110	-800	-810
Corporate tax	0	0	0
Net Operating Cash Flow	18,142	11,100	20,259
Capex (net)	0	0	-10,000
Dividends	0	0	0
Financing Cash Flow	0	0	-10,000
Borrowings	-1,700	-1,000	-1,000
Change in share capital	0	0	0
Change in share loans	0	0	0
Change in other equity	0	0	0
Dividends	0	0	0
Financing Cash Flow	-1,700	-1,000	-1,000
Change in cash	16,442	10,100	19,259
Cash position - start	11,400	26,500	36,600
Change in cash	16,442	10,100	19,259
Cash position - end	27,842	36,600	55,859

STRICTLY CONFIDENTIAL

STRICTLY CONFIDENTIAL

26

Your financial forecast will also be part of your overall business plan (which we will detail in a later step), which is the document you will need to secure financing.

Financial forecasts are used to drive your sports goods manufacturing business and make key decisions, both in the pre and post-launch phases:

- Should we go ahead with the business or scrap the idea?
- Should we hire staff or use an external service provider?
- Which development project offers the best growth prospects?
- Etc.

Creating a financial forecast for starting a sports goods manufacturing business is an iterative process as you will need to refine your numbers as your business idea matures.

As your sports goods manufacturing business grows, your forecasts will become more accurate. You will also need to test different scenarios to ensure that your business model holds true even if economic conditions deteriorate (lower sales than expected, difficulties in recruiting, sudden cost increases or equipment failure problems, for example).

Once you've launched your business, it will also be important to regularly compare your accounting data to your financial projections in order to keep your forecast up-to-date and maintain visibility on future cash flows.

What does a financial forecast look like?

Once ready, your sports goods manufacturing business forecast will be presented using the financial tables below.

The forecasted profit & loss statement

The [profit & loss forecast](#) gives you a clear picture of your business' expected growth over the first three to five years, and whether it's likely to be profitable or not.

P&L (£)	Dec-2023	Dec-2024	Dec-2025
Revenues	859,621	812,733	929,766
Cost of goods sold	-639,558	-604,673	-691,746
Gross profit	220,063	208,060	238,020
% of sales	25.6%	25.6%	25.6%
Capitalized expenses	0	0	0
SG&A	-124,313	-128,664	-133,167
Subsidies	0	0	0
Lease rentals	0	0	0
Other operating income	0	0	0
Other operating expenses	0	0	0
EBITDA	95,750	79,396	104,853
% of sales	11.1%	9.8%	11.3%
D&A	-4,465	-4,465	-4,465
Operating income	91,285	74,931	100,388
% of sales	10.6%	9.2%	10.8%
Financial income	0	0	0
Financial expenses	-11,301	-8,308	-5,162
Profit (loss) on disposal	0	0	0
Exceptional income	0	0	0
Exceptional expenses	0	0	0
Profit before tax	79,984	66,623	95,226
% of sales	9.3%	8.2%	10.2%
Corporation tax	-35,106	-12,849	-18,284
Net income	44,877	53,774	76,943
% of sales	5.2%	6.6%	8.3%

The projected balance sheet

Your sports goods manufacturing business's forecasted balance sheet enables you to assess your financial structure and working capital requirements.

Balance Sheet (£)	Start	Dec-2023	Dec-2024	Dec-2025
ASSETS				
Tangible assets	40,182	35,717	31,253	26,788
Intangible assets	0	0	0	0
Financial assets	0	0	0	0
Total fixed assets	40,182	35,717	31,253	26,788
Inventory	0	0	0	0
Account receivables	0	0	0	0
Advances paid	0	0	0	0
Deferred costs	0	0	0	0
Net fiscal and social assets	0	0	0	0
Cash	300,000	166,344	140,754	162,876
Total current assets	300,000	166,344	140,754	162,876
Other assets	8,504	8,504	8,504	8,504
TOTAL ASSETS	348,686	210,566	180,511	198,168
LIABILITIES & EQUITY				
Account payables	157,527	0	0	0
Advances received	0	0	0	0
Deferred revenues	0	0	0	0
Net fiscal and social debts	0	33,035	10,705	16,064
Financial debt	252,602	194,096	132,598	67,953
Overdraft	0	0	0	0
Accrued interests	0	0	0	0
Total debts	410,129	227,131	143,302	84,017
Capital	31,890	31,890	31,890	31,890
Shareholders' loan	0	0	0	0
Reserves	0	0	0	0
Investment grants	0	0	0	0
Retained earnings	-93,333	-48,456	5,318	82,261
Other equity	0	0	0	0
Total Equity	-61,443	-16,565	37,208	114,151
Provisions	0	0	0	0
Other liabilities	0	0	0	0
TOTAL LIAB. & EQUITY	348,686	210,566	180,511	198,168

The projected cash flow statement

A projected cash flow statement to start a sports goods manufacturing business is used to show how much cash the business is expected to generate or consume over the first three years.

Cash Flow Statement (£)	Dec-2023	Dec-2024	Dec-2025
EBITDA	95,750	79,396	104,853
Change in inventory	0	0	0
Change in account receivables	0	0	0
Change in account payables	-157,527	0	0
Change in fiscal and social debts	-2,072	-73	-75
Other operating items	0	0	0
Financial items (excl. interests)	0	0	0
Exceptional items	0	0	0
Gross Operating Cash Flow	-63,849	79,323	104,778
Interest paid on borrowings	-11,301	-8,308	-5,162
Corporation tax	0	-35,106	-12,849
Net Operating Cash Flow	-75,150	35,908	86,767
Capex (net)	0	0	0
Grants	0	0	0
Investing Cash Flow	0	0	0
Borrowings	-58,505	-61,499	-64,645
Change in share capital	0	0	0
Change in shareholder loans	0	0	0
Change in other equity	0	0	0
Dividend	0	0	0
Financing Cash Flow	-58,505	-61,499	-64,645
Change in cash	-133,656	-25,590	22,122
Cash position - start	300,000	166,344	140,754
Change in cash	-133,656	-25,590	22,122
Cash position - end	166,344	140,754	162,876

Which solution should you use to make a financial projection for your sports goods manufacturing business?

Using an [online financial forecasting tool](#), such as the one we offer at The Business Plan Shop, is the simplest and safest solution for forecasting your sports goods manufacturing business.

There are several advantages to using specialised software:

- You can easily create your financial forecast by letting the software take care of the financial calculations for you without errors
- You have access to complete financial forecast templates
- You get a complete financial forecast ready to be sent to your bank or investors
- The software helps you identify and correct any inconsistencies in your figures
- You can create scenarios to stress-test your forecast's main assumptions to stress-test the robustness of your business model
- After you start trading, you can easily track your actual financial performance against your financial forecast, and recalibrate your forecast to maintain visibility on your future cash flows
- You have a friendly support team on standby to assist you when you are stuck

If you are interested in this type of solution, you can [try our forecasting software for free by signing up here](#).

Finding a name and registering your sports goods manufacturing business

The next step in starting a sports goods manufacturing business is to decide on a name for your entity.

For starters, you cannot take a name similar to a name already registered by a competitor or protected by a trademark without inevitably risking getting sued. So you'll need to find a name available, and reserve it before others can.

In addition, you will probably want to use the same name for:

- Your company's legal name - Example LTD or Example Inc
- Your trading name - Example
- A trademark - Example ®
- Your company's domain name - Example.com

The issue is that you'll need to register your name in three different places almost simultaneously, but with each place having its own timeframes:

- Registering a domain name is instantaneous
- Registering a trademark takes at least 3 months (if your application is accepted)
- Registering a company depends on the country, but it's generally fairly quick

You will therefore be faced with the choice of either registering everything at once in the hope that your name will be accepted everywhere, or proceeding step by step in order to minimise costs, but taking the risk that someone else will register one of the names you wanted in the meantime.

Our advice is to discuss the strategy with your legal counsel (see further down in this guide) and to give priority to your domain names and your registered trademark. You'll always have the option of using a trading name that's different from your company's legal name, and that's not a big deal.

To check that the name you want is not already in use, you should consult:

- Your country's business register
- The register of trademarks where you wish to obtain protection
- Your preferred search engine
- A domain name reservation company (such as GoDaddy)

If the name you want is available, you can go ahead and register it.

Deciding upon the corporate identity of your sports goods manufacturing business

The next step in opening a sports goods manufacturing business is to look at your company's visual identity.

Your company's "visual identity" plays a crucial role in shaping your brand image. It helps you to be recognizable and to stand out from your competitors.

Although you can define your visual identity yourself, it is generally advisable to call on the services of a designer or marketing agency to achieve a professional result.

At a minimum, you will need to define the following elements:

- Logo
- Brand guidelines
- Business cards
- Website theme

Logo

Your sports goods manufacturing business's logo allows others to quickly identify your company. It will be used on all your communication media (website, social networks, business cards, etc.) and official documents (invoices, contracts, etc.).

In addition to its design, it's important that your logo is available in a variety of colors, so that it can be seen on all media (white, dark background, etc.).

Brand guidelines

Having brand guidelines enables you to maintain consistency in formatting across all your communications media and official documents.

Brand guidelines define the font (family and size), design and colours used by your brand.

In terms of fonts, for example, you may use Roboto in size 20 for your titles and Lato in size 14 for your texts.

The colours used to represent your brand should generally be limited to five:

- The main colour,
- A secondary colour (the accent),
- A dark background colour (blue or black),
- A grey background colour (to vary from white),
- Possibly another secondary colour.

Business cards

Designing business cards for your sports goods manufacturing business is a must, as they will allow you to communicate your contact details to your customers, suppliers, partners, potential recruits, etc.

In principle, they will include your logo and the brand guidelines that we mentioned above.

Website theme

In the same way, the theme of your sports goods manufacturing business website will be based on your logo and the brand guidelines we mentioned above.

This involves defining the look and feel of your site's main graphic elements:

- Buttons,
- Menus,
- Forms,
- Banners,
- Etc.

What legal steps are needed to start a sports goods manufacturing business?

The next step in opening a sports goods manufacturing business is to look in detail at the legal and regulatory formalities.

Although it is possible to do the formalities yourself and draft some of the documents detailed here, The Business Plan Shop recommends that you seek advice on these aspects from a law firm.

Registering a trademark and protecting the intellectual property of your sports goods manufacturing business

One of the first things you need to do here is to protect your company's current and future intellectual property.

One way of doing this is to register a trade mark, as mentioned earlier in this guide. Your lawyer will be in a position to do the formalities for you and to help you select the classes (economic activities) and jurisdictions in which you have an interest in obtaining protection.

Your law firm can also advise you on other ways of protecting your company's intellectual property.

Preparing the legal documents for your sports goods manufacturing business

Your sports goods manufacturing business will need a set of legal and contractual documents to operate on a daily basis.

Your exact needs in this respect will depend on the country in which you are launching your sports goods manufacturing business and the size and legal form envisaged for the company. Once again, we highly recommend having these documents prepared by your lawyer.

As a minimum, we recommend that you have the following documents prepared:

- Employment contracts
- General terms and conditions of sale
- General terms and conditions of use for your website
- Privacy Policy for your website
- Cookie Policy for your website
- Invoices
- Etc.

Applying for licences and permits and registering for various taxes

Here too, the list of licences and business permits required for your business to operate legally will depend on the country in which you have decided to start your sports goods manufacturing business.

Your law firm will be able to advise you on all the regulations applicable to your business.

Likewise, your accountant will be able to assist you and take care of the formalities involved in complying with the tax authorities.

How do I write a business plan for a sports goods manufacturing business?

Once you've completed all the above steps, you can start writing the business plan for your sports goods manufacturing business.

What is a sports goods manufacturing business's business plan?

The business plan is a document containing:

- The financial forecast (discussed earlier in this guide), highlighting the project's financing requirements and profitability potential,
- A written presentation, which presents your project in detail and provides the necessary context for the reader to assess the relevance and coherence of your forecast.

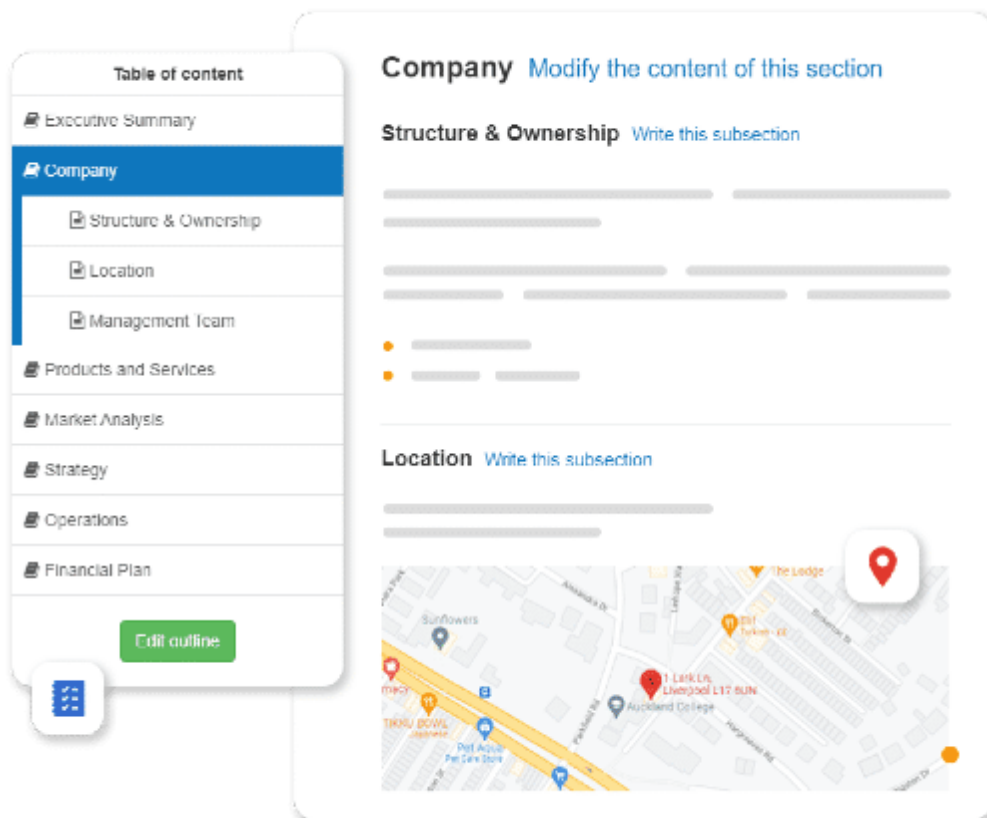
The business plan is particularly important: it will help you validate your business idea and ensure its coherence and financial viability.

But it's also the document you'll send to your bank and potential investors to present your plan to open a sports goods manufacturing business and make them want to support you.

So it's best to draw up a professional, reliable and error-free business plan.

How to write a business plan for my sports goods manufacturing business?

If you're not used to writing business plans, or if you want to save time, a good solution is to use an online [business plan software for startups](#) like the one we offer at The Business Plan Shop.



Using The Business Plan Shop to create a business plan for a sports goods manufacturing business has several advantages:

- You can easily create your financial forecast by letting the software take care of the financial calculations for you without errors
- You are guided through the writing process by detailed instructions and examples for each part of the plan
- You can access a library of dozens of [complete startup business plan samples and templates](#) for inspiration
- You get a professional business plan, formatted and ready to be sent to your bank or investors
- You can create scenarios to stress test your forecast's main assumptions
- You can easily track your actual financial performance against your financial forecast by importing accounting data
- You can easily update your forecast as time goes by to maintain visibility on future cash flows
- You have a friendly support team on standby to assist you when you are stuck

Interested? If so, you can [try The Business Plan Shop for free by signing up here](#).

How to raise finance for my sports goods manufacturing business?

Once your business plan has been drafted, you'll need to think about how you might secure the financing necessary to open your sports goods manufacturing business.

The amount of initial financing required will obviously depend on the size of your sports goods manufacturing business and the country in which you wish to set up.

Businesses have access to two main categories of financing: equity and debt. Let's take a closer look at how they work and what sources are available.

Equity funding

At a high level, the equity of your sports goods manufacturing business will consist of the money that founders and potential investors will invest to launch the company.

Equity is indispensable as it provides the company with a source of long-term (often permanent) financing and demonstrates the founders' conviction in the company's chances of success, since their investments would be lost in the event of bankruptcy.

Equity investors can generate a return on their investment through dividends (which can only be paid out if the company is profitable) or capital gains on the resale of their shares (if the company is attractive enough to attract a buyer).

As you can see, the equity investors' position is extremely risky, since their capital is at risk and can be lost in the event of bankruptcy, and the company must be profitable or resellable before they can hope to generate a return on their investment.

On the other hand, the return on investment that equity investors can expect to generate by investing in a sports goods manufacturing business can be very substantial if the company is successful.

This is why equity investors look for start-up ideas with very high growth or profitability potential, in order to offset their risk with a high potential return on investment.

In technical terms, equity includes:

- **Share capital and premiums:** which represent the amount invested by the shareholders. This capital is considered permanent as it is non-refundable. In return for their investment, shareholders receive shares that entitle them to information, decision-making power (voting in general assembly), and the potential to receive a portion of any dividends distributed by the company.
- **Director loans:** these are examples of non-permanent capital advanced to the company by the shareholders. This is a more flexible way of injecting

some liquidity into your company than doing so as you can repay director loans at any time.

- **Reserves:** these represent the share of profits set aside to strengthen the company's equity. Allocating a percentage of your profits to the reserves can be mandatory in certain cases (legal or statutory requirement depending on the legal form of your company). Once allocated in reserves, these profits can no longer be distributed as dividends.
- **Investment grants:** these represent any non-refundable amounts received by the company to help it invest in long-term assets.
- **Other equity:** which includes the equity items which don't fit in the other categories. Mostly convertible or derivative instruments. For a small business, it is likely that you won't have any other equity items.

The main sources of equity are as follows:

- Money put into the business from the founders' personal savings.
- Money invested by private individuals, which can include business angels, friends, and family members.
- Funds raised through crowdfunding, which can take the form of either equity or donations (often in exchange for a reward).
- Government support to start-ups, for example, loans on favourable terms to help founders build up their start-up capital.

Debt funding

The other way to finance your sports goods manufacturing business is to borrow. From a financial point of view, the risk/return profile of debt is the opposite of that of equity: lenders' return on investment is guaranteed, but limited.

When it borrows, your company makes a contractual commitment to pay the lenders by interest, and to repay the capital borrowed according to a pre-agreed schedule.

As you can see, the lenders' return on investment is independent of whether or not the company is profitable. In fact, the only risk taken by lenders is the risk of the company going bankrupt.

To avoid this risk, lenders are very cautious, only agreeing to finance when they are convinced that the borrowing company will be able to repay them without problems.

From the point of view of the company and its stakeholders (workforce, customers, suppliers, etc.), debt increases the risk of the venture, since the company is committed to repaying the capital whether or not it is profitable. So there's a certain distrust towards heavily indebted companies.

Companies borrow in two ways:

- **Against their assets:** this is the most common way of borrowing. The bank finances a percentage of the price of an asset (a vehicle or a building, for example) and takes the asset as collateral. If the company cannot repay, the bank seizes the asset and sells it to limit its losses.

- **Against their future cash flows:** the bank reviews the company's financial forecast to estimate how much the company can comfortably borrow and repay, and what terms (amount, interest rate, term, etc.) the bank is prepared to offer given the credit risk posed by the company.

When creating a sports goods manufacturing business, the first option is often the only one available, as lenders are often reluctant to lend on the basis of future cash flows to a structure that has no track record.

The type of assets that can be financed using the first method is also limited. Lenders will want to be sure that they can dispose of foreclosed assets if needed, so they need to be assets that have an established second-hand market.

That being said, terms and conditions also depend on the lender: some banks are prepared to finance riskier projects, and not all have the same view of your company's credit risk. It also depends on the collateral you can offer to reduce risk, and on your relationship with the bank.

In terms of possible sources of borrowing, the main sources here are banks and credit institutions.

In some countries, it's also possible to borrow from private investors (directly or via crowdlending platforms) or other companies, but not everywhere.

Takeaways on how to finance a sports goods manufacturing business

Multiple options are available to help you raise the initial financing you need to launch your sports goods manufacturing business.

There are two types of financing available to companies. To open a sports goods manufacturing business, an equity investment will be required and may be supplemented by bank financing.

What to do after launching my sports goods manufacturing business?

Launching your sports goods manufacturing business is the beginning of an exciting entrepreneurial adventure, and the culmination of your efforts to turn your idea into a reality. But this is also when the real work begins.

As you know, nearly half of all new businesses fail, so you'll need to do everything you can to make your business sustainable right from the start.

Estimating the future financial performance of a sports goods manufacturing business inevitably involves a degree of uncertainty. That's why we recommend simulating several scenarios: a central case with the most likely scenario, an optimistic case, and a pessimistic case designed to test the limits of your business model.

Normally, your company's actual financial performance, observed after you start trading, should fall somewhere between your pessimistic and optimistic cases.

The important thing will be to quickly measure and compare this actual performance with the figures in your forecast to see where you stand, then update the forecast to re-estimate the future cash flows and cash position of your sports goods manufacturing business.

This forward-looking financial management exercise is the only way to know where you stand and where you're going. And, when your figures fall short of expectations, to quickly implement actions to turn things around before the company runs out of cash.

There's nothing more dangerous than waiting until you have your accounts, which takes up to nine months after the end of your financial year (if you are in the UK, abroad your mileage will vary), to then realize that you're not on the right track and that your sports goods manufacturing business won't have enough cash to operate over the next twelve months.

This is where using a forecasting solution that integrates actuals vs. forecast tracking, like [The Business Plan Shop's financial dashboards](#) do, can simplify the financial management of your business and help reduce the risk associated with your start-up project.

Key takeaways

- To open a sports goods manufacturing business you need to go through each of the 15 steps we have outlined in this guide.
- The financial forecast is the tool that will enable you to check that your project can be profitable and to estimate the investment and initial financing requirements.
- The business plan is the document that your financial partners will ask you to produce when seeking finance.
- Once you have started trading, it will be essential to keep your financial forecasts up to date in order to maintain visibility of the future cash flow of your sports goods manufacturing business.
- Leveraging a financial planning and analysis platform that seamlessly integrates forecasts, business plans, and real-time performance monitoring — like The Business Plan Shop — simplifies the process and mitigates risks associated with launching a business.