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# Larry B. Newman Printing Company: Business Plan 2007

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## **Larry B. Newman Printing Company: Business Plan**

### **1.0 Executive Summary**

Larry B. Newman Printing Company seeks to offer its customers a set of services that effectively manages their image, focusing on quality and customization. LBNPC strives to gain a competitive advantage by further enforcing its brand image and association with top quality products.

LBNPC plans to extend the product offering to include custom wooden pens to complement stationery and embroidered items to complement screen printed items. These additions will differentiate LBNPC from its competitors and other print shops which will become competitors as it strives to become a “one stop shop” for all image management needs.

### **1.1 Key Elements Initiatives of LBNPC**

**High quality:** LBNPC only offers top quality products, using the best materials available.

**Customized products:** No two products from the company are alike. The custom wooden pens are hand turned, offering the customer choice of style, wood and finish. The embroidered items will be completely customized by the customer. LBNPC has complete design and layout services, and can also design promotional product art to be sent out for larger orders.

**Strong brand image:** LBNPC has been in business for nearly 40 years and enjoys a strong brand image. This will win support for new products associated with the already trusted brand. These new products will only add to the strength of the brand image.

**Seasoned management:** LBNPC has been under the same ownership and management since it was established in 1967. All members have exceptional experience and knowledge of the printing industry.

**Loyal high end customer base:** LBNPC has acquired a very loyal high end customer base through wedding invitation & programs and professional stationery sales. LBNPC plans to target the new product offering as complimentary products to the main customer groups: brides, professionals, commercial businesses and individuals. Repeat customers will feed into demand for these new products. LBNPC also enjoys a contract relationship for many products and

services with Ron Ford Office Supply, which has agreed to carry the wooden pens and embroidered items as well.

**Few Competitors:** There is currently no direct competitor in the custom wooden pen market, so LBNPC plans to fill that void in response to increasing interest. The embroidery competitors in the area either work on very small orders or very large orders. LBNPC plans to use samples to attract customers, producing small orders in house and sending off large orders to contract embroiders. LBNPC will have a competitive advantage in offering solutions to every embroidery need.

**Realized Profitability:** LBNPC plans to achieve profitability for the year of 2007.

## **1.2 Mission**

The mission of Larry B. Newman Printing Company is to become an image management company and respond to our customers' evolving needs by providing high quality and unique products which will allow its customers to realize a powerful, consistent image.

## 2.0 Company Summary

Larry B. Newman Printing Company was founded in 1967 by a teenaged Larry Newman. For nearly four decades he has continually gathered knowledge and honed his skills in the crafts of printing and engraving. He constantly seeks to fulfill his customers' needs with new products and services.

### **Start-up Requirements**

#### **Start-up Expenses**

Training	\$2,500
Marketing	\$10,000
<u>Research and development</u>	<u>\$5,000</u>
Total Start-up Expenses	\$17,500

#### **Start-up Assets Needed**

Pen materials	\$2,000
<u>Embroidery materials</u>	<u>\$4,000</u>
Total Current Assets	\$6,000
Long-term Assets	\$34,550
<u>Total Assets</u>	<u>\$40,550</u>
Total Requirements	\$58,050

#### **Funding**

<u>Current Assets</u>	<u>\$24,050</u>
Total Current Assets	\$24,050

#### **Current Liabilities**

Accounts Payable	\$0
<u>Current Borrowing</u>	<u>\$34,000</u>
Total Current Liabilities	\$34,000

### **3.0 Services**

LBNPC will expand its services in stationery accessories and garment decoration. The company will focus on a balance between local service and national service through the company website.

LBNPC will strive to make the customization as customer friendly and accurate as possible. There are no stock designs used, and each product is one of a kind. Consultants and graphic designers will work together to offer custom solutions to meet any needs expressed by customers in their designs. LBNPC takes pride in its trained consultants and encourages customers to use them as a resource. Multiple proofs in PDF format are sent to the customer detailing any changes that are made during the process and to confirm the final design before production begins. This ensures that customer expectations are met.

The website (lbnpc.com) will be a key tool for customers on the go. It contains a wealth of information on customization options. The street address, email and telephone number of the shop are displayed at the bottom of every page. Customers are not only given this information, but strongly encouraged to order through personal contact.

#### **3.1 Custom design and consultation**

Samples will be provided to Ron Ford Office Supply to choose the most popular wood-style combinations, continually offering new options. LBNPC is on the daily route of Ron Ford's, making daily ordering and delivery possible through Ron Ford's sales representative. This will maintain a strong customer relationship and ultimately benefit both companies by more accurately matching supply and demand.

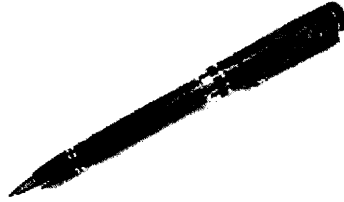
All embroidery designs will be developed during a meeting with a consultant and graphic designer, giving the customer full opportunity to communicate their expectations. They will all then work together to translate these expectations into a design with which the customer is completely satisfied. Custom digitization of designs can take place in shop or out of shop depending on customer preference. First hand knowledge of the process will help LBNPC to better serve its embroidery customers.

### 3.2 Products

#### Wooden Pens



Slimline



Flat Top American Double Twist

- Basic Slimline
- Flat Top American Double Twist
- Available wood: Bethlehem Olive, Black Walnut, Bocote, Cedar, Cherry, Cocobolo, Dogwood and Yew
- Available finish: Gold and chrome

All wooden pens will be hand turned on a wood lathe by trained craftsmen. Customers will choose from the two basic pen types, two finishes and 8 woods. All pens are finished with carnauba wax to produce a healthy shine. Due to the diversity of the wood grains, each pen will be a one of a kind product.

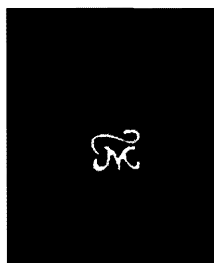
#### Embroidery



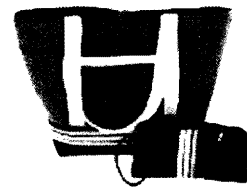
Patches



Garments



Invitations



Monogrammed Items

- Patches
- Garments
- Invitations
- Monograms
- Other personalized items

Embroidered items will be offered in house in small order amounts. Customer art is welcomed, and the customer is encouraged by consultants to work one on one with the LBNPC graphic designer to perfect the desired image. Personal design sessions are available as well as electronic through emailed PDF files. Images used for embroidery need to be relatively simple. Staff in shop will have the capability to produce a digitized sample of the approved image and even a physical sample for final approval by the customer to ensure expectations are met.

Any product the customer can think of will be embroidered. Patches that can be sewn or ironed into place, custom images embroidered directly onto any type of garment or placement of patches, embroidered invitations or programs, personal monogramming and personalization of any item will be available to the customer. Garments and embroidery ready items are available for purchase through LBNPC.

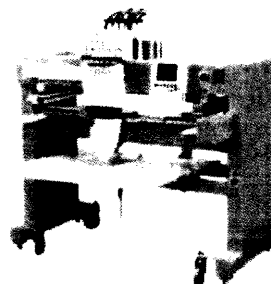
### **3.3 Fulfillment**

LBNPC will handle all wooden pen orders in shop. Pens will be hand turned by trained craftsmen. LBNPC will strive to keep an on hand inventory large enough to ensure daily fulfillment of customer needs.

LBNPC will operate one single head embroidery machine, suitable for small orders. LBNPC will focus on creating samples to entice customers to order embroidered items. These samples (sewouts) will be produced for customer approval no later than one week after the digitized image is approved. This gives LBNPC a competitive advantage over local suppliers, who average a 2-4 week lead time on custom sewouts. After a custom sewout is produced and approved, the method of fulfillment will depend on the order size. Small orders will be produced in shop by LBNPC staff. Larger orders will be sent off to contract embroiderers for completion. LBNPC will only use contract embroiderers that have passed a quality check to ensure the quality promised by LBNPC is upheld.



Wood Lathe



Embroidery Machine

### 3.4 Challenges

**Time:** Care must be taken not to detract too much time from other operations in the shop, especially those that provide the bulk of the profit. Proper priority levels for processes must be established and maintained to ensure efficiency.

**Labor:** LBNPC generally maintains 6 to 8 production employees. This may not be enough to maintain service level and accomplish desired production quotas. New workers will need extensive training in both wood turning and operating the embroidery machine. At any given time 2 to 4 of these workers are local college students. LBNPC may struggle with high turnover in these employees, resulting in higher training costs than initially anticipated.

**Meeting Demand:** This is mostly in regard to the wooden pens. Only one or two operators will be needed for embroidery to produce the samples and small orders, since large orders will be sent out to contract embroiderers. If the demand increases significantly for the wooden pens, LBNPC will have problems meeting the demand. The only solution to this would be more workers and additional lathes.

**Maintaining High Service Level:** With expansion of operations, existing employees will be stretched thin. This could result in a decrease in service level. LBNPC must pay special attention to this challenge to keep its upscale customers.

**Digitization Processes:** The digitization process is very complicated and will present a challenge in training personnel to perform to the highest quality. This will require a large investment of time and money and several steady and skilled employees.

**Consistency:** Wood turning is a personal art, and no two people will perform exactly the same. This could present a challenge if a customer requires a large, uniform order of pens. For large embroidery orders, great care must be taken to ensure that the product produced by the contract embroiderer matches the sample produced in shop. Inconsistencies here could result in the loss of customers.



## 4.0 Market Analysis Summary

LBNPC will target its existing target markets and loyal customers with these new products. These customers include: professionals, brides, commercial businesses and individuals. LBNPC will offer these new products as additional ways to manage customer image and retain consistency in this image. LBNPC will also enjoy the established credibility it has with repeat customers.

Quality, high service level and customization continue to be the trends these markets are exhibiting, and these are all areas in which LBNPC excels. Also, each customer category already purchases a complementary product of these new products. This should make creating demand for the new products relatively easy.

No major competitors exist in the pen market, but there are several in the embroidery market. Two such competitors are Monograms and Noe's Ark. Both shops suffer from high inefficiency in both production and customer service, due to market domination and low customer expectations. The superior service offered by LBNPC will be a strong competitive advantage.

### 4.1 Customers and Target Markets

LBNPC will target its existing customer base, including the main categories of professionals, brides, commercial businesses and individuals.

**Professionals:** Professional clients constitute 50% of all of LBNPC's sales. Most of this is through engraved business stationery, business cards and promotional products. LBNPC provides these services to local law firms, doctor's offices, dentists and other professionals.

**Brides:** Brides make up 30% of LBNPC's sales, mostly through wedding invitations and programs. Most brides are local, concentrated in West Knoxville, but LBNPC serves brides across the country through its website.

**Commercial Businesses:** Commercial businesses provide 10% of LBNPC's business. These include local businesses with printing needs such as forms, letterhead, screen printing, promotional products, business cards, banners, and signs.

**Individuals:** Individuals comprise the last 10% of LBNPC's sales. Some of it is repeat business, but the majority of individuals are one time customers. Individuals usually demand a fairly even mix of the LBNPC's products and services.

#### **4.2 Target Market Strategy**

By continuing to target the current customer categories, LBNPC hopes to capitalize on the loyalty of its repeat customers. LBNPC will not have to create a string brand loyalty. It will simply work to strengthen the brand loyalty and image its customers already perceive.

Each of these customer categories also has a strong history of demanding high quality goods. Quality takes precedence over price for many of these customers, allowing premium prices without the threat of decreasing demand.

Each customer group already regularly purchases one of the complementary goods of the new pens and embroidered items. The company will offer these new products to increase demand and repeat businesses, further developing relationships with valued customers. This also offers the customer a wider range of ways to manage the consistency of their image.

#### **4.3 Market Trends**

Over the past few years LBNPC has noticed a few trends in the markets it serves. Quality has taken a much larger role in customer's decisions, while the importance of price has decreased in relation to quality. High quality customer service is becoming expected, as are opportunities to highly customize products.

**Quality:** LBNPC has had to increase quality control processes to keep up with the importance of quality. Professionals no longer just want letterhead, business cards and name plates. They want all these things plus promotional products and garments that present their image in a clear and consistent way. They aren't just using these products for their primary purpose, but to forge an image for themselves. The same is true of brides, who expect everything to be *perfect* for their special day. A wedding has become representative of the couple and the marriage to come. This quality orientation also shows in the commercial business and individual markets.

**Price:** Price has become less important to customers. LBNPC has been able to implement a yearly 10% increase in price while generating higher demand. Part of this is due to the high

average income level of the markets it serves, but part of it is in response to the huge demand for top quality.

**Service:** Customer service is also expected to be very high. Customers want to be walked through the selection, especially brides, to make sure they make the perfect choice. Customers expecting rush jobs are on the rise. LBNPC will have a head start on other embroidery shops that are used to being able to take their time and offering poor service. Since LBNPC is already accustomed to providing this high service level and meeting quick turn around times, it will have a competitive advantage in this area.

**Customization:** Customers want lots of options, but not so many that it makes the decision difficult. LBNPC offers many options, and backs those options up by providing consultants to help the customer find the best fit. The graphic art team also makes customization easier, with capabilities to create designs from scratch instead of working from stock designs.

#### 4.4 Competitors

In the wooden pen market there are no direct competitors. The only option for a custom wooden pen is to order one online or go to the Woodcraft to buy the materials and make one. LBNPC recognizes this market void for custom wooden pens and plans to take advantage of it. Bringing physical pens to a local office supply store will make the pens more accessible. Offering them on the website will only add to sales.

In the embroidery market, there are several competitors in the area. Monograms is representative of the 8-10 shops that will pose the biggest threat. LBNPC will have to work hard to establish credibility as an embroidery shop. LBNPC is not focused on stealing market share from shops like Monograms initially. LBNPC is interested in creating the demand for these products among its current customers and eventually credibility will be established by these high end clients. Armed with this new credibility LBNPC may then go after additional customers. An advantage here is LBNPC will be able to offer significantly lower lead times on sewouts and superior service.

A second type of competitor is represented by Noe's Ark, a home operated embroidery shop. Operations like these are highly inefficient in both production and service. LBNPC once tried to go through Noe's Ark to get 6 embroidered polos a customer had ordered. Two weeks after the

initial order, LBNPC hadn't heard a thing and was forced to call to ask about the progress. The response was simply, "It's baseball season, and we're swamped with uniforms. I can get to you in a few weeks". Both Noe's Ark and LBNPC lost the customer due to impatience.

LBNPC can offer quicker response times and much better customer service than its competitors. After LBNPC has had time to establish credibility, it will certainly gain some of the market share these inefficient competitors now possess.

## **5.0 Strategy**

LBNPC's strategy is to continue its previous strategy with minor adjustments in key areas. The plan has been working as a whole, and the new products will simply mold into existing strategy.

Marketing has been very successful for LBNPC, with a strong emphasis on word of mouth advertising through the two most profitable market segments: professionals and brides. An addition to this strategy will be the newly revamped website highlighting new services and pairing complementary products more prominently. LBNPC plans to retain its strategy of premium pricing. When customers are totally satisfied with quality and service, they are willing to pay a premium price. Sales strategy will be taken care of by marketing and strategic relationships. LBNPC will continue to foster these relationships for the mutual benefit of all parties. Some significant risks LBNPC could face include: managing demand, space, consistency, customer replenishment, too many products, and lack of trust.

### **5.1 Marketing and Sales**

LBNPC will continue the traditional marketing strategy it has used thus far, making the company very accessible to its customers. However the most valuable marketing will come from the word of mouth of our satisfied customers. This is crucial, especially in the professional and bride segments. These customers do not make decisions unless they have a trusted opinion.

LBNPC will continue to use the sign in front of the building to get customers' interest. If customers come in for letterhead but see on the sign custom pens are available, they are more likely to order both letterhead and a pen. This will work especially well with brides and the overlap between personalized invitations and embroidered items. LBNPC will continue to be active at local wedding shows, displaying newly offered embroidered items.

The pen marketing will mostly be left to Ron Ford's Office Supply, since they will be carrying them. Their strong reputation combined with LBNPC's will prove very effective.

The website is currently being redone, and the new pens and embroidered items will be displayed prominently. Also, complementary items will be placed together to facilitate greater sales.

**Goals:** LBNPC wants to achieve a 20% increase in sales for the next three years. The numbers would be \$276,784 in 2007, \$332,141 in 2008, and \$398,569 in 2009. The company also wants

to become profitable in 2007, continuing this trend over the years. This business venture will be considered a success if these goals are achieved.

## 5.2 Pricing

Pen pricing has been developed based on cost of materials and labor. A price sheet has been developed showing Ron Ford's price and the suggested retail price.

		Slimline		Flat Top American
<u>Wood</u>	<u>Price</u>	<u>Suggested Retail</u>	<u>Price</u>	<u>Suggested retail</u>
Cedar	\$15	\$25	\$35	\$55
Bacote	\$15	\$25	\$35	\$55
Yew	\$15	\$25	\$35	\$55
Black Walnut	\$15	\$25	\$35	\$55
Dogwood	\$15	\$25	\$35	\$55
Bethlehem Olive	\$15	\$25	\$35	\$55
Cocobolo	\$15	\$25	\$35	\$55
Cherry	\$15	\$25	\$35	\$55

Embroidery pricing is very standardized across the industry, and LBNPC will use industry figures in its pricing. It is consistently priced according to size and number of stitches.

In keeping with LBNPC's current markets, it will continue with premium pricing.

## 5.3 Sales Strategy

LBNPC's sales strategy is expected to take care of itself through marketing efforts and existing steady customers. Satisfaction of customer needs and high quality service will continue to strengthen brand image and customer loyalty. Continued marketing and word of mouth will increase our customer base.

## **5.4 Implementation Timeline**

LBNPC has already mostly implemented pen production. Basic materials and equipment have been purchased, and training of employees is ongoing. The timeline for embroidery is tentative, but it is certain that the machine will be purchased in either January or February.

December 2006	Begin selling pens through Ron Ford's Office Supply
December 2006	Begin offering pens to current customers
January 2007	Secure relationship with contract embroiderers
January-February 2007	Purchase embroidery machine
January-February 2007	Train employees in embroidery
March 2007	Launch updated website
March 2007	Begin offering embroidered items to current customers

## **5.5 Strategic Relationships**

LBNPC enjoys strategic relationships with many businesses that aid its success. These include Ron Ford Office Supply, ASI, contract embroiderers, Penn State Industries, Berea Hardwoods and many others.

Ron Ford Office Supply has been instrumental in bringing LBNPC's services to the general public. This relationship has lasted over 20 years, and both parties are very trusting of each other. Ron Ford's has agreed to carry wooden pens in addition to other products and services of LBNPC.

ASI has given LBNPC great connections with garments and promotional products. ASI provides complete information in the promotional products market, helping smaller companies forge relationships with other vendors they serve.

PSI and Berea have made purchasing wholesale pen materials possible. Through placing large repeat orders, LBNPC gains access to lower pricing and a continued relationship with these vendors.

LBNPC recognizes the importance of these relationships. The company could not function as efficiently without them. These relationships will be expanded for the mutual benefit of all companies involved.

## 5.6 Risks

**Managing Demand:** Too much demand can interfere with other productions, draining LBNPC's labor force. Too little demand would result in huge losses on sunk costs.

**Space:** LBNPC currently works with a minimal amount of excess space. Space is a precious commodity in the shop. Allocating additional resources requiring additional space puts a strain on existing operations.

**Consistency:** LBNPC needs to maintain the high quality its customers have come to expect. Samples produced in shop are a promise of quality to the customer. If this promise is broken, the company's credibility could be ruined. Customers who are disappointed in one of these new products may decide to stop purchasing other products as well.

**Customer Replenishment:** Specifically with brides, LBNPC faces the challenge of one time customers. Failure to capture the business of new brides every season will result in a huge loss of an important customer base. Another risk is if a bride receives poor quality products, she may spread negative word of mouth, resulting in further loss.

**Too Many Products:** Such a wide range of products could be a significant risk. LBNPC will be reaching outside of its core competency of printing with these additional products. Time and resources devoted to the new products detract from the main profit source. If these new products fail to take off as anticipated, LBNPC will be left with wasted investment and deficiencies in existing successful products.

**Lack of Trust:** LBNPC could face skeptical customers in these new products. LBNPC is not well established as a pen maker or embroiderer, it will have to work to establish this credibility and secure customers. Existing brand loyalty will help, but the risk remains that it will not carry over to these new products.

## 5.7 Future Plans

At the moment embroidery takes priority over the wooden pens. LBNPC will establish embroidery operations first to recoup on large investments required to get started. Currently pens are only being sold through one channel: Ron Ford's Office Supply. This may be limited by poor marketing on the part of Ron Ford's. Pens are viewed as a small Christmas gift item; not a



money maker by Ron Ford. Opening other channels of distribution could really increase the potential profits from wooden pens. Several ideas for new channels are specialty gift shops, craft fairs, and wedding gifts or favors. Another channel that is already widely used is the website.

**Specialty Gift Shops:** LBNPC will research local area gift shops and try to start forming relationships with them. An initial way to gain entry would be to offer the shops pens free of charge, not requiring payment until the pens are actually sold. LBNPC will have to choose wisely since this cannot be done on a large scale.

**Craft Fairs:** Craft Fairs are ideal for this kind of product. LBNPC may encounter companies here willing to carry the pens. It also gets the LBNPC brand name much needed visibility in this area. LBNPC currently attends many bridal shows, so the transition to doing craft fairs as well should be smooth.

**Wedding Gifts and Favors:** Initially embroidery was targeted to the bridal customers. Focus was concentrated on the brides and things that they would want. Another possibility is brides buying groomsmen gifts, for which the wooden pens are ideal. This could be extended to wedding favors at a small, upscale wedding.

**Website:** After it is redone, pens will have a more prominent position. A possibility would be to implement online ordering capabilities for the pens. This would be easy to do because there are relatively few choices to make when ordering a pen compared to other items. Customers only choose from 2 kits, 8 woods and 2 finishes. However, since each pen is hand turned customers still get the feel of a highly customized product. Pens could be pulled from inventory that LBNPC will already have to accommodate Ron Ford's for a quick turn around time on pen orders.

With these changes, many others will need to take place. Production capabilities may need to be increased for the pens. This may also require more labor and training fees. Some of the marketing focus may need to be readjusted if pens become a success. Also, if LBNPC waits too long to really work the wooden pen angle, the market may already be filled by quicker competitors. Depending on the success of these pens, LBNPC has ideas to expand the offering of kits, woods and finishes.

## **6.0 Management Organization**

LBNPC's management team is very experienced. It works together through regular and open lines of communication. The team consists of two men who head up the operations and service ends of the business, Larry Newman and Brian McMillan. Brian brings in the orders and Larry makes sure they get filled.

Larry Newman is the owner and general manager of operations. He founded the company in 1967 and has run it every since. Larry has run every piece of equipment in the shop and often instructs new operators. He understands the capabilities of production and scheduling to meet deadlines effectively. Larry also runs the financial end of the business, keeping everything together behind the scenes.

Brian McMillan is the marketing and sales manager. He has been with the company for 10 years. Brian is a trained consultant who specializes in working with customers. He has extensive knowledge of both the design and production processes, which helps him to realize the customers' needs while still retaining a firm grip of the reality of the printing business. He won't promise a customer the moon and fail to deliver. He will offer the customer assistance in choosing an option that best suits their needs.

### **6.1 Key Employees**

LBNPC will need to train some operators for both pen and embroidery production. The focus needs to be on the more permanent employees to save on unnecessary training fees, but the part time employees will need some training as well.

Charitie McNish has experience in embroidery. She is currently LBNPC's screen printer. She will become one of the primary operators of the embroidery production. LBNPC plans to send her to a training session offered by the manufacturer of the machine it is purchasing.

Lance Fear will learn to operate both the pen lathe and embroidery machine. He has extensive experience in similar machines and is a fast learner. Larry will instruct him in the art of turning pens, and he will shadow Charitie to operate the embroidery machine. He will also accompany her to the training session.

Temporary college students will be instructed in the craft of making pens. It is fairly simple and straightforward, and Larry has a large collection of instructional videos. This will have a very low training cost so LBNPC can afford to train new operators as they are hired every six months or a year.

## 7.0 Finance

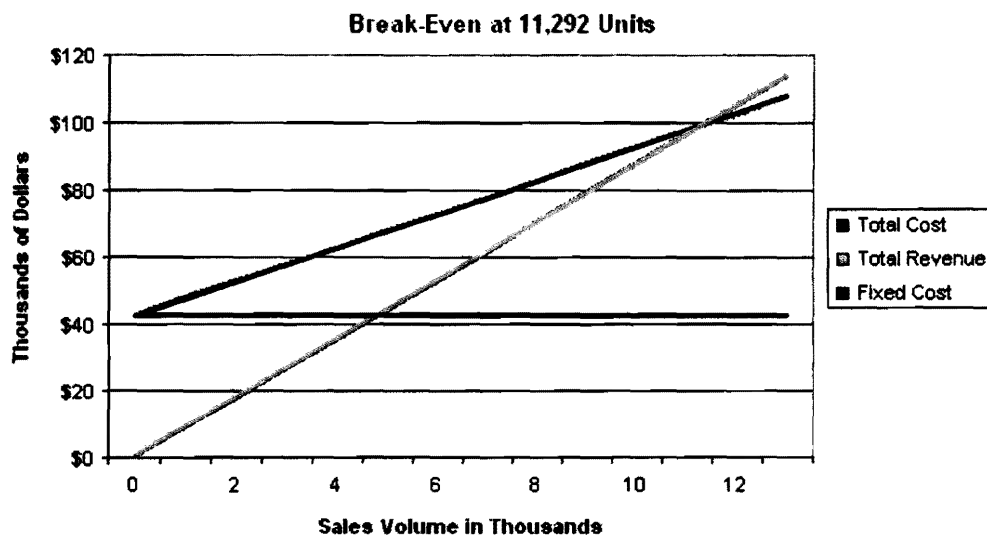
LBNPC has a fairly strong position to open up these new product lines and will only rely on a loan to purchase the embroidery machine. This loan will be a term loan over five years from AmSouth bank. All other materials will be or have already been purchased out of existing cash flows.

### 7.1 Break Even Analysis

According to the break even analysis of the embroidery machine, LBNPC will need to sell 11,292 units of embroidery. This is based on the assumption that the average cost of embroidery is \$5 per piece and the average selling price is \$8.75 per piece. Total fixed cost of the machine including interest on the loan will be \$42,346.80. LBNPC must sell 628 pieces of embroidery per month in order to break even after 18 months. That number drops to 188 per month to break even over 5 years, the time period of the loan.

#### Break-Even Analysis

Variable unit cost: 5	Total variable costs: \$65,000
Fixed cost: 42347	Total of all costs: \$107,347
Expected unit sales: 13000	Total revenue: \$113,750
Price per unit: 8.75	Profit: \$6,403



## 7.2 Projected Profit and Loss

LBNPC has been showing strong positive growth in its main operations. As long as this growth continues, the new products will only help the projected numbers below. The new products are not expected to contribute to the net income significantly until 2009.

### Projected Profit and Loss

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Income	\$276,784	\$332,141	\$398,569
COGS	\$381	\$438	\$504
Gross Profit	\$276,403	\$331,703	\$398,065
Total Expense	\$271,224	\$311,908	\$358,694
Net Income	\$5,179	\$19,795	\$39,371

## 7.3 Projected Cash Flow

Based on past information of cash flows, these are the projected numbers for the next three years.

### Projected Cash Flow

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Beginning Cash Balance	\$70,758	\$73,257	\$76,256
Cash Received			
Cash Sales	\$8,029	\$9,635	\$11,562
Cash from Receivables	\$20,071	\$24,085	\$28,902
Total Cash Received	\$28,100	\$33,720	\$40,464
Expenditures			
Cash Spending	\$7,314	\$8,777	\$10,532
Payment of Accounts Payable	\$18,287	\$21,944	\$26,333
Total Expenditures	\$25,601	\$30,721	\$36,865
Net Cash Flow	\$2,499	\$2,999	\$3,599
Ending Cash Balance	\$73,257	\$76,256	\$79,855

## 7.4 Projected Balance Sheet

Based on historical information and other projected financials, this is the projected balance sheet.

### Projected Balance Sheet: End of 2007

#### **Assets**

##### **Current Assets**

Cash	\$8,029
Checking/Savings	\$70,601
Accounts Receivable	\$20,071
Inventory	\$7,000
Total Current Assets	\$105,701

##### **Fixed Assets**

Die Stamping Equipment	\$3,500
Equipment Purchased	\$34,000
Total Fixed Assets	\$37,500
<b>Total Assets</b>	<b><u>\$143,201</u></b>

#### **Liabilities**

##### **Current Liabilities**

Accounts Payable	\$18,287
Payroll	\$2486
Other	\$12144
Total Current Liabilities	\$32,917

##### **Long Term Liabilities**

Loan Payable	\$613969
Total Long Term Liabilities	\$613969
<b>Total Liabilities</b>	<b>\$646,886</b>

#### **Equity**

Opening Balance Equity	\$3,083
Retained Earnings	-\$655,148
Net Income	\$5,179
Total Equity	-\$646,886
<b>Total Liabilities and Equity</b>	<b><u>\$143,201</u></b>