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Introduction to the Sample Plan

The following document is a sample of a finished business plan. In your final plan, you have the opportunity to elaborate on those ideas in your outline that you feel are most integral to your business. In composing your business plan, you can follow your outline as loosely or closely as you choose. For instance, in the sample plan, the Executive Summary, which is the last section of the Business Planning Wizard, is presented first in order to emphasize the most impressive features of the business. Your goal in composing a finished business plan is to construct the most comprehensive, thorough document possible, in order to attract investors and to confirm that you have taken the time to explore as many potential issues for your business as may arise.

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EXECUTIVE SUMMARY

Description of the Company

Northwind Traders, Inc. provides travel-planning services for European adventure vacations to residents of the Greater Seattle area. The service industry, including travel agencies, is one of the fastest growing business sectors of the economy, and Northwind Traders intends to capitalize on the success of this industry by taking advantage of travel planning opportunities in the Pacific Northwest.

President Heather Mitchell and Vice President of Sales and Marketing Jim Kim currently hold the company's stock. Prior to starting the Northwind Traders travel agency, Ms. Mitchell cofounded, co-owned, and operated the Northwind Traders clothing store. She has selected a small team with extensive travel, sales, and computer skills, all of whom will be invaluable to the new venture. Her coworkers bring a combined total of 35 years of travel industry experience to the agency.

Mission Statement

The mission of Northwind Traders is to become the premier provider of adventure vacations for 25- to 35-year-old professionals. Northwind Traders is dedicated to building long-term relationships with customers through quality training and customer support, and wants to be recognized as the leading adventure vacation company in the Greater Seattle area. The company's goal is to grow steadily, becoming profitable by the second year of operations.

Products and Services

Northwind Traders recently became the appointed agents for Margie's Travel, one of the largest and most respected tour operators in the market. With virtually no marketing effort, Northwind Traders has sold some 200 adventure vacations in the past six months, netting $66,800 in commissions. Sales of insurance policies and other services have added to this total and could potentially add much more. Northwind Traders offers a comprehensive range of services to support the adventurous traveler, including pre-

and postvacation briefings, travel insurance, and a directory of services specific to each destination and activity.

From desk and field market research carried out on 300 clients, it is clear that there is considerable potential in the adventure travel business. Research indicates that Northwind Traders' target market finds it difficult to obtain reliable and authoritative advice on destinations and activities. Research also suggests that the customers in this market are unlikely to purchase their vacations again from the firm who provided their last vacation due to a lack of informative sales personnel. Northwind Traders will cater to these needs and develop a strong return-customer base.

Because they are currently the only travel agency focused on European adventure vacations that is located in the Seattle area, Northwind Traders has a substantial opportunity to dominate the region. In order to maintain and improve their current position in the region, they will need to invest in a Web site, as well as database software and systems, and in refurbishing the shop premises. Northwind Traders maintains the following advantages over existing competition: ongoing support to clients; extensive knowledge of the European adventure vacation field; superior customer service; specialized training programs for staff; informative Web site; competitive rates.

Financial Forecast

Northwind Traders started as a clothing store and has expanded into the travel agency business, with its focus on adventure travel in Europe. Last year, Northwind Traders clothing store made $200,400 profit on sales of $1,419,500 and employed seven people.

Northwind Traders expects that by concentrating full-time on selling adventure vacations, clients will increase from the present level of 200 (achieved over a six-month period with only a part-time effort), to at least 660 in the first year, 1400 in the second, and 2100 in the third. To help achieve this growth, Ms. Mitchell has identified three other tour operators she wishes to represent and has begun negotiations with them.

Selling between two and three vacations a day will allow the business to make a modest profit in Year One. By Year Two posttax profits should be $304,000 and will increase to nearly $496,000 by Year Three.

Financing Requirements

Ms. Mitchell plans to sell her shares in the clothing shop and invest the proceeds in the new travel business, Northwind Traders. In addition, she will be investing $41,750 of her own money in the business and seeking $83,500 from outside sources. Return on shareholders capital by Year Three is projected to be close to 100 percent. The purpose of the business plan is to communicate this highly profitable opportunity to Ms. Mitchell's partners in the clothing shop and to outside investors, and to attract interest in the venture.

Alternatively, Ms. Mitchell is considering loan finance made up of a $41,750 two-year loan and a credit line of $58,450. In total, about $125,250 will be needed to fund the business during the initial months.

HISTORY AND POSITION TO DATE

Northwind Traders, Inc. provides travel-planning services to individuals and businesses in the Greater Seattle area. The business is located at 1234 Franklin Street, Seattle, Washington.

The Company's Mission

The goal of Northwind Traders is to be the leading provider of hassle-free European adventure vacations to the 25- to 35-year-old business professional market. Initially operating in the Seattle area in Washington, Northwind Traders is rapidly expanding to sell its services worldwide via the Internet. Travel service sales is the fastest growing category of business to consumer activity on the Internet, and by the year 2000, the value of this market is estimated at $4.5 billion (see Appendix 1, Internet Growth and the Sale of Travel Services).

Our emphasis will be on providing a complete specialized service based on having a detailed knowledge of the vacation destination and adventure activities being offered. Market research indicates that the major criticism our type of client has of existing travel agencies is that their agents "know nothing about their products, they just open the catalogue and read," to quote one of many disappointed travelers.

By capitalizing on our experience in the Northwind Traders clothing shop, we will be able to both advise and direct our clients to the type of travel equipment they will need to get the very best out of their vacation.

Management Team and Key Personnel

Heather Mitchell, President and CEO. Before founding Northwind Traders, Ms. Mitchell owned and operated Northwind Traders, an outdoor clothing shop in the Seattle area. Prior to that, she managed the Olympia branch of one of the larger regional chains of general travel agencies operating throughout western Washington, where she was responsible for managing the office systems and a staff of four. She has a degree in travel and tourism from State University.

In addition to Ms. Mitchell, team members Jim Kim and Richard Bready will be moving into the new venture on a full-time basis, and Amy Egert has been recently recruited to cover Saturdays and vacations. Freelance business consultant Jae Pak will be advising during the business's changeover from clothing shop to adventure travel agency.

Jim Kim, Vice President Sales and Marketing. Prior to joining Northwind Traders, Mr. Kim worked for the marketing department of a major airline. His current responsibilities include the company's direct marketing campaign and all sales-related issues.

Richard Bready, Office Manager. Twenty years as a travel agent has given Mr. Bready the ideal background for Northwind Traders. A knowledgeable salesperson, Mr. Bready's expertise in the area of European travel enables him to entice the adventure traveler.

Amy Egert, Sales Assistant. After completing her undergraduate degree at the Institute of Art, Ms. Egert spent a year traveling abroad and joined the staff at Northwind Traders recently as a sales assistant.

Jae Pak, Business Consultant. With over 20 years of consulting experience in industries ranging from aerospace to technology to retail, Mr. Pak's knowledge and guidance will be instrumental to the success of Northwind Traders.

The volunteer members of the Board of Directors provide guidance to the management and staff of Northwind Traders. The board meets twice yearly to discuss policy changes, review the mission statement, and update the business plan if needed.

Members include

Lisa Jacobson, retail store owner
Holly Barrett, CPA
Jo Brown, former travel agent
William Hollands, lawyer
Lisa Garmaise, retail store owner

Tony Chor, human resource manager
Prasanna Samarawickrama, caterer

Services

We are currently the appointed agents for Margie's Travel, a major supplier in the market. Currently, Margie's Travel offers some 40 different adventure vacation packages throughout Europe, including horse trekking in Iceland; above-the-clouds trekking on islands and in remote regions in such areas as Corsica and Norway; van-supported inn-to-inn bicycling; mountain biking and hiking adventure tours throughout France, Germany, Italy, and Austria; and ballooning across the Alps.

We intend to be appointed agents by three other major adventure travel tour firms with whom we are currently in negotiation:

Enchantment Lakes Corporation. Offers rafting, sea kayaking, and yachting trips around remote European rivers and coastline areas, covering such areas as the Adriatic, the Black Sea, and Turkey.

West Coast Sales. Offers adventure vacation packages to corporate clients to use as incentives and rewards, and as part of management development programs. They are particularly strong in France, Italy, and Germany.

Exploration Air. Specializes in adventure vacations in Eastern Europe and former Soviet countries, covering Bulgaria, Romania, Poland, and Latvia.

These are three relatively new and small tour operators, but they have acquired a reputation for innovation and reliability–and they are currently underrepresented.

In addition, we will offer a comprehensive range of complementary services to support the adventurous traveler, ensuring that they will have a safe, enjoyable, and memorable experience. These services will include insurance, pre- and postvacation briefing packs, and a directory of advice and information services particular to each destination and adventure activity.

Transportation

The vacations we will offer will use all principal travel systems, including planes, trains, buses, and where appropriate, taxis. We will aim for a standard of travel higher than that offered by the general travel industry. The feeling we are looking for is definitely not that which is engendered by the backpacker market.

Company History

Five years ago Heather Mitchell cofounded Northwind Traders, an outdoor clothing shop in Seattle, Washington. Over the years, Northwind Traders has extended its product range to include everything the adventurous traveler could want, from tents and sleeping bags to maps, guidebooks, and insurance. The clothing shop has sales of $1,420,000 per year (see Table 1), makes a gross profit of $202,400, and employs seven people, either full- or part-time. A mail-order service is now provided by catalogue and via a new Web site.

Table 1. Northwind Traders Clothing Shop Performance Over Past Five Years

Year	**1**	**2**	**3**	**4**	**Last Year**
Sales	$183,700	$422,510	$669,670	$1,023,710	$1,421,170
Gross Profit	$62,625	$167	$100,701	$133,602	$201,916

Increasingly, shop customers have asked for advice on adventurous places to go on vacation.

Last year Northwind Traders acquired an agency from Margie's Travel, one of the largest and most respected tour operators in this market, and began to promote and sell their products.

In the six months that we have been selling travel agency products, some 200 vacation packages, at an average cost of $3340, have been sold. Northwind Traders'

commission on the sales has been $66,800 (10 percent commission). In addition, 35 insurance policies have been sold at an average price of $167, yielding $1754 (30 percent commission).

Heather Mitchell, one of Northwind Traders's founding partners, intends to sell her shares in the store and to concentrate on setting up the new travel business, Northwind Traders.

Guarantees and Warranties

Our clients will be protected financially against either our own or our tour operator's failure, by virtue of the ARC bonding held by our principals. We will only use vacation providers who can provide 24-hour emergency support services for clients while on vacation.

Business Structure

Northwind Traders is incorporated under the laws of the state of Washington. The company has authorized 10,000 shares, 6000 of which are owned by President and CEO Heather Mitchell. Vice President of Sales and Marketing Jim Kim owns 1000 shares, and the remaining shares are held by the company for future distribution.

In the next few weeks, the business will be set up as an operation independent from the clothing store. This structure will clearly separate the travel business from the clothing shop and make it possible to attract the risk capital that will be required when the business starts to grow.

At a later stage the business may wish to sell and issue airline tickets and to create its own charter vacations. This will require membership in the ARC (Airline Reporting Corporation) and IATAN (International Airlines Travel Agency Network). These organizations regulate the collection of money and distribution to the appropriate airlines. However, in the period covered by this Business Plan we intend to operate only as the appointed agents for a number of tour operators. As such we can "shelter" under their licenses and bonds.

MARKET RESEARCH

During the current period of strong economic growth, Northwind Traders can capitalize on the many significant opportunities in the travel industry.

Economic and Social Factors

Service industries represent the fastest growing sector of the national economy, and travel and tourism agencies are poised to flourish in the midst of today's economic boom. These services are projected to grow at an average annual growth rate of 4.1 percent over the period from 1990 to 2010 (Appendix 1). The travel and tourism industry thrives in a vital economy.

The general economic climate in the city of Seattle is very strong. An influx of new businesses has added to the area's prosperity, and the already large population of young professionals is growing. The city of Seattle is the center for business in King County, with over 400,000 people employed in industries such as aerospace, transportation equipment, health services, tourism, computer software, and biotechnology.

Competitive Environment

The quality of service and the number of providers in the travel industry constantly fluctuate. Our competitive edge will be in attracting and retaining our customers with the most highly trained and well-informed individuals we can recruit. With our expertise in European adventure vacations, we will be able to provide the most accurate, up-to-date information possible.

Long-Term Opportunities

Tourism in general is on the rise (Appendix 1), Europe looks like it will continue to be the major destination, and the Internet will be an important channel into this market. The state of the economy will be the most influential factor in how many people travel. Other driving forces for travel will include the cost of tickets, fuel prices, the threat of terrorism, and currency rates.

The current lack of leaders in the European adventure travel industry represents an exceptional opportunity for Northwind Traders to develop a dominant presence in the Greater Seattle area. With their exceptional knowledge of the adventure travel industry, strong customer base, and competitive prices, the company will be well situated to take advantage of the region's current economic prosperity.

Geographic Area

Northwind Traders is based in Seattle, Washington, and targets individuals interested in adventure vacations in Europe. The region comprises the incorporated cities of Redmond, Bellevue, and Tacoma and the encompassing counties of King, Snohomish, and Pierce.

Market Description

The Greater Seattle area—including all of King, Pierce, and Snohomish counties—is home to approximately 3 million people (1994 figure), half of whom fall within our target market. Seattle's job rate is climbing at a rate of 10 percent each year, and new jobs and growth are expected through the year 2007. Seattle has become a world-class destination, and the downtown retail and shopping core has grown steadily over the last decade. The following major facilities reside in the Greater Seattle area: an international airport, several major medical centers, a state university, and four other colleges and universities.

The percentages of employment by industry are as follows: 28 percent services, 25 percent wholesale and retail, 16 percent manufacturing, 14 percent government, 6 percent transportation and communication, 6 percent finance and insurance, and 5 percent construction.

Target Customers

Seattle/King County's labor force is highly educated, skilled, productive, and stable. It consists of individuals who are deeply attached to the area and have tended to stay and wait out past periods of economic downturn. The vital economy, the Northwest lifestyle,

and its unique environmental qualities attract people. Both public officials and business leaders recognize the need to keep our labor force well equipped with marketable skills.

From within this population, our target customers are individuals who are professionals with incomes of $40,000+, ages 25 to 35, single or married, without children, and college educated.

Market Definition

The world travel market is forecast to expand at a 4.1 percent average annual growth rate until 2010. This is faster than the general economic growth rate, which is expected to be around 2.4 percent per year.

The European market, while not the fastest growing, will be the most important destination, accounting for over 50 percent of all international arrivals (see Appendix 1). Within Europe, France, Italy, and Spain are the most popular destinations. This is why we have selected tour operators with appropriate products in these areas as our initial partners.

Figures for the size and projected growth of adventure vacations are sketchy, but the figures from one recent study (World Adventure Travel Data Corp.) are in Table 2.

Table 2. Adventure Travel Vacations - World forecast (Million Arrivals): 1990 - 2010

Destination	**1990**	**1997**	**2003**	**2010**
Europe	0.25	0.60	1.60	2.35
N. America	0.45	0.60	1.40	2.20
Rest of World	0.10	0.25	0.95	1.10
Total	0.80	1.45	3.95	5.65

Age	**1990**	**2010**
	%	**%**
16 - 24	61	38
25 - 35	20	31

36 - 45	15	25
46+	4	6
	100	100

Source: WATD Corp. 1997

Market Opportunities

We believe that by concentrating on the European travel market, offering a limited but extensive range of vacation packages, and targeting our service at affluent professionals, we can meet the needs of our clients. Our specialized knowledge of Europe and adventure travel will allow us both to satisfy our customers and to surpass the services offered by our competitors.

Our market study (see Appendix 1) has shown that the group composed of affluent professionals has specific needs that are not currently being met, as 65 percent of those planning vacations would not purchase them from the same source again! Specifically, they want their travel agent to have comprehensive knowledge of the destination (87 percent); to have an efficient administration system in which they can have confidence (84 percent); to go on vacation with similar professional people (81 percent); and to be offered useful advice and ancillary services such as insurance (79 percent).

In addition, our market study confirms that Europe is likely to be the largest destination market for adventure vacations. Our study shows only 30 percent of adventure travelers to be under 24 years of age, while the World Adventure Travel Data study claims 61 percent is under 24. We feel the difference is because our survey sample is confined to relatively affluent people who had spent at least $350 on adventure clothing (see Appendix 1).

One further emerging market segment for adventure vacations is that of corporate clients. Our research suggests that up to one in five adventure vacations is at this top price end of the market.

Competitive Analysis

Northwind Traders is the only travel agency located in the Seattle area that is focused on European adventure vacations. However, there are many adventure travel agents in capital and secondary cities such as Redmond, Bellevue, and Tacoma that compete with Northwind Traders to provide adventure vacation packages. These agencies are described below:

- General Travel Agents
  These agents have added adventure vacations to their services but often have little or no knowledge of adventure destinations or activities. They sell literally from the page, offering limited advice, information, and support. According to our market study, 40 percent of adventure vacations are booked through these general travel agents, but only a third of clients would use them again.

- Adventure Tour Operators
  These tour operators who advertise their vacations in the press attract about a quarter of all adventure vacation clients. However, clients have to shop around several tour operators to find what they want, and clients cannot get unbiased advice or much help with information. Only 45 percent would go back to a tour operator for their next vacation.

- Independent Travelers
  These travelers comprise about 15 percent of those going on adventure vacations, of whom 65 percent would travel that way again. We need to persuade this group that our superior product knowledge and service is worth their consideration.

- Internet Providers
  These providers sell only 5 percent of adventure travel vacations; however, 70 percent of adventure travelers would buy their next vacation via the Internet. There is plenty of scope to offer a superior Web site. We believe that by having daily face-to-face contact with clients, we will be better able to manage a fresh, vital, and relevant Web site aimed at the specific needs of our market segment.

- Specialist Adventure Travel Agencies
  These agencies sell only about 15 percent of travel packages at present, but we feel this is partially due to lack of client awareness and to the comparative rarity of such outlets. We will differentiate ourselves from our competitors by offering the most extensive material available from the most up-to-date, well-informed staff. Clients will return for our service, knowledge and competitive prices.

These findings are some of the most powerful results of our research. While general travel agents may be the most likely resource for those travelers taking an adventure vacation, they are in fact the least likely place those clients will return to. Although specialist adventure travel agents, such as the business we are setting up, account for only 15 percent of the market, 65 percent of clients would use them again. We aim to increase this percentage through our superior service.

Competitive Advantages

Some 65 percent of those clients using specialist adventure vacation travel agents would use them again—many more than would use either a direct tour operator or a general travel agent.

However, these agents were criticized for having such a wide range of activities and destinations that their sales agents knew little about them. Our research shows that while 41 percent of clients take adventure vacations in Europe, only 23 percent of the 5000 adventure tours offered are for European destinations.

We feel that by concentrating on European destinations, which is the largest market for both vacations in general and adventure vacations in particular, we will be able to have superior product knowledge. We will need to know only perhaps 100 destinations and activities well, rather than have only a passing knowledge of the 5000 adventure vacations available.

Our market research has also shown that many adventure travel agents are catering to the backpacker market, consisting mostly of individuals who are under 24 years of age and are generally very cost conscious. This can lead to very different types of clients

ending up at the same destination, with some consequent dissatisfaction. The backpacker market requires a much lower level of service and information than does the market for the more affluent 25- to 35-year-old professional.

Competitors' Positions

The two major competitors of Northwind Traders are Ferguson and Bardell, and Lakes & Sons. Ferguson and Bardell is the strongest competitor of Northwind Traders, due to its strong client base and experienced owner. However, its press releases are of a very low quality, and its location is undesirable, with difficult parking and limited customer service space. In addition, Ferguson and Bardell lacks the knowledge and expertise in the field of European adventure travel that is valued so highly by the clientele of Northwind Traders.

Lakes & Sons will be a formidable competitor for Northwind Traders because of its prime location, well-established business, and extensive training program.

Potential Future Competition

Northwind Traders will occupy a specialized niche in the travel industry, with its focus on adventure vacations in Europe. Although it is currently the only European adventure travel agency located in the Seattle area, competitors do exist in nearby areas (see above). In order to stay competitive, Northwind Traders will need to establish itself as the leader in adventure travel planning for Europe with its superior product knowledge and high-quality service. The lack of current adventure travel providers in the area represents a unique opportunity for Northwind Traders to expand in a rapidly growing market.

BUSINESS STRATEGY

With Northwind Traders' expertise in European adventure travel, we can create customized travel itineraries for our clients and provide the most thorough, informative adventure travel service available. By offering superior customer service, Northwind Traders can distinguish itself from its competitors.

Customer Incentives

Our market research shows that publicity has the greatest impact on people's choice of an adventure vacation travel agent, followed closely by having the right location and having a recommendation from a friend, relative, or colleague.

General press advertising seems to be fairly ineffective in this sector, and event specialist press advertising only brings in one out of seven clients. (See Appendix 1, Summary of Findings from Market Research.)

Advertising and Promotion

Our advertising and promotions will pivot around six key strategies: public relations, our shop front, an Internet Web site, customer relations, press advertising, and our association with the Northwind Traders clothing store.

Public relations. We will put considerable effort into preparing and disseminating a regular flow of press releases. These will be based on stories about our destinations, activities, corporate clients, and our staff. We will employ a public relations adviser to help us write copy and locate publications editors.

Shop front. We plan to have an exciting, informative, and actively managed display window. There will be a video display showing adventure vacations in progress. Different destinations can be selected from outside the window via a control panel; otherwise, the scenes will rotate on a random basis.

Internet Web site. This is fast becoming a major promotional channel, and we believe it will increase in importance over time. Also, it is the most convenient way for us to have a global presence at the outset. (See Appendix 1, Internet Growth and the Sale of Travel Services.)

Customer relations. We will keep records of every sales contact. Data such as source of inquiry, client needs, previous vacation, job, and income will be included. By having superior information on our clients and prospects, we intend to offer a truly personalized

service. Our database will contain full details on all our clients, including the vacations they have taken and their postvacation appraisal data. We will use this data to encourage our satisfied customers to recommend our services to friends, relatives, colleagues, and employers.

Press advertising. We will undertake a small amount of press advertising in order to enhance our public relations activity. There is considerable research to support the argument that the more often a potential client hears about you, the more likely they are to approach you when they have a need for your type of service.

Northwind Traders association. We will write to all past shop clients announcing the establishment of the travel business and offer them a special introductory adventure vacation package.

Sales and Marketing

Excellent selling skills are vital in our type of business. Therefore, everyone will be fully trained in sales. Additionally, every month we will “audit” each other by observing half-a-day’s selling activity and giving feedback on strengths and weaknesses in skills.

We will also be using a “contact management” system that will allow us to monitor the effectiveness of different promotional strategies and of different marketing messages.

The key to our strategic advantage lies in having superior data on prospects and clients.

Commission

The normal commission paid to travel agents for this type of vacation is in the 10 percent to 15 percent range. While Margie’s Travel, the first agency we have been appointed to, pays us at the lower end of the scale, they are a prestigious firm to represent. Having them in our portfolio will enable us to negotiate much higher commissions from our new principals. Accordingly, we are planning on an average travel agency commission of 11 percent, rising to 13 percent by the end of Year Three. Commission on insurance and other services will be 30 percent.

OPERATIONS

Premises

It is vital that the travel business has both a storefront facing onto the main street and a visible separate entrance. The goal is for clothing shop clients to be able to move between the premises without going outside. We will be renting 2000 square meters of fully serviced space at a cost of $30,060 per year. We will need to spend $25,050 on internal refurbishing. We plan to do some of this work ourselves. An additional $4175 will be needed for desks, chairs, and other office furnishings.

Choice of Location and Premises

We intend to locate within the existing Northwind Traders shop, since this is close to the city center with a high density of both residential and business premises. The pavement is wide, so people can stand and look in the window without being in the way of other pedestrians.

Hours of Operation

The telephone lines will be staffed 24 hours a day by live operators. During the period from 9 am to 6 pm, this will be done mostly by our staff. However, overload calls during the day and after-hours calls will go to our live telemarketing bureau. People consider vacation decisions at home in the evenings after discussion with friends and partners. We want to be available as their first point of contact with an informed, friendly service.

We believe that since our clients will mostly be busy professional people, off-peak-hours access to our services is also a key way in which we can differentiate ourselves from other travel agencies.

Equipment

We will be renting an integrated telephone/database system from the outset. This will allow up to ten sales staff to answer calls and have full on-screen data on clients and products.

As service is one of our key components, it is essential that we have full access to all relevant data speedily and efficiently.

Staffing

From the outset all staff will have job descriptions, a career and training history file, and a record of employee reviews.

New staff will take the travel agency Psychometric Aptitude Test and then spend time with each member of the Northwind Traders team.

All staff will undergo full product training and will spend at least four weeks a year on-site at key travel destinations.

Our dress code will require us to look as though we are on our way to one of our adventure vacations. We plan to start with a staff of three full-time employees, including the founder, and one part-timer. We plan to be operating with a staff of thirteen during the fifth year of business.

FORECASTING

Sales Forecast

Our ratio of sales to inquiries of the adventure travel vacations sold to date, while operating within the outdoor clothing shop, has been one in three. For the purposes of our sales forecast, we are assuming that only one in five inquiries will actually result in an adventure vacation being booked. This is a very conservative estimate.

We expect there to be a steady buildup of clients coming from the clothing shop to talk to us about vacations (see Table 3 below). However, the number of new inquiries generated by our promotional activity will also build up during the year, gradually overtaking inquiries from the clothing shop. This is a trend we expect to continue. Based on the projection below, we are forecasting to sell 660 adventure travel vacations next year at an average price of $3549. Once insurance and other service sales are added in, we expect to generate a gross profit of $268,783 over the first 12 months.

Table 3. Sales Forecast Projection

	Q1	Q2	Q3	Q4	Year Total
Inquiries generated through promotion	200	425	425	750	1800
Shop inquiries	300	300	450	450	1500
Total inquiries	500	725	875	1200	3300
Vacations sold	100	145	175	240	660
Average vacations cost	$3340	$3340	$3758	$3758	$3549
Commission received	$33,400	$48,430	$72,331	$98,757	$252,918
Commission on insurance & other services received	$1670	$3340	$5010	$5845	$15,865
Total commission & fees earned	$35,070	$51,770	$77,341	$104,602	$268,783

In Year Two we are forecasting a gross profit of $624,318, and in Year Three we plan to reach $986,846.

Cash Flow Projections

The Cash Flow projections for Year One (see Appendix 2) show that after the owner has put in $41,750, the business will need additional short-term financing of about $83,500. For the last two months of the year, we are forecasting a positive cumulative cash flow and a year-end cash surplus of $19,935.

In our Cash Flow projection, we have assumed the whole $83,500 additional financing has come from a bank loan. We have allowed for interest on the full amount for the whole period. In practice we would hope to finance part of this at least by a line of credit equal to the money actually required. In this way we believe we have made a prudent, conservative provision.

Income Statement

We expect to make a small after-tax profit of $34,901 in the first year (see Appendix 2 and Table 4 below). This is before the owner's drawings. Any owner's drawings will be contingent on performance being better than that expected in the Plan.

Table 4. Profits in Years One to Three

	Year One	Year Two	Year Three
Sales	2,364,839	5,202,645	7,591,132
Less cost of sales	2,096,056	4,578,327	6,604,286
Gross profit	268,783	624,318	986,846
Less expenses	224,740	243,404	345,690
Net income before taxes	44,043	380,914	641,156
Provision for taxes	9142	76,184	145,751
Net income after taxes	$34,901	$304,730	$495,405

Balance Sheet

The Balance Sheet at the end of Year One (see Appendix 2) shows a healthy surplus of current assets over current liabilities. We have shown a conservative funding position, which does not include any of the additional capital that we hope to secure.

Performance Ratios

We plan to move our gross profit up from 11 percent in Year One to 13 percent in Year Three. These figures look quite low, but it should be remembered that our gross profit is

really the sales commission we earn, not the full price of an adventure vacation. Our net income before taxes is a more accurate measure of performance. This we expect to move from 2 percent at the outset up to 8 percent by Year Three. Commission generated and profit per employee will be among the highest in the industry.

Table 5. Commission Generated and Profit per Employee

	Year One	Year Two	Year Three
Gross profit %	11	12	13
Net income before taxes %	2	7	8
Commission generated per employee	$76,795	$138,737	$164,473
Profit per employee	$12,584	$69,257	$106,858

Break-Even

To break even we will need to sell between 2 and 3 vacations per day. This compares with our present sales of 1.3 vacations per day, based on our part-time effort out of the clothing shop. We feel confident that the break-even point can be attained within a reasonable period of time.

Funds Required and Timing

We plan to make two major investments: one in Web site and database development and one in shop premises development.

- Web site and database development - this will cost $41,325. The database system is one of our key differentiators. It will allow us to offer superior service and ensure a high level of repeat business and referrals.

  The Web site is vital if we are to reach this wide and disparate global market. The group of potential clients we have chosen as our target market—affluent, professional 25- to 35-year olds—are prime users of the Internet. Even those people

in our locality will expect to be able to research our offers on the Internet before coming to the shop. (See Appendix 1, Internet Growth and the Sale of Travel Services)

- Shop premises development - this will cost us $29,225. We have to look professional and have an efficient work environment. If our staff do not have the right tools, we can hardly expect them to deliver superior performance. If clients see “amateur” premises, they will not be inspired to spend thousands of dollars and entrust their adventure vacation plans to us.

Both these investments need to be made at the outset to ensure that the business creates the right impression from the start. We get only one chance to make a first impression.

We have decided to lease our telephone and computer systems, since this is a rapidly changing area and we need to have access to the very latest technology. Financing packages from equipment suppliers are currently very attractive.

Funding Options

The owner plans to invest $41,750 of her own money (the proceeds of the sale of her share of the clothing shop business). The cash flow projections show that the business will require $83,500 of working capital during the early months of the first year’s operations. In the event that additional funds prove necessary, we have identified two options for raising further funds:

Option 1: The sale of equity, perhaps to the original shop partners, could raise between $41,750 and $167,000. This would provide some capital to allow for growth. Any shortfall could be funded either by a line of credit or a bank loan.

Option 2: Approach our bank with a view to raising a medium-term loan of $41,750 and a line of credit of $58,450. Heather Mitchell could, with family help, provide any lender with security for part, if not all, of this facility.

BUSINESS CONTROLS

Accounting System

We will be using a computer-based financial management system. With this system we can review our sales and marketing activities on a regular basis. This will allow us to analyze the profitability of sales of different vacations through each tour operator. Thus we will be able to reward staff on the basis of profit achieved rather than just on sales.

Quality Control

We will be developing outline scripts to help the sales staff manage inquiries. This will ensure that all incoming phone calls are dealt with in the same way and meet a high standard.

We will encourage people inquiring about vacations to give us feedback on our service:

- Our ability to handle their inquiry
- The amount of time from the client's first inquiry to the date of actual travel
- The client's reactions to the vacation in terms of whether it meets their expectations

New Tour Operators

Heather Mitchell will be responsible for reviewing the range of tour operators that we seek to represent and negotiating with prospective new principals.

Capacity

Our offices can accommodate five sales desks. Each sales desk has a capacity to handle four clients per hour, which means over the course of a year, we could handle up to 40,000 inquiries. With our average sales rate of one in five, we could service 9600 clients from our present facilities. This is well above the numbers we are anticipating in the business plan.

Long-Term Goals

The financial objectives of Northwind Traders are to be operating at or close to break-even cash flow by the end of the first year, with steady growth over the next five years. We aim to be profitable from Year One onward; our goal is to earn at least $304,000 posttax profit in Year Two and nearly $496,000 in Year Three. Our profit margin on sales by Year Three will be a respectable 7 percent.

Steps for Achieving Goals

Northwind Traders' strategy for achieving our goals consists of six major points:

Establish an extensive public relations campaign
Recruit well-trained, enthusiastic staff
Deliver superior product knowledge
Provide high-quality customer service
Create a library of tools/reference materials for clients
Offer competitive pricing on vacation packages

The first step to achieving our goals is to hire a competent public relations agency. This will be the key to producing state-of-the art publicity materials and determining where these materials should be placed for optimum visibility.

The second step will be to increase the staff. The individuals recruited will go through an extensive training program to ensure that they will be able to provide superior product knowledge in the field of European adventure travel. The present staff is passionate about adventure vacations, and we intend to maintain their enthusiasm through constant product development and skill training. We will only recruit those individuals who share our vision. We also want the business to have an enjoyable atmosphere.

The third step is to install a library of reference works in the shop. These materials will be available for clients to browse through while in the shop or to "check out" and peruse at home. An agent will be on hand at all times to answer any questions.

Position

While at present we are offering only other company's adventure vacations, we have protected our position in a number of ways.

First, we have a two-year agency agreement with Margie's Travel, which gives us access to all their existing vacation products as well as any new ones. This contract is dependent on Northwind Traders achieving sales of at least 250 vacation packages a year. We intend to negotiate similar agreements with future suppliers, although sales targets with them will be lower to reflect their relative market position.

Second, we intend to maintain a high service element to our business, extending our range of value-added services such as vacation insurance, individualized prevacation booklets, postvacation follow-up, and continually updating our client database. In this way, we will seek to build up a high level of repeat business. Customer loyalty is vital to our profitable growth.

Risks Associated with Growth

We see some risks associated with our expected growth:

- Losing touch with customers
- Loss of clientele to other providers
- Quality of services diminished
- New businesses

The risks facing the expansion of Northwind Traders can be summed up in one word: competition. In order to sustain our position in the area as the premier agency for European adventure travel, Northwind Traders needs to outshine its competition. By maintaining our focus on superior product knowledge and outstanding customer service, we will be able to uphold our position in the industry, thereby retaining current clients and attracting new clients.

APPENDIX 1: MARKET RESEARCH

International Arrivals by World Region

Updated forecast for the years 2000 and 2010 (millions)

	1975	1995	1996	2000	2010	Average annual growth rate (%) 1990 - 2010
Europe	153.8	338.2	347.4	397	525	3.1
East Asia/Pacific	8.7	84.5	90.1	122	229	7.6
Americas	50.0	110.1	115.5	138	195	3.7
Africa	4.7	18.7	19.4	25	37	4.6
Middle East	3.6	11.3	15.1	14	21	4.9
South Asia	1.6	4.5	4.5	6	11	6.7
World total	222.3	567.4	592.1	702	1,018	4.1

Source: Global Stats. Corp. 1997

Indications of Tourism Demand in 1997

	International tourist arrivals (x 1,000)	Nights spent by foreign tourists (Mill)	International tourism receipts (Mill. ECU)
Austria	17,173	63.8	11,168
Belgium	5560	12.8	4776
Denmark	1614	10.8	2814
Finland	835	3.3	1320
France	60,110	54.3	20,742
Germany	14,847	35.5	12,408
Greece	10,130	39.6	3138
Ireland	4231	14.0	2059
Italy	31,052	113.0	20,993
Luxembourg	767	2.3	4776
Netherlands	6574	19.7	4946
Portugal	9706	22.2	3330
Spain	44,886	107.8	19,431
Sweden	683	7.9	2652
United Kingdom	22,700	164.9	14,366
EU	230,868	672.0	124,143
Iceland	190	0.8	127
Liechtenstein	59	0.1	n/a
Norway	2880	7.1	1826
EEA	233,997	680.0	126,096
Switzerland	11,500	34.0	7236
Europe-19	245,497	714.0	133,332

Source: Global Stats. Corp. 1997

Summary of Findings from Market Research Survey

Three hundred clients of Northwind Traders who had made purchases in excess of $350 in the past six months were surveyed.

Percentage of Sample Customers Taking and Not Taking Adventure Vacations

According to our research, only 20 percent of our sample customers had never taken or considered taking an adventure vacation. Thirty percent, while they had not yet taken such a vacation, had at least actively considered doing so. Fifty percent of our sample are regular adventure travelers, taking at least one adventure vacation each year.

Information About 150 Respondents Who Took At Least One travel Vacation Per Year

Gender:	Male	65%	Female	35%
Status:	Married	21%	Single	79%

Adventure Vacation Travelers, by Age and Percent

According to our study, the percentages of adventure vacation travelers in fall into various age groups as follows:

- 5% are under the age of 16
- 25% are ages 16 to 24
- 40% are ages 25 to 35
- 20% are ages 36 to 45
- 10% are over the age of 45

Percentage of Adventure Vacation Travelers by Income Group

According to our research, the percentages of adventure vacation travelers in various income brackets are as follows:

- 6% earn $16,700 or less annually
- 22% earn between $16,701 and $25,050 annually
- 28% earn between $25,051 and $33,400 annually
- 25% earn between $33,401 and $41,750 annually

- 19% earn more than $41,750 annually

Forty-five percent of respondents taking adventure vacations spend in excess of $3340 per person per vacation. Twenty percent of the respondents, who tend to be professionals in the 25- to 35-year age range, typically spend over $5010 per person. Those respondents spending under $3340 are both in the lower income and lower age groups and represent 10 percent of the respondents.

Percentage by Destination of 5000 Major Adventure Tours Available on the Market
A study by destination of approximately 5000 major adventure tours on the market reveals the following:

- 1200 are for destinations in Europe
- 1000 are for destinations in North America
- 600 are for destinations in India
- 810 are for destinations in Africa
- 675 are for destinations in the Far East
- 675 are for other destinations

By contrast, the percentages of the adventure travelers purchasing vacation packages to each of these destinations are as follows:

- Europe - 41%
- North America - 30%
- India - 10%
- Africa 7%
- Far East - 7%
- other destinations - 5%

Our research shows that Europe is the most popular destination for adventure vacation travelers. However, only 1200 of the 5000 adventure tours on the market are for European destinations. Africa, which only attracts 7 percent of the market, has 16 percent of the tours aimed at it. It follows that the European market has scope for

expansion and that if we concentrate on that market, we only need to have detailed knowledge of upmarket European tours, rather than all 5000. In that way we can have the advantage of superior knowledge in our chosen market.

Percentage by Source from which Traveler Heard About Last Adventure Vacation

Our research reveals the following about the source from which adventure travelers originally found out about the last adventure vacation they purchased:

- publicity activity - 30%
- travel agent - 25%
- friend - 18%
- adventure press - 15%
- press advertising - 8%
- Internet - 4%

These findings demonstrate the power of publicity. The next most effective way to reach potential clients is via the travel agent's shop window. Both the press in general and the adventure travel press do not appear to have much effect on buyers in this market.

The percentage of respondents who have not been on an adventure vacation organized by their employer far outnumbers those who have been on a vacation planned by their employer. There is a significant minority of corporate clients who buy adventure vacations to use as rewards, motivation, or as part of a management development program. These corporate customers are also those clients who spend over $5010 per person per tour.

NORTHWIND TRADERS QUESTIONNAIRE

(Your replies are anonymous so confidentiality is assured)

1. **Gender**: ☐Male ☐Female

   Married: ☐Yes ☐No

   Children ☐ Yes ☐ No

   Age: ☐ Under 16 ☐ 16 - 24 ☐ 25 - 35 ☐ 36 - 45 ☐ 45+

   Income: ☐ Under $16,700 ☐ $16,701-$25,050 ☐ $25,051-$33,400 ☐ $33,401-$41,750 ☐ over $41,750

   Occupation: Self:.....

   Partner:.....

2. How many adventure vacations have you taken in the past three years?

   ☐ None - never considered taking one

   ☐ Considered, but not yet taken a vacation

   ☐ Taken one adventure vacation

   ☐ Taken two adventure vacations

   ☐ Take at least one adventure vacation every year

3. If you take adventure vacations, how much do you spend per head per vacation?

   ☐ Under $1670

   ☐ $1671-$3340

   ☐ $3341-$5010

   ☐ Over $5010

4. Who did you buy your last adventure vacation from? Would you use that source again?

☐ Traveled independently	☐ Yes	☐ No
☐ Directly from the tour operator	☐ Yes	☐ No
☐ Via the Internet	☐ Yes	☐ No
☐ From a specialist adventure travel agent	☐ Yes	☐ No
☐ From a general travel agent	☐ Yes	☐ No

5. How did you hear about the last adventure vacation that you took?

☐ From a friend/colleague/relative

☐ Via an advertisement in general press

☐ Via the Internet

☐ Saw it in the travel agent's window

☐ Via an advertisement in specialist adventure travel press

☐ Editorial in press/TV/radio

6. What impressed you most about the people you bought your last adventure vacation from?

Ranking for level of impression (1 = excellent, 4 = useless)		Ranking for importance of factor (1 = very high, 4 = quite unimportant)
☐	Knowledge of activity	☐
☐	Knowledge of destination	☐
☐	Range of helpful advice	☐
☐	Additional services, such as insurance	☐

7. What did you dislike most about the last adventure travel vacation that you took?

- ☐ The other people on the vacation were not compatible (e.g. much older, younger, or had very different competence levels)
- ☐ Too expensive
- ☐ The travel agent/tour operator did not properly explain the true nature of the vacation
- ☐ The administrative arrangements were poor - I had to do all the chasing!

8. What was the destination of your last adventure travel vacation?

☐ Europe	☐ Asia
☐ N. America	☐ Other
☐ Africa	☐ India

9. If you have never taken an adventure vacation would you consider taking one from a reputable travel agent with proven expertise in this market?

☐ Yes ☐ No

10. Have you ever been on an adventure vacation organized by your employer?

☐ Yes ☐ No

Thank you for your help with our research. We hope this will help Northwind Traders bring you more exciting adventure vacations.

Internet Growth and the Sale of Travel Services

Sales of travel services on the Internet have risen steadily over the past several years and look to continue increasing through the year 2000. These sales far outweigh other Internet sales, including PC sales of software and hardware, clothing sales, and book sales. For example, in 1998 sales of travel services totaled $1.4 billion, while PC products equaled $1.0 billion, books $400 million, and clothing $250 million.

European users of the Internet are growing rapidly. The United Kingdom is the second largest Internet user market after Germany, followed in decreasing order by the Netherlands, France, Finland, Italy, and Spain.

Percentage of Internet Users Who Have Shopped Online, 1998, in Millions

When it comes to actually using the Internet for online shopping, Finland leads the way, with Germany and the United Kingdom sitting squarely in the middle, close to the European average. The percentage of Internet users, by region, who have shopped online in 1998 are as follows:

- Finland - 69%
- the Netherlands - 43%
- Germany - 41%
- United Kingdom - 38%
- Italy - 33%
- Spain - 31%
- France - 29%

The average percentage of European Internet users who have shopped online in 1998 is 41 percent.

APPENDIX 2: FINANCIAL FORECASTS

Balance Sheet, One Year (Quarterly)

Balance Sheet - One Year (Quarterly)				
	Year 1			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
ASSETS				
Current Assets				
Cash	7855	210	20,768	19,935
Marketable securities	0	0	0	0
Accounts receivable, net	5600	16,800	35,890	45,818
Inventory	0	0	0	0
Prepaid expenses	400	535	835	835
Other	0	0	0	0
Total Current Assets	**13,855**	**17,545**	**57,493**	**66,588**
Long-Term Assets				
Property, plant, and equipment	29,225	29,225	29,225	29,225
Less accumulated depreciation	(2296)	(4592)	(6888)	(9185)
Net property, plant, and equipment	26,929	24,633	22,337	20,040
Other long-term assets	0	0	0	0
Total Long-Term Assets	**26,929**	**24,633**	**22,337**	**20,040**
Total Assets	**40,784**	**42,178**	**79,830**	**86,628**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term debt	0	0	0	0
Current maturities of long-term debt	0	0	0	0
Accounts payable	525	640	750	835
Income taxes payable	0	0	3500	9142
Accrued liabilities	0	0	0	0
Other	0	0	0	0
Total Current Liabilities	**525**	**640**	**4250**	**9977**
Long-Term Liabilities				
Long-term debt less current maturities	0	0	0	0
Deferred income taxes	0	0	0	0
Other long-term liabilities	0	0	0	0
Total Long-Term Liabilities	**0**	**0**	**0**	**0**
Shareholders' Equity				
Common stock	41,750	41,750	41,750	41,750
Additional paid-in capital	0	0	0	0
Retained earnings	(1,491)	(212)	33,830	34,901
Other	0			0
Total Shareholders' Equity	**40,259**	**41,538**	**75,580**	**76,651**
Total Liabilities and Shareholders' Equity	**40,784**	**42,178**	**79,830**	**86,628**

Cash Flow Forecast, 12 Months

Cash Flow Forecast - 12 Months														
Month	**Pre-Start**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**Totals**
Receipts														
Cash sales			10,020	10,855	12,525	14,195	15,865	18,370	21,710	24,215	26,406	28,808	33,066	**216,035**
Collections from credit sales				251	418	501	501	585	752	752	1002	1002	1166	**6930**
New equity inflow														**0**
Loans received		16,700			8350			8350			8350			**41,750**
Other														**0**
Total Receipts	**0**	**16,700**	**10,020**	**11,106**	**21,293**	**14,696**	**16,366**	**27,305**	**22,462**	**24,967**	**35,758**	**29,810**	**34,232**	**264,715**
Payments														
Cash purchases		401	326	166	131	237	166	149	149	166	113	113	167	**2,284**
Payments to creditors		1203	978	499	392	713	499	446	446	499	339	339	503	**6,856**
Salaries and wages		6304	5120	2620	2058	3728	2620	2336	2336	2620	1780	1780	2631	**35,933**
Employee benefits		3152	2560	1310	1029	1864	1310	1168	1168	1310	890	890	1315	**17,966**
Payroll taxes		1051	853	437	343	621	437	389	389	437	297	297	438	**5989**
Rent		5253	4267	2183	1715	3107	2183	1947	1947	2183	1483	1483	2192	**29,943**
Utilities		1021	830	425	333	604	425	379	379	425	288	288	426	**5823**
Repairs and maintenance		584	474	243	191	345	243	216	216	243	165	165	244	**3329**
Insurance		1021	830	425	333	604	425	379	379	425	288	288	426	**5823**
Travel		1240	1007	515	405	734	515	460	460	515	350	350	518	**7069**
Telephone		1043	847	434	341	617	434	387	387	434	295	295	435	**5949**
Postage		438	358	182	143	259	182	162	162	182	124	124	183	**2499**
Office supplies		949	770	394	310	561	394	352	352	394	268	268	396	**5408**
Marketing and advertising		6938	5635	2883	2265	4103	2883	2571	2571	2883	1959	1959	2895	**39,545**
Professional fees		5439	4418	2261	1776	3217	2261	2016	2016	2261	1536	1536	2270	**31,007**
Training and development		1751	1422	728	572	1036	728	649	649	728	494	494	731	**9982**
Bank charges		26	21	11	9	16	11	10	10	11	7	7	11	**150**
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Owner's drawings		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Loan repayments		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Tax payments		0	0	0	0	0	0	0	0	0	0	0	0	**0**
Capital purchases		25,050	0	4175	0	0	0	0	0	0	0	0	0	**29,225**
Other - database and Web		0	0	0	10,000	0	0	10,000	0	0	21,325	0	0	**41,325**
Total Payments	**0**	**62,864**	**30,716**	**19,891**	**22,346**	**22,366**	**15,716**	**24,016**	**14,016**	**15,716**	**32,001**	**10,676**	**15,781**	**286,105**
Cashflow Surplus/Deficit	**0**	**(46,164)**	**(20,696)**	**(8,785)**	**(1,053)**	**(7,670)**	**650**	**3,289**	**8,446**	**9,251**	**3,757**	**19,134**	**18,451**	**(21,390)**
Opening Cash Balance	**0**	**0**	**(46,164)**	**(66,860)**	**(75,645)**	**(76,698)**	**(84,368)**	**(83,718)**	**(80,429)**	**(71,983)**	**(62,732)**	**(58,975)**	**(39,841)**	
Closing Cash Balance	**0**	**(46,164)**	**(66,860)**	**(75,645)**	**(76,698)**	**(84,368)**	**(83,718)**	**(80,429)**	**(71,983)**	**(62,732)**	**(58,975)**	**(39,841)**	**(21,390)**	

Income Statement, Three Year Summary

Income Statement - Three Year Summary				
	Year 1	**Year 2**	**Year 3**	**Totals**
Sales				
Sales	2,364,839	5,202,645	7,591,132	**15,158,616**
Other				**0**
Total Sales	**2,364,839**	**5,202,645**	**7,591,132**	**15,158,616**
Less Cost of Goods Sold				
Materials				**0**
Labor				**0**
Overhead				**0**
Other	2,096,056	4,578,327	6,604,286	**13,278,669**
Total Cost of Goods Sold	**2,096,056**	**4,578,327**	**6,604,286**	**13,278,669**
Gross Profit	**268,783**	**624,318**	**986,846**	**1,879,947**
Operating Expenses				
Salaries and wages	36,072	40,581	58,116	**134,769**
Employee benefits	18,036	20,291	29,058	**67,385**
Payroll taxes	6012	6764	9686	**22,462**
Rent	30,060	30,060	40,080	**100,200**
Utilities	5845	5845	6680	**18,370**
Repairs and maintenance	3340	3340	3340	**10,020**
Insurance	5845	9185	16,700	**31,730**
Travel	7,097	17,535	30,895	**55,527**
Telephone	5970	7933	10,855	**24,758**
Postage	2505	4175	8350	**15,030**
Office supplies	5428	8350	12,525	**26,303**
Marketing and advertising	39,700	38,410	50,100	**128,210**
Professional fees	31,125	16,550	16,500	**64,175**
Training and development	10,020	16,700	35,070	**61,790**
Bank charges	150	150	200	**500**
Depreciation	9185	9185	9185	**27,555**
Miscellaneous				**0**
Other				**0**
Total Operating Expenses	**216,390**	**235,054**	**337,340**	**788,784**
Operating Income	**52,393**	**389,264**	**649,506**	**1,091,163**
Interest income (expense)	(8350)	(8350)	(8350)	**(25,050)**
Other income (expense)				**0**
Total Nonoperating Income	**(8350)**	**(8350)**	**(8350)**	**(25,050)**
Income (Loss) Before Taxes	**44,043**	**380,914**	**641,156**	**1,066,113**
Income Taxes	9142	76,184	145,751	**231,077**
Net Income (Loss)	**34,901**	**304,730**	**495,405**	**835,036**
Cumulative Net Income	**34,901**	**339,631**	**835,036**	**835,036**

Sources and Uses of Funds

Sources and Use of Funds	
Number of funding rounds expected for full financing: 1 Total dollar amount being sought in this round: $83,500	
SOURCES OF FUNDS **Equity Financing:**	
Preferred Stock:	
Common Stock:	
Debt Financing:	
Mortgage Loans:	
Other Long-Term Loans:	
Short-Term Loans:	
Convertible Debt:	
Investment from Principals:	$41,750
USE OF FUNDS **Capital Expenditures:**	
Purchase of Property:	
Leasehold Improvements:	
Purchase of Equipment/Furniture:	$29,225
Other:	
Working Capital:	
Purchase of Inventory:	
Staff Expansion:	$20,000
New Product Line Introduction:	
Additional Marketing Activities:	$34,700
Other Business Expansion Activities:	
Other: Database and Web site	$41,325
Debt Retirement:	
Cash Reserve:	