

Doc's Sunny Flowers and Herbs



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Stella Dockstar – Owner/Operator

Business Plan Completed: June 24, 2000

About this Sample Entrepreneur Business Plan:

The following sample *NxLevel™* Entrepreneur Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student's work, it is not represented to be a "perfect" business plan, although the presentation is in keeping with the *NxLevel™* format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

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Section I. Executive Summary

Doc's Sunny Flowers and Herbs is a market gardening business specializing in fresh cut flowers and herbal plants. These products are sold at farmer's markets throughout the summer months. The specialty cut flower breeds will range from sunflowers to lilies to larger-stemmed varieties of wildflowers. The herbal plants include a selection of basil, oregano, thyme, rosemary, and sage. All plants are started from seed and nurtured to maturity in a greenhouse setting. At maturity, the flowers are transplanted to the garden area while the herbal plants are transferred from their seedling trays to clay pots and will continue to be maintained within the greenhouse setting.

The selling of specialty cut flowers provides a fantastic resource to be creative. The flowers are sold in six stem quantities including a mix of breeds or all one breed in order to provide the customer variety. All bouquets are wrapped in beautiful floral paper and specialty straw ribbons to add to the flower's appeal and allows the customer to purchase the flowers to "pamper" themselves or to give them as a professional-looking gift. "Flowers today are probably the only *indulgence* that comes without fear of gaining fat, losing your life savings, or forbidden by law and can still make people happy." (<http://www.flora-source.com>).

The herbal plants are organic and highly regarded as a quality item when purchased from the grower directly. The plants are sold in the clay pots wrapped with a straw ribbon. When purchased in this manner, the plants may be left in the pots and maintained either in the home or outside, perhaps on a patio. They may also be transplanted into gardens if the customer prefers.

Doc's Sunny Flowers and Herbs' mission is to run an honest market gardening business where a fair price and a quality product is presented every time. *Doc's* is based on experience with people and a love for gardening, which results in new customers and repeat business of those who insist on quality flowers and plants to add to their living atmosphere.

Doc's main competition lies in fellow growers. For this reason, marketing the business is very important. *Doc's* participates in the chosen farmer's markets within Romaine, Westatia, and Fort Cordia and Graham, Norstatia. *Doc's* offers a high quality product combined with a competitive price but slightly higher than a grocery store. By growing organically, and by providing a fresh product (flowers are cut the morning of market) this higher price is warranted. *Doc's* packages the business by using a portable banner as a sign with bright and bold features. Business cards are freely handed to all potential customers while all purchases have a sticker placed upon them. In addition, Stella and all volunteers wear nametags. All of these marketing items mirror the banner.

To assist the customers, small chalkboards are used to clearly identify pricing and small dry-erase boards are used to describe the products/breeds available. A favorite recipe utilizing the specific herb purchased accompanies all herbal plants.

Doc's operates as a Sole Proprietorship with Stella Dockstar the owner and operator. Stella is uniquely qualified to move forward with this business idea due to her extensive background in customer service, sales, management, and finance/accounting. Since Stella is responsible for all aspects of her business, all of these qualities need to come together in order to be successful in this market. In addition, Stella's husband, Jake, will assist voluntarily on occasion as well as an

advisory board will be used to assist with annual decisions. The Board will consist of Interior Designers, Landscape Architects, Nursery Workers and Seed Distributors.

Doc's short-term goals include completing this Business Plan with all the needed research and understanding the basic principles, performing a market test at the Romaine, Westatia farmer's market in August of 2000 with current garden flowers, and visiting all trade area farmer's markets to determine where *Doc's* would have the least competition and be most profitable. The long-term goal of establishing *Doc's* involves paying off existing personal debt, locating adequate residential land with enough acreage available for both a home and greenhouse/garden area, and securing/completing all necessary financing.

Doc's is in the development stage and is projected to open for business in January of 2005. The projected start-up costs of the business total \$8,840 with an additional \$2,720 required to maintain operations until the first farmer's market opens. The costs are broken down as follows:

- ❑ Greenhouse: \$2,000
- ❑ Rototiller: \$1,000
- ❑ Truck lease down payment: \$2,000
- ❑ Equipment: \$700
- ❑ Installation fees and utility deposits \$200
- ❑ Supplies: \$200
- ❑ Insurance: \$300
- ❑ Start-up legal and accounting fees: \$240
- ❑ Beginning materials: \$200
- ❑ Four months operating costs: \$2,720

Stella is planning on utilizing a low-interest credit card or a low-interest home equity loan from her credit union. The anticipated payback time is approximately four years with consistent monthly payments reflective of monthly sales.

Section II. Mission, Goals and Objectives

General Description of the Business

Doc's Sunny Flowers and Herbs grow flowers and herbal plants from seed and sells them in a farmer's market setting. Specialty cut flowers may be defined as any cut flower other than roses, carnations and chrysanthemums. Actual dollar value of specialty cut flowers is unknown but their importance has risen dramatically in the last five years.

Stella Dockstar, owner, utilizes her skills and education of Horticulture to provide the most extraordinary cut flowers and herbal plants for her customers. All plants are started from seed in a greenhouse located on the home property and nurtured in a controlled environment until the last frost has occurred. The flowers are then transplanted into the cutting garden outside while the herbal plants are transplanted into clay pots and continue to grow inside.

The farmer's market season begins in early May and at this time the most matured flowers are chosen to cut and the largest plants are chosen to take to the market. *Doc's* is operated from Stella's home and the products are sold at farmer's market three times a week. Her current market consists of a booming economy with people who prefer organically grown products and want to buy from the growers directly. Stella is solely responsible for the operation of the business with assistance from her husband, Jeff, on occasion. During the prime months, May through October, approximately 40 to 55 hours per week is spent on the business including time at the farmer's markets. In the off-prime, most time is spent in determining which breeds to plant, dealing with seed distributors, planting and germinating seeds and continuing education for the upcoming season. *Doc's* is currently in the development stage. As the business grows, gardening seminars and seed production and distribution will be added.

Mission Statement

Doc's mission is to run an honest market gardening business where a fair price and a quality product is presented every time. *Doc's Sunny Flowers and Herbs* is based on experience with people and a love for gardening, which results in new customers and repeat business of those who insist on quality flowers and plants to add to their living atmosphere.

Goals and Objectives

SHORT TERM GOALS AND OBJECTIVES (Within One Year)

Goal #1: Complete the business plan.

Objectives:	What	When	Who
	Acquire the needed research.	By May of 2000	Stella
	Complete the business format and understand the basic principles.	By July of 2000	Stella

Goal #2: Complete a test market analysis with current garden flowers.

Objectives:	What	When	Who
	Participate in the Romaine, Westatia farmer's market in the month of August with existing garden flowers.	By August of 2000	Stella

Goal #3: Visit all trade area farmer's markets to determine which to participate in.

Objectives:	What	When	Who
	Determine where <i>Doc's</i> will be most profitable.	By October of 2000	Stella

LONG TERM GOALS and OBJECTIVES (Two to Five Years)

Goal #4: Pay off remaining personal debt.

Objectives:	What	When	Who
	Budget personal finances to pay off and eliminate all credit card and car debt.	By August of 2004	Stella

Goal #5: Locate Residential Land for a Greenhouse/Garden area.

Objectives:	What	When	Who
	Find out where there is large enough acreage available and do soil research on the land.	By August of 2004	Stella
	Complete the assembly of the Greenhouse and preparation of the Garden area.	By February of 2005	Stella

Goal #5: Complete Proper Financing Steps.

Objectives:	What	When	Who
	Determine loan needs.	By October of 2004	Stella
	Finalize needed paperwork.	By February of 2005	Stella

Section III. Background Information

The Industry

Background Industry Information

The change of primitive man from a Nomadic to a settled existence is considered by historians as one of the most important steps in the history of mankind. This shift involved a change from a “food-gathering” to a “food-producing” society. The passage from a Nomadic to a settled existence occurred thousands of years ago in some parts of the world. Sarton (Sarton, George, A History of Science: Ancient Science through the Golden Age of Greece. Harvard University Press. Cambridge, 1959.) also declares that primitive men gathered considerable knowledge of herbs and various drugs, obtained by “vague, and casual experiments” and that the results were transmitted from generation to generation. Various types and groups of plants were undoubtedly classified as to possible use and those that were dangerous were in some way cataloged.

There are men and women who will always be linked with certain flowers. Two great men in history, for example, share the sunflower. It is surely the flower of Louis XIV, whose emblem it was and is also linked in our minds with Van Gogh who considered that the sunflower was his alone. (Flowers in History by Peter Coats.)

In the early 1990's, specialty cut flowers became an important crop, due to several reasons:

- Farmers began to diversify into high-value specialty crops.
- Retail florists began asking for new and unusual flowers, many of which could not be grown in South America or shipped well.
- Consumers had more disposable income and were willing to spend some of it on flowers.
- More farmer's markets were established throughout the country, and flowers became an integral part of those markets.
- Martha Stewart, Home and Garden TV, and similar phenomena in the media brought home and garden decoration into the forefront of American minds. (<http://www.attra.org>)

In the United States, per capita consumption of cut flowers is approximately \$28 (\$7.3 billion in sales of fresh cut flowers to 260 million citizens) but has been continuously increasing. The American grower should see the relatively low per capita consumption as an indicator of untapped market potential. Every flower-producing country in the world believes that the American markets will continue to rise faster than any other. There is significant room for expansion due to the market is far from saturation. (Specialty Cut Flowers by Allan Armitage.)

Current and Future Trends

Actual dollar value of specialty cut flowers is unknown but their importance has risen dramatically in the last 5 years. While the wholesale volume of carnations, chrysanthemums, and roses remained level or declined between 1987 and 1990, for example, the value of “other cut flowers” rose 56% during that period (USDA, 1989, 1991). A conservative wholesale value of specialty cut flowers in 1999 is approximately \$426 million, a 3% increase over the previous year. At the same time, the number of cut flower growers dropped by 41 to 241 growers in 1999 (USDA, 1999).

Part of the reason that specialty flowers have increased in popularity is because of their introduction to the United States by overseas growers and distributors, particularly by the Dutch and South Americans. American growers found their product in more demand. A mixed market for the sale of specialty cut flowers exists and Seals (1990) discusses three niche markets that can be utilized. First, the grower may sell directly to consumers through farmer’s markets, pick your own, catering services, hotels, and restaurants where markup is high and volume is low. The second market includes retail outlets, such as traditional florist shops, mail order catalog companies, craft and specialty shops, and supermarkets. The wholesale market including auctions, brokers, commissioned wholesalers, and growers’ cooperatives is the third outlet offering the greatest volume but the smallest profit.

In 1996, the average expenditure per transaction by customer was \$23.15.

Specialty cut flowers have a huge potential in the United States market. At the present time, many specialty cut flowers are imported. There is no doubt that the market for specialty cut flowers will continue to rise, but the sites of production are still uncertain. (Specialty Cut Flowers by Allan M. Armitage.)

Current and future trends in the horticulture industry assure growing consumer awareness and demand for higher quality, organically grown produce. Grocery stores are beginning to stock a greater variety of organic produce while health food stores like Alfalfa’s and Wild Oats increase their sales consistently. Farmer’s Markets are also increasing in popularity. Across the country, the past few years have seen many new farmer’s markets opening, and older markets are expanding dramatically. There has been a tremendous groundswell of interest in these new farmer’s markets, particularly in the inner cities.

This rekindling of interest in farmer’s markets is due to many factors including the light-diet mindset of American consumers, the renewed interest in gourmet cooking, the need and want for homegrown goodness, freshness and nutritive value. Organic farmers will continue to gain a larger share of the market because consumers will continue to want to upgrade the food in their lives. People will always want to have faith in what farmers are doing. They want to know that the earth is being kept in stewardship. There is a real and growing fear of pesticides and chemicals by consumers and, after all, we are in business for the consumer. (Backyard Market Gardening: The Entrepreneur’s Guide to Selling What You Grow by Andrew W. Lee.)

Business “Fit” in the Industry

Doc’s Sunny Flowers and Herbs fits right into the market as it is growing toward organic awareness. Specialty cut flowers continue to be popular as gifts for special occasions, ways to show love, appreciation, etc. and as features of decor in both home and office to brighten their settings. Herbal health continues to grow in popularity and the education of cooking with herbs is increasing. Whether purchasing the plants to transplant in their home gardens, to nurture in pots on their windowsills or to make use of them in recipes immediately, the consumers will be content knowing the plants were organically grown for health and quality.

People buy flowers for 3 main reasons. The type of floral product purchased and the amount of money spent are often more dependent on intended use than on the product itself. In America, the most important reason is to celebrate special occasions. These include, anniversaries, birthdays, Valentine’s Day, Secretary’s Day, funerals and weddings. People spend considerably more money for such flowers than they do for flowers meant for personal use. A second reason for purchasing flowers is to communicate fleeting emotions such as thanks, forgiveness, apologies and congratulations. The third and relatively untapped reason for purchasing cut flowers is to create a pleasant atmosphere at home and work. Promoting the use of flowers for everyday occasions must increase if they are to become a “mainstream” item. (Specialty Cut Flowers by Allan Armitage.)

Section IV. Organizational Matters

A. Business Structure, Management & Personnel

Business Structure

Doc's Sunny Flowers and Herbs is organized as a Sole Proprietorship. Stella Dockstar is the sole owner and has full financial responsibility of the business. As the business grows, reevaluation of the business structure may be necessary.

Management

As the owner of the Sole Proprietorship, Stella Dockstar is also the acting management. With her hobby and research interest being gardening, she has a great deal of knowledge to apply to the plants. Her background in sales, customer service, and accounting are the key elements in running the business (see resume in Appendix A).

Personnel

At this time, there are no employees. Stella's husband and family will assist with sales at the farmer's markets on a voluntary basis only.

Outside Services/Advisors

The outside services used are an attorney and an accountant on an as needed basis. An Advisory Board will not be used for start up but will be used once a year before starting seeds and held in an open house/luncheon setting. This team will be made up of Interior Designers, Landscape Architects, Nursery Workers and Seed Distributors to assist with knowledge of the current customer trends, new breeds of flowers and herbs, problem bugs and diseases, etc. This annual meeting assists in determining square footage of each breed to be planted, how many of each product to take to market, and determining whether bugs and disease need to be taken into consideration for possibly avoiding certain breeds of plants and flowers that season.

Risk Management

Since the greenhouse will be attached to the house, general liability is all that is necessary. This will cost an additional \$300.00 annually. Stella receives health and life insurance through her husband's employment.

Section IV. Organizational Matters

B. Operating Controls

Record – Keeping Functions

Stella has full control of the major financial functions of the business by dealing with all of the tasks herself.

Accounts receivable, accounts payable, or payroll are not involved in the business. Stella runs on a cash only basis that requires deposit of sale receipts, reconciliation of bank accounts, balance of petty cash and all purchases are made on a cash basis.

Other Operation Controls

Stella is responsible for the key activities that require internal operating control including purchasing, inventory control, customer service, pricing, and quality control.

Purchasing:

The purchase of seeds and supplies are precisely done after checking inventory levels and after the garden design is drawn up. Tools are purchased used as often as possible and purchased on a need only basis.

Inventory Control:

Inventory control of seeds and supplies is crucial due to purchasing is directly linked. All items are monitored via computer spreadsheet. Inventory of flowers and herbal plants are monitored on a separate spreadsheet.

Customer Service:

Customer service is maintained by dealing with problems immediately, for example, providing a replacement of the product or return of money. In addition, providing assistance courteously and respectfully and providing a phone number and email address where questions and concerns may be addressed assure the customer's feeling of importance to the business.

Pricing:

Pricing will be determined on a competitive basis both with fellow growers and with grocery stores. Cost per unit sold will also be factored into any price modification.

Quality Control:

Quality control is measured by the herbal plants and flowers grown with the optimum amount of fertilizer, water, and sunlight to provide the customers with the highest quality product. If this is not occurring, research will be done to correct the problem for the next planting.

Section V. The Marketing Plan

A. The Products

Products Description

Doc's Sunny Flowers and Herbs sells fresh cut garden flowers and herbal plants. The cut flowers are a variety of breeds ranging from sunflowers to lilies to the larger stemmed varieties of wildflowers. They are sold in half dozens either all one breed or as a mixed bouquet. The price is very similar to the competition while the quality and service is a higher priority. *Doc's* sells primarily in farmer's markets and is consequently not as readily available as her larger competition, however the consumer is buying direct from the grower. The flowers are cut the evening before or the morning of the Farmer's Market, which adds to the longevity of the flowers.

The other product line offered is herbal plants that are purchased in pots for transplanting outside or maintaining inside. Included in the selection are many varieties of basil, oregano, thyme, rosemary and sage. As with the cut flowers, the price is comparable to the competition. Quality and service are again the higher priority. All plants are organically grown in a greenhouse setting, which is becoming increasingly important to the consumer adding to the beauty, quality, and longevity of the plant. Again, the consumer is buying straight from the grower, which is attracting more and more customers to farmer's markets.

Features/Benefits

The selling of specialty cut flowers provides a fantastic resource to be creative. The flowers are started from seed in peat pots and protected by a greenhouse. When the plants are large enough, they are transplanted outside to the garden area in order to absorb the optimum amount of sun. This creates a hardy, high quality plant, which in turn provides the consumer with a long lasting, eye pleasing, picture-perfect flower adding beauty to their surroundings. The flowers are sold in a half dozen-count bouquet, either all the same breed or a mix of breeds to provide the consumer the largest variety to choose from. All bouquets are wrapped beautifully in floral paper and specialty straw ribbons to add to the flower's appeal and allows for the consumer to purchase flowers for themselves with a pampered "feel" or the ability to give them as a professional looking gift without any additional work.

The herbal plants are highly regarded as a quality item when purchased from the grower directly. The consumer feels a high level of confidence in that they can see the face that produced and nurtured these plants. These plants are started from seed organically, transplanted into an attractive clay pot and continue to prosper in a greenhouse setting until they are taken to the farmer's market where they are sold with the straw ribbon around the pots. This level of care ensures the plants are free from disease, are eye pleasing to the consumer, will be long lasting, and have a fantastic flavor.

Life Cycles/Seasonality

The market of specialty cut flowers has been in existence for quite some time and holds at the maturity level of the product life cycle. Cut flowers continue to be a large part of bringing life to decor in homes and offices everywhere. *Doc's Sunny Flowers and Herbs* primarily operates from farmer's markets, therefore, creating a limited seasonality during the summer months. Sales begin between late April and early May with the largest of the plants that have been nurtured in the greenhouse through the late winter months. Sales peak throughout the summer months and into October. This is when the last of the farmer's markets in the trade area will close for the season. All leftover flowers in the garden area are harvested before frost and dried and sold for crafts, dried arrangements, etc. There is also a small amount of sales from the greenhouse plants in the winter months with special orders.

The growing popularity of herbal plants and organic produce places this product line into the growing purchase level in the product life cycle. Again, operating largely from farmer's markets limits the seasonality of the plants. Sales begin in early May as consumers are looking to plant their gardens. Sales begin to peak in late May through late June or early July when planting season begins to come to a close. After this time until the end of the farmer's market season, plants are primarily purchased for indoor use and for immediate cooking and freezing purposes such as pesto sauce. As with the specialty cut flowers, there are minimal sales in the off-peak months due to special requests.

Products/Services Growth Description

With growth comes expansion and within five years from start up, *Doc's Sunny Flowers and Herbs* hopes to begin an heirloom seed distribution as well as provide gardening seminars at Home and Garden Shows and Botanical Gardens in the trade area. Adding these two attributes to the business will increase the business' seasonality to a year-round profit as well as to educate consumers, provide name recognition of *Doc's* products, and add to the attendance of farmer's markets in general.

Section V. The Marketing Plan

B. The Market Analysis

Customer Analysis

Farmer's markets attract many different consumers. The main demographic characteristic that applies is a greater percentage attending generally tends to be women. The psychographic characteristic that is pertinent is that shopping is done in the morning due to farmer's markets are generally closing around 1:00pm. The motivation to buy is enjoyment of healthy and beautiful products and shopping for these items in person is a must. With the growing number of "yuppies" in the current trade area, herbal plants and specialty cut flowers are the perfect product lines due to "yuppies" like to buy basil in large quantities for making pesto, and they absolutely love to surround their living space with fresh cut flowers. Fancy, unusual or trendy varieties appeal greatly to this group of buyers. (Backyard Market Gardening: The Entrepreneur's Guide to Selling What You Grow by Andrew W. Lee).

The expectations of the consumer purchasing from *Doc's* are that they receive an organic, fresh, long lasting, beautiful and quality product every time. Consumers also anticipate that any questions they may have will be answered with the knowledge expected from a professional.

Competitive Analysis

Besides fellow growers, *Doc's* strongest competitors are grocery stores, primarily health food stores such as Alfalfa's and Wild Oats. These stores carry a large variety of organic products including flowers, produce, plants, grains, deli foods, and drinks. Currently these stores are located in Norstatia, which is a strength for *Doc's* since consumers are able to acquire a comparable product, possibly fresher and straight from the grower locally without having to drive out of state. Alfalfa's and Wild Oats' key strengths are they are open daily with convenient hours, they have a large variety to choose from, and they have an excellent reputation. The store's weaknesses are that they are a grocery store and there may be a question of where the produce was trucked in from and how long it has been since the product was picked, both of which affects longevity and freshness. For the consumer to deal with the grower directly definitely is an advantage and adds peace of mind, especially since *Doc's* picks the evening before market at the earliest. *Doc's* will participate in farmer's markets three to four times a week which gives the consumer the option to buy from her instead of making the drive to Fort Cordia or Davner for the organic buying experience if their needs are flexible and not urgent.

Market Potential

Current Trade Area

The customers in the trade area that *Doc's* will operate in are with farmer's markets in Romaine, Westatia, Fort Cordia and Graham, Norstata. The interest in this Front Range area is immense. With the continuous education consumers are receiving, they are focused on supporting local farmers and are turning more and more to farmer's markets for the local and organically grown produce. This trade area has many well-known farmer's markets and is relatively close to *Doc's* garden which is why it was chosen.

Market Size and Trends

The potential customer base in this area is very large. Three age groups were researched through the 1990 US Census Data for the three counties in the trade area. The potential market is as follows:

County	Age: 21 – 34	Age: 35 – 49	Age: 50 – 69	Totals
Loramire (Romaine)	17,123	15,741	11,699	44,563
Lorrimar	47,434	41,807	25,281	114,522
Wold	30,639	27,235	19,538	77,412
Totals:	95,196	84,783	56,518	236,497

The market in these counties is consistently growing with Davner, Norstata continuously bringing in more of the nation's population. Lorimar and Wold counties are becoming bedroom communities for Davner. Fort Cordia, Norstata has also been named in the top ten cities to relocate to and/or retire. As this population moves north, Loimer County is sure to take on these new residents more and more, as people are more willing to commute the distance for their quality of life.

Market Potential

As shown in the above table, there appears to be plenty of market available. Since *Doc's* is a small market gardening business and is not the sole household income, it is more of a goal to sell what is produced which requires a small market than to sell to "everyone" which is completely irrational with this size of a business.

Section V. The Marketing Plan

C. Marketing Strategies

Location/Distribution

Doc's Sunny Flowers and Herbs is located at 100 E. 5th Ave, Romaine, WT 00001. There is a greenhouse attached to the home where all plants are started from seed beginning in late winter as well as an acre of land for transplanting flowers. This location was chosen for accessibility reasons. Stella has easy access to the plants at all times for monitoring growing processes, watering needs, transplanting, pruning, etc. The flowers are easily picked the morning of the market and everything loaded into the truck with little hassle and a shower close by for cleanliness and appearance of Stella and any of her helpers for the day. This location has easy access to the desired farmer's markets in Romaine, Westatia and Fort Cordia and Graham, Norstata. All markets are within a sixty-minute drive. Another advantage of the location being attached to the home is the cost effectiveness. There is a savings on insurance, supplies, transportation costs, etc., and the land itself is included in the home mortgage payment

Price/Quality Relationship

Doc's provides a high quality product for a high price. *Doc's* is accurately placed among her competition in her pricing structure. She competes closely with fellow gardeners and may be higher in both price and quality compared to nurseries and grocery stores. The higher price is warranted due to the organic growing procedures as well as the direct access to the grower her customers may take advantage of. This price structure depicts the desired image of *Doc's*. Her customers are willing to pay more than in a grocery store since the products are likely fresher, look nicer and will last longer. The work involved in organic growing is also respected and coveted.

Promotional Strategies

Packaging

Packaging is a very important aspect of *Doc's* since there is direct competition within the farmer's markets she participates in. There are many packaging tools that *Doc's* utilizes. She uses a portable banner as a sign with bright and bold features potential customers may see from a distance. Business cards are handed out constantly as consumers inquire about the business while name tags are worn by both Stella and any volunteers working with her that day and a sticker is placed on each item sold. All of these details mirror the banner for consistent recognition of her business.

Small chalkboards are used to clearly identify pricing for each product available so there isn't any question. Small, white dry erase boards are used to describe each product and breed available for clarification to the customer as well as to avoid customer shyness or embarrassment of not knowing what certain breeds are.

Each bunch of flowers purchased are professionally wrapped in elegant floral paper, with a business sticker strategically placed and tied with a straw ribbon for a look that may be given as a gift or a pretty package to take home or to the office. The herbal plants are transplanted at five

weeks into attractive clay pots. Again, upon purchase, a business sticker is placed on the pot and tied with a straw ribbon allowing for many options of use. Included with the purchase of an herbal plant is Stella's favorite recipe for that herb to increase repeated use.

Appearance is important to the business since all *Doc's* immediate competition is within just a few blocks. The truck and all containers are always clean and the set up is well organized. Stella and all of her helpers project a clean and a nice casual appearance that welcomes customers and ensures them that her products meet the same quality portrayed by these small details.

Doc's Sunny Flowers and Herbs ***Organically Grown to Ensure Health and Quality for Mind and Body***

Public Relations

Doc's will begin taking advantage of public recognition in her second year of business by offering her garden and knowledge to schools for field trips. This will not only provide name recognition in the community but also increase awareness of options for these growing children. These field trips will occur April through June.

Other ways *Doc's* will utilize public relations is by introducing her expansion product line of heirloom seeds within five years of business start up as well as providing the public with garden seminars. These events will be publicized in February in the year of introduction providing a large amount of potential customers.

Advertising

The main advertising tools that *Doc's* uses are the portable banner, business cards and stickers. These tools all mirror each other with the logo, name and marketing slogan. The business cards and the stickers will also include the address of the garden and the business phone and email address where Stella may be reached for gardening questions or special orders. No outside advertising is being utilized at this time.

Customer Service

Stella handles all of the customer service issues. Customer satisfaction takes top priority while at the farmer's markets. If there are any product complaints, exchanges or returns, they will be accommodated immediately with a smile, courteous attitude and gracious apology.

Doc's customer retention strategies include treating all customers and potential customers respectively and courteously. Assistance with any questions are addressed immediately and a business card is provided with an invitation to call Stella's business phone or email her if further support is needed. Existing customer satisfaction leads to increased sales both by repeat business and referrals.

Section VI. The Financial Plan

A. Financial Worksheets

See the following worksheets and assumptions.

Outside Services

Occupancy Expense

Miscellaneous Expense

Fixed Assets

Start – up Expenses

Sales Forecast

Cost of Projected Product Units Sold

Outside Services Worksheet – Doc’s Sunny Flowers and Herbs

Outside Services Expenses for Year Two - 2006													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Accountant	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Insurance	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Totals	\$300	\$100	\$0	\$400									

Outside Services Expenses for Year Three - 2007													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Accountant	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Insurance	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Totals	\$300	\$100	\$0	\$400									

Note: Outside Services Expenses for year one are accounted for in Start - up Expenses Worksheet, except for \$100 potential accountant fee (as posted in the Cash Flow Projection Worksheet for Year 1).

Occupancy Expenses Worksheet – Doc’s Sunny Flowers and Herbs

Occupancy Expenses for Year One - 2005

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Maintenance/Repairs	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50	\$0	\$0	\$150
Electric	\$60	\$60	\$60	\$40	\$20	\$20	\$20	\$20	\$20	\$30	\$40	\$50	\$440
Water/Sewer	\$20	\$20	\$20	\$40	\$50	\$50	\$50	\$50	\$40	\$20	\$20	\$20	\$400
Telephone/Email	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Totals	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590

Occupancy Expenses for Year Two - 2006

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Maintenance/Repairs	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50	\$0	\$0	\$150
Electric	\$60	\$60	\$60	\$40	\$20	\$20	\$20	\$20	\$20	\$30	\$40	\$50	\$440
Water/Sewer	\$20	\$20	\$20	\$40	\$50	\$50	\$50	\$50	\$40	\$20	\$20	\$20	\$400
Telephone/Email	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Totals	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590

Occupancy Expenses for Year Three - 2007

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Maintenance/Repairs	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50	\$0	\$0	\$150
Electric	\$60	\$60	\$60	\$40	\$20	\$20	\$20	\$20	\$20	\$30	\$40	\$50	\$440
Water/Sewer	\$20	\$20	\$20	\$40	\$50	\$50	\$50	\$50	\$40	\$20	\$20	\$20	\$400
Telephone/Email	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Totals	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590

Note: Minimal additional costs related to the business only due to the business property is attached to the residential property.

Miscellaneous Expenses Worksheet – Doc’s Sunny Flowers and Herbs

Miscellaneous Expenses for Year One - 2005

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Truck Lease	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Totals	\$350	\$4,200											

Miscellaneous Expenses for Year Two - 2006

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Truck Lease	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Supplies	\$200	\$0	\$0	\$0	\$0	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$300
Land Maintenance	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200
Seeds/Fertilizer	\$200	\$0	\$0	\$0	\$0	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$300
Totals	\$950	\$350	\$350	\$350	\$350	\$350	\$550	\$350	\$350	\$350	\$350	\$350	\$5,000

Miscellaneous Expenses for Year Three - 2007

Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Truck Lease	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Supplies	\$200	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$0	\$0	\$0	\$0	\$400
Land Maintenance	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200
Seeds/Fertilizer	\$200	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$0	\$0	\$0	\$0	\$400
Totals	\$950	\$350	\$350	\$350	\$350	\$350	\$750	\$350	\$350	\$350	\$350	\$350	\$5,200

Note: For Year one, Supplies, Land Maintenance, and Seeds/Fertilizer are accounted for on the Start - up Expenses Spreadsheet.

Fixed Assets – Doc’s Sunny Flowers and Herbs

Fixed Assets - New Purchases						
List of Fixed Assets	New or Used	Cost	Acquisition Date	Useful Life (In months)	Monthly Depreciation	Annual Depreciation
Greenhouse	New	\$2,000	January 2005	300	6.67	\$80.04
Rototiller	Used	\$1,000	January 2005	180	5.56	\$66.72
	Total Cost	\$3,000		Total Fixed Assets/Depreciation	12.23	\$146.76

Note: Business Plan calls for fixed assets to be purchased in Year 1 - 2005 - use \$12.00/mo and \$144/yr to calculate depreciation expense.

Start-up Expenses – Doc’s Sunny Flowers and Herbs

<u>Start-up Expenses</u>		
Cash Available Now	Cost	Notes
	\$0	
Purchase Fixed Assets	\$3,000	Includes new greenhouse: \$2,000; used rototiller: \$1,000
Down Payment on Truck Lease	\$2,000	Two year lease on a Dodge Ram Truck
Land Preparation	\$2,000	Includes compost, top soil, etc.
Equipment	\$700	Includes Drip Tape irrigation: \$500, sprinkler system for germination, tools
Installation fees & utility deposits	\$200	Includes telephone, utility, and water
Insurance	\$300	State Farm quote of \$300 annual liability insurance
Supplies	\$200	Banner, Stickers, Business Cards, Recipe Cards
Start-up Legal Fee	\$120	One hour of consultation
Start-up Accounting Fee	\$120	One hour of consultation
Beginning Materials	\$200	Includes seed and fertilizer cost and shipping
Total	\$8,840	

Note: Business Plan calls for fixed assets to be purchased in Year 1 - 2005.

Note: Start - up Expenses are posted to the Beginning Cash Balance on the Monthly Cash Flow Projection Worksheet - Year 1 as a cash deficit

Sales Forecast Worksheet – Doc’s Sunny Flowers and Herbs – Cut Flowers

Sales Forecast for Year One - 2005													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	250	300	300	300	300	250	0	0	1700
Price per Unit	\$0	\$0	\$0	\$0	\$10	\$10	\$10	\$10	\$10	\$10	\$0	\$0	\$10
Total Sales	\$0	\$0	\$0	\$0	\$2,500	\$3,000	\$3,000	\$3,000	\$3,000	\$2,500	\$0	\$0	\$17,000
Totals	\$0	\$0	\$0	\$0	\$2,500	\$3,000	\$3,000	\$3,000	\$3,000	\$2,500	\$0	\$0	\$17,000
Sales Forecast for Year Two - 2006													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	275	330	330	330	330	300	0	0	1895
Price per Unit	\$0	\$0	\$0	\$0	\$10	\$10	\$10	\$10	\$10	\$10	\$0	\$0	\$10
Total Sales	\$0	\$0	\$0	\$0	\$2,750	\$3,300	\$3,300	\$3,300	\$3,300	\$3,000	\$0	\$0	\$18,950
Totals	\$0	\$0	\$0	\$0	\$2,750	\$3,300	\$3,300	\$3,300	\$3,300	\$3,000	\$0	\$0	\$18,950
Sales Forecast for Year Three - 2007													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	300	350	350	350	350	325	0	0	2025
Price per Unit	\$0	\$0	\$0	\$0	\$10	\$10	\$10	\$10	\$10	\$10	\$0	\$0	\$10
Total Sales	\$0	\$0	\$0	\$0	\$3,000	\$3,500	\$3,500	\$3,500	\$3,500	\$3,250	\$0	\$0	\$20,250
Totals	\$0	\$0	\$0	\$0	\$3,000	\$3,500	\$3,500	\$3,500	\$3,500	\$3,250	\$0	\$0	\$20,250

Note: The sum of the Cut Flower Sales and the Herbal Plant Sales equal the total of Cash Sales on the Monthly Cash Flow Projection Worksheet.

Sales Forecast Worksheet – Doc’s Sunny Flowers and Herbs – Herbal Plants

Sales Forecast for Year One - 2005													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	30	40	40	35	30	20	0	0	195
Price per Unit	\$0	\$0	\$0	\$0	\$5	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$5
Total Sales	\$0	\$0	\$0	\$0	\$150	\$200	\$200	\$175	\$150	\$100	\$0	\$0	\$975
Totals	\$0	\$0	\$0	\$0	\$150	\$200	\$200	\$175	\$150	\$100	\$0	\$0	\$975
Sales Forecast for Year Two - 2006													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	35	50	50	45	40	25	0	0	245
Price per Unit	\$0	\$0	\$0	\$0	\$5	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$5
Total Sales	\$0	\$0	\$0	\$0	\$175	\$250	\$250	\$225	\$200	\$125	\$0	\$0	\$1,225
Totals	\$0	\$0	\$0	\$0	\$175	\$250	\$250	\$225	\$200	\$125	\$0	\$0	\$1,225
Sales Forecast for Year Three - 2007													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	40	60	60	55	45	30	0	0	290
Price per Unit	\$0	\$0	\$0	\$0	\$5	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$5
Total Sales	\$0	\$0	\$0	\$0	\$200	\$300	\$300	\$275	\$225	\$150	\$0	\$0	\$1,450
Totals	\$0	\$0	\$0	\$0	\$200	\$300	\$300	\$275	\$225	\$150	\$0	\$0	\$1,450

Note: The sum of the Herbal Plant Sales and the Cut Flower Sales equal the total of Cash Sales on the Monthly Cash Flow Projection Worksheet.

Cost of Product Units Sold Worksheet – Doc’s Sunny Flowers and Herbs – Cut Flowers

Cost of Projected Product Units Sold for Year One - 2005													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	250	300	300	300	300	250	0	0	1700
Cost per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.00	\$0.00	\$0.25
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$62.50	\$75.00	\$75.00	\$75.00	\$75.00	\$62.50	\$0.00	\$0.00	\$425.00

Cost of Projected Product Units Sold for Year Two - 2006													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	275	330	330	330	330	300	0	0	1895
Cost per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.00	\$0.00	\$0.25
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$68.75	\$82.50	\$82.50	\$82.50	\$82.50	\$75.00	\$0.00	\$0.00	\$473.75

Cost of Projected Product Units Sold for Year Three - 2007													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	300	350	350	350	350	325	0	0	2025
Cost per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.00	\$0.00	\$0.25
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$75.00	\$87.50	\$87.50	\$87.50	\$87.50	\$81.25	\$0.00	\$0.00	\$506.25

Note: The sum of the Cost of Cut Flowers and the Cost of Herbal Plants equal the total of Cash Purchases line item of Cash Disbursements on the Monthly Cash Flow Projection Worksheets.

Cost of Product Units Sold Worksheet – Doc’s Sunny Flowers and Herbs – Herbal Plants

Cost of Projected Product Units Sold for Year 1 - 2005													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	30	40	40	35	30	20	0	0	195
Cost per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.00	\$0.00	\$0.10
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$3.00	\$4.00	\$4.00	\$3.50	\$3.00	\$2.00	\$0.00	\$0.00	\$19.50

Cost of Projected Product Units Sold for Year 2 - 2006													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	35	50	50	45	40	25	0	0	245
Cost per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.00	\$0.00	\$0.10
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$3.50	\$5.00	\$5.00	\$4.50	\$4.00	\$2.50	\$0.00	\$0.00	\$24.50

Cost of Projected Product Units Sold for Year 3 - 2007													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Units Sold	0	0	0	0	40	60	60	55	45	30	0	0	290
Cost per Unit	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.00	\$0.00	\$0.10
Total Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$4.00	\$6.00	\$6.00	\$5.50	\$4.50	\$3.00	\$0.00	\$0.00	\$29.00

Note: The sum of the Cost of Herbal Plants and the Cost of Cut Flowers equal the total of Cash Purchases line item of Cash Disbursements on the Monthly Cash Flow Projection Worksheets.

Section VI. The Financial Plan

B. Cash Flow Projections

Break Even Analysis

The Break – Even Analysis for *Doc's Sunny Flowers and Herbs* is very attainable and realistic. The Contribution Margin is \$16,090 with a Contribution Margin Percentage at .895. The Break – Even Point in Dollars of Sales is equal to \$5,978 with the Break – Even Point in Units of Sales equaling 478 units. *Doc's* will need to sell an additional 1,248 units the first year of business to cover both the required payments of \$3,400 toward the \$12,000 start-up debt and to cover the Owner's Draw for the year. The desired profit begins at \$5,000 annually. According to the Projected Sales Worksheet, this will occur the second year of business.

Total Sales		\$17,975
Cost of Product Units Sold	(-)	\$ 445
Gross Margin	(=)	\$17,530
Variable Operating Expenses	(-)	\$ 1,440
Contribution Margin	(=)	\$16,090

Contribution Margin Percentage:

Contribution Margin/Total Sales = \$16,090/\$17,975 = **.895**

Fixed Operating Expenses = \$ 5,350

Break – Even Point in Dollars of Sales:

Fixed Operating Expenses/Contribution Margin % = \$5,350/.895 = **\$5,978**

Break – Even Point in Units of Sales:

BEP Dollar Sales Level/Average Unit Selling Price = \$5,978/\$12.50 = **478 Units**

Monthly Cash Flow Projections – Year One

See the enclosed spreadsheet. As a reminder, the Start – up Expenses are projected on a separate worksheet in Section A. Those Start – up Expenses are included in the balance brought forward into this Cash Flow Projection as Beginning Cash Balance.

Monthly Cash Flow Projection Worksheet – Year One – Doc’s Sunny Flowers and Herbs

Monthly Cash Flow Projections for Year 1													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
(A) Cash Balance	(\$8,840)	\$0	\$0	\$0	\$0	\$952	\$2,309	\$3,811	\$5,288	\$6,750	\$7,622	\$6,934	-8,840
Cash Receipts													
Cash Sales	\$0	\$0	\$0	\$0	\$2,650	\$3,200	\$3,200	\$3,175	\$3,150	\$2,600	\$0	\$0	\$17,975
Other Income													
(B) Total Cash Receipts	\$0	\$0	\$0	\$0	\$2,650	\$3,200	\$3,200	\$3,175	\$3,150	\$2,600	\$0	\$0	\$17,975
Cash Disbursements													
Cash Purchases	\$300					\$145							\$445
Owner Withdrawals	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$0	\$0	\$6,000
Non-Labor Expenses:													\$0
Outside Services-Accounting		\$100											\$100
Insurance	\$300												\$300
Advertising													\$0
Occupancy Expenses	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expenses	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Purchase of Fixed Assets													
Debt Payment - Old													\$0
(C) Total Cash Disbursement	\$1,180	\$580	\$480	\$480	\$1,470	\$1,615	\$1,470	\$1,470	\$1,460	\$1,500	\$460	\$470	\$12,635
D = (B-C) Net Cash Flow	(\$1,180)	(\$580)	(\$480)	(\$480)	\$1,180	\$1,585	\$1,730	\$1,705	\$1,690	\$1,100	(\$460)	(\$470)	\$5,340
Adjustments to Net Cash Flow													
New Debt	\$10,020	\$580	\$480	\$480	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,560
New Owner Investment													
New Debt - Interest payments	\$0	\$0	\$0	\$0	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$224
New Debt- Principal payments	\$0	\$0	\$0	\$0	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$1,600
(E) Total Adjustments	\$10,020	\$580	\$480	\$480	(\$228)	(\$228)	(\$228)	(\$228)	(\$228)	(\$228)	(\$228)	(\$228)	\$9,736
(A+D+E) Ending Cash Balance	\$0	\$0	\$0	\$0	\$952	\$2,309	\$3,811	\$5,288	\$6,750	\$7,622	\$6,934	\$6,236	\$6,236

Cash Flow Projections – Years Two and Three

The differences in projections from year one to years two and three include:

- ❑ An increase in Total Cash Receipts: \$2,200 for year two and \$3,725 for year three.
- ❑ An increase in Owner Withdrawals: \$2,000 for year two and \$6,000 for year three.
- ❑ An increase in Miscellaneous Expenses: \$800 for year two and \$1,000 for year three.
- ❑ There was no new debt incurred in years two and three.
- ❑ An increase in Debt Principal payments: \$1,900 for year two and \$1,650 for year three.

Notes to Monthly Cash Flow Projection Worksheet

Cash Sales:	See Sales Forecast Worksheet . All sales are made on a cash basis, therefore, no Accounts Receivable impact this Cash Flow.
Cash Purchases:	See Cost of Projected Units Sold Worksheet . All purchases are made on a cash basis, therefore, no Accounts Payable impact this Cash Flow.
Owner Withdrawal:	See Projected Income Statement .
Outside Services:	See Outside Services Worksheet .
Insurance:	See Outside Services Worksheet .
Advertising:	There will not be outside advertising put to use at this time.
Occupancy Expense:	See Occupancy Expenses Worksheet .
Miscellaneous Expenses:	See Miscellaneous Expense Worksheet .
Purchase of Fixed Assets:	See Fixed Assets Worksheet .
New Debt–Interest Payments:	See Projected Income Statement .

*** The same Assumptions apply to all three years of the Monthly Cash Flow Projection Worksheets.**

Monthly Cash Flow Projection Worksheet – Year Two – Doc’s Sunny Flowers and Herbs

Monthly Cash Flow Projections for Year 2													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
(A) Cash Balance	\$6,236	\$4,278	\$3,520	\$2,862	\$2,154	\$3,281	\$4,633	\$5,985	\$7,512	\$9,024	\$10,321	\$8,633	6,236
Cash Receipts													
Cash Sales	\$0	\$0	\$0	\$0	\$2,925	\$3,550	\$3,550	\$3,525	\$3,500	\$3,125	\$0	\$0	\$20,175
Other Income													
(B) Total Cash Receipts	\$0	\$0	\$0	\$0	\$2,925	\$3,550	\$3,550	\$3,525	\$3,500	\$3,125	\$0	\$0	\$20,175
Cash Disbursements													
Cash Purchases	\$300					\$200							\$500
Owner Withdrawals	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$8,000
Non-Labor Expenses:													\$0
Outside Services-Accounting		\$100											\$100
Insurance	\$300												\$300
Advertising													\$0
Occupancy Expenses	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expenses	\$950	\$350	\$350	\$350	\$350	\$350	\$550	\$350	\$350	\$350	\$350	\$350	\$5,000
Purchase of Fixed Assets													
Debt Payment - Old													\$0
(C) Total Cash Disbursement	\$1,780	\$580	\$480	\$480	\$1,470	\$1,670	\$1,670	\$1,470	\$1,460	\$1,500	\$1,460	\$1,470	\$15,490
D = (B-C) Net Cash Flow	(\$1,780)	(\$580)	(\$480)	(\$480)	\$1,455	\$1,880	\$1,880	\$2,055	\$2,040	\$1,625	(\$1,460)	(\$1,470)	\$4,685
Adjustments to Net Cash Flow													
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Owner Investment													
New Debt - Interest payments	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$336
New Debt- Principal payments	\$150	\$150	\$150	\$200	\$300	\$500	\$500	\$500	\$500	\$300	\$200	\$200	\$3,650
(E) Total Adjustments	(\$178)	(\$178)	(\$178)	(\$228)	(\$328)	(\$528)	(\$528)	(\$528)	(\$528)	(\$328)	(\$228)	(\$228)	(\$3,986)
(A+D+E) Ending Cash Balance	\$4,278	\$3,520	\$2,862	\$2,154	\$3,281	\$4,633	\$5,985	\$7,512	\$9,024	\$10,321	\$8,633	\$6,935	\$6,935

Monthly Cash Flow Projection Worksheet – Year Three – Doc’s Sunny Flowers and Herbs

Monthly Cash Flow Projections for Year 3													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Cash Balance	\$6,935	\$5,077	\$3,819	\$2,161	\$503	\$1,905	\$2,970	\$4,272	\$6,049	\$7,986	\$9,558	\$7,870	\$6,935
Cash Receipts													
Cash Sales	\$0	\$0	\$0	\$0	\$3,200	\$3,800	\$3,800	\$3,775	\$3,725	\$3,400	\$0	\$0	\$21,700
Other Income													
Total Cash Receipts	\$0	\$0	\$0	\$0	\$3,200	\$3,800	\$3,800	\$3,775	\$3,725	\$3,400	\$0	\$0	\$21,700
Cash Disbursements													
Cash Purchases	\$300					\$237							\$537
Owner Withdrawals	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Non-Labor Expenses:													\$0
Outside Services		\$100											\$100
Insurance	\$300												\$300
Advertising													\$0
Occupancy Expenses	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expenses	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Purchase of Fixed Assets													
Debt Payment - Old													\$0
Total Cash Disbursement	\$1,680	\$1,080	\$1,480	\$1,480	\$1,470	\$2,207	\$1,970	\$1,470	\$1,460	\$1,500	\$1,460	\$1,470	\$18,727
Net Cash Flow	(\$1,680)	(\$1,080)	(\$1,480)	(\$1,480)	\$1,730	\$1,593	\$1,830	\$2,305	\$2,265	\$1,900	(\$1,460)	(\$1,470)	\$2,973
Adjustments to Net Cash Flow													
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Owner Investment													
New Debt - Interest payments	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$336
New Debt- Principal payments	\$150	\$150	\$150	\$150	\$300	\$500	\$500	\$500	\$300	\$300	\$200	\$200	\$3,400
Adjusted Net Cash Flow	(\$178)	(\$178)	(\$178)	(\$178)	(\$328)	(\$528)	(\$528)	(\$528)	(\$328)	(\$328)	(\$228)	(\$228)	(\$3,736)
Ending Cash Balance	\$5,077	\$3,819	\$2,161	\$503	\$1,905	\$2,970	\$4,272	\$6,049	\$7,986	\$9,558	\$7,870	\$6,172	\$6,172

Projected Income Statement – Year One – Doc’s Sunny Flowers and Herbs

Projected Income Statement for Year 1													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Sales	\$0	\$0	\$0	\$0	\$2,650	\$3,200	\$3,200	\$3,175	\$3,150	\$2,600	\$0	\$0	\$17,975
Cost of Projected Units Sold	\$0	\$0	\$0	\$0	\$65	\$79	\$79	\$79	\$78	\$65	\$0	\$0	\$445
Gross Margin	\$0	\$0	\$0	\$0	\$2,585	\$3,121	\$3,121	\$3,096	\$3,072	\$2,535	\$0	\$0	\$17,530
Operating Expenses													
Outside Services	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Insurance	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Advertising													\$0
Occupancy Expense	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expense	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Depreciation	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$144
Interest-Old Debt													\$0
Interest-New Debt	\$0	\$0	\$0	\$0	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$224
Total Oper. Expenses	\$892	\$592	\$492	\$492	\$510	\$510	\$510	\$510	\$500	\$540	\$500	\$510	\$6,558
Net Operating Profit	(\$892)	(\$592)	(\$492)	(\$492)	\$2,075	\$2,611	\$2,611	\$2,586	\$2,572	\$1,995	(\$500)	(\$510)	\$10,972
Other Gains/Losses													\$0
Net Profit (or Loss)	(\$892)	(\$592)	(\$492)	(\$492)	\$2,075	\$2,611	\$2,611	\$2,586	\$2,572	\$1,995	(\$500)	(\$510)	\$10,972
Before Income Taxes													
Owner Withdrawal	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$0	\$0	\$6,000

Projected Income Statement – Year Two – Doc’s Sunny Flowers and Herbs

Projected Income Statement for Year 2													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Sales	\$0	\$0	\$0	\$0	\$2,925	\$3,550	\$3,550	\$3,525	\$3,500	\$3,125	\$0	\$0	\$20,175
Cost of Projected Units Sold	\$0	\$0	\$0	\$0	\$73	\$88	\$88	\$87	\$87	\$78	\$0	\$0	\$501
Gross Margin	\$0	\$0	\$0	\$0	\$2,852	\$3,462	\$3,462	\$3,438	\$3,413	\$3,048	\$0	\$0	\$19,675
Operating Expenses													
Outside Services	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Insurance	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Advertising													\$0
Occupancy Expense	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expense	\$950	\$350	\$350	\$350	\$350	\$350	\$550	\$350	\$350	\$350	\$350	\$350	\$5,000
Depreciation	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$144
Interest-Old Debt													\$0
Interest-New Debt	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$336
Total Oper. Expenses	\$1,520	\$620	\$520	\$520	\$510	\$510	\$710	\$510	\$500	\$540	\$500	\$510	\$7,470
Net Operating Profit	(\$1,520)	(\$620)	(\$520)	(\$520)	\$2,342	\$2,952	\$2,752	\$2,928	\$2,913	\$2,508	(\$500)	(\$510)	\$12,204
Other Gains/Losses													\$0
Net Profit (or Loss)	(\$1,520)	(\$620)	(\$520)	(\$520)	\$2,342	\$2,952	\$2,752	\$2,928	\$2,913	\$2,508	(\$500)	(\$510)	\$12,204
Before Income Taxes													
Owner Withdrawal	\$0	\$0	\$0	\$0	\$1,000	\$8,000							

Projected Income Statement – Year Three – Doc’s Sunny Flowers and Herbs

Projected Income Statement for Year 3													
Months	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Total
Sales	\$0	\$0	\$0	\$0	\$3,200	\$3,800	\$3,800	\$3,775	\$3,725	\$3,400	\$0	\$0	\$21,700
Cost of Projected Units Sold	\$0	\$0	\$0	\$0	\$79	\$94	\$94	\$93	\$92	\$85	\$0	\$0	\$537
Gross Margin	\$0	\$0	\$0	\$0	\$3,121	\$3,706	\$3,706	\$3,682	\$3,633	\$3,315	\$0	\$0	\$21,163
Operating Expenses													
Outside Services	\$0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
Insurance	\$300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Advertising													\$0
Occupancy Expense	\$230	\$130	\$130	\$130	\$120	\$120	\$120	\$120	\$110	\$150	\$110	\$120	\$1,590
Miscellaneous Expense	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Depreciation	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$144
Interest-Old Debt													\$0
Interest-New Debt	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$28	\$336
Total Oper. Expenses	\$920	\$620	\$520	\$520	\$510	\$510	\$510	\$510	\$500	\$540	\$500	\$510	\$6,670
Net Operating Profit	(\$920)	(\$620)	(\$520)	(\$520)	\$2,611	\$3,196	\$3,196	\$3,172	\$3,133	\$2,775	(\$500)	(\$510)	\$14,493
Other Gains/Losses													\$0
Net Profit (or Loss)	(\$920)	(\$620)	(\$520)	(\$520)	\$2,611	\$3,196	\$3,196	\$3,172	\$3,133	\$2,775	(\$500)	(\$510)	\$14,493
Before Income Taxes													
Owner Withdrawal	\$500	\$500	\$1,000	\$1,000	\$1,000	\$1,500	\$1,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000

Projected Balance Sheet – Year 1 – Doc’s Sunny Flowers and Herbs

Projected Balance Sheet start of Year 1, - 2005	
ASSETS	
Current Assets	
Cash	-\$8,840.00
Inventory	\$0.00
Other Current Assets	\$0.00
Total Current Assets:	-\$8,840.00
Fixed Assets	
Land	\$0.00
Building (less accum. depreciation)	\$2,000.00
Equipment (less accum. depreciation)	\$1,000.00
Other Fixed Assets (less accum.depreciation)	\$0.00
Total Fixed Assets:	\$3,000.00
TOTAL ASSETS (A)	-\$5,840.00
LIABILITIES	
Current Liabilities	
Accounts Payable	\$0.00
Other Current Liabilities	\$0.00
Total Current Liabilities:	\$0.00
Long-term Liabilities	
Debt	\$0.00
Other Long-term Liabilities	\$0.00
Total Long-Term Liabilities:	\$0.00
TOTAL LIABILITIES (B)	\$0.00
OWNER'S EQUITY (A - B)	-\$5,840.00
OWNER'S EQUITY	
Beginning Owner's Equity	-\$5,840.00
Net Income (Loss)	\$0.00
Withdrawal of Owner	\$0.00
Ending Equity	-\$5,840.00
Liquidity Ratios	
Current Ratio	n/a
Quick Ratio	n/a
Working Capital	\$0.00
Capital Structure Ratios	
Debt to Equity	

Projected Balance Sheet end of Year 1 – Dec. 31, 2005	
ASSETS	
Current Assets	
Cash	\$6,236.00
Inventory	\$0.00
Other Current Assets	\$0.00
Total Current Assets:	\$6,236.00
Fixed Assets	
Land	\$0.00
Building (less accum. depreciation)	\$1,920.00
Equipment (less accum. depreciation)	\$936.00
Other Fixed Assets (less accum.depreciation)	\$0.00
Total Fixed Assets:	\$2,856.00
TOTAL ASSETS (A)	\$9,092.00
LIABILITIES	
Current Liabilities	
Accounts Payable	\$0.00
Other Current Liabilities	\$0.00
Total Current Liabilities:	\$0.00
Long-term Liabilities	
Debt	\$9,960.00
Other Long-term Liabilities	\$0.00
Total Long-Term Liabilities:	\$9,960.00
TOTAL LIABILITIES (B)	\$9,960.00
OWNER'S EQUITY (A - B)	-\$868.00
OWNER'S EQUITY	
Beginning Owner's Equity	-\$5,840.00
Net Income (Loss)	\$10,972.00
Withdrawal of Owner	\$6,000.00
Ending Equity	-\$868.00
Liquidity Ratios	
Current Ratio	n/a
Quick Ratio	n/a
Working Capital	\$6,236.00
Capital Structure Ratios	
Debt to Equity	

Projected Balance Sheet – Year 2 and 3 – Doc’s Sunny Flowers and Herbs

Projected Balance Sheet for Year 2	
Date of Balance Sheet - December 31, 2006	
ASSETS	
Current Assets	
Cash	\$6,935.00
Inventory	\$0.00
Other Current Assets	\$0.00
Total Current Assets:	\$6,935.00
Fixed Assets	
Land	\$0.00
Building (less accum. depreciation)	\$1,840.00
Equipment (less accum. depreciation)	\$872.00
Other Fixed Assets (less accum. depreciation)	\$0.00
Total Fixed Assets:	\$2,712.00
TOTAL ASSETS (A)	\$9,647.00
LIABILITIES	
Current Liabilities	
Accounts Payable	\$0.00
Other Current Liabilities	\$0.00
Total Current Liabilities:	\$0.00
Long-term Liabilities	
Debt	\$6,310.00
Other Long-term Liabilities	\$0.00
Total Long-Term Liabilities:	\$6,310.00
TOTAL LIABILITIES (B)	\$6,310.00
OWNER'S EQUITY (A - B)	\$3,337.00
OWNER'S EQUITY	
Beginning Owner's Equity	-\$868.00
Net Income (Loss)	\$12,205.00
Withdrawal of Owner	\$8,000.00
Ending Equity	\$3,337.00
Liquidity Ratios	
Current Ratio	n/a
Quick Ratio	n/a
Working Capital	\$6,935.00
Capital Structure Ratios	
Debt to Equity	

Projected Balance Sheet for Year 3	
Date of Balance Sheet - December 31, 2007	
ASSETS	
Current Assets	
Cash	\$6,172.00
Inventory	\$0.00
Other Current Assets	\$0.00
Total Current Assets:	\$6,172.00
Fixed Assets	
Land	\$0.00
Building (less accum. depreciation)	\$1,760.00
Equipment (less accum. depreciation)	\$808.00
Other Fixed Assets (less accum. depreciation)	\$0.00
Total Fixed Assets:	\$2,568.00
TOTAL ASSETS (A)	\$8,740.00
LIABILITIES	
Current Liabilities	
Accounts Payable	\$0.00
Other Current Liabilities	\$0.00
Total Current Liabilities:	\$0.00
Long-term Liabilities	
Debt	\$2,910.00
Other Long-term Liabilities	\$0.00
Total Long-Term Liabilities:	\$2,910.00
TOTAL LIABILITIES (B)	\$2,910.00
OWNER'S EQUITY (A - B)	\$5,830.00
OWNER'S EQUITY	
Beginning Owner's Equity	\$3,337.00
Net Income (Loss)	\$14,493.00
Withdrawal of Owner	\$12,000.00
Ending Equity	\$5,830.00
Liquidity Ratios	
Current Ratio	n/a
Quick Ratio	n/a
Working Capital	\$6,172.00
Capital Structure Ratios	
Debt to Equity	

Section VI. The Financial Plan

C. Financial Statements

According to the Projected Income Statement for year one, the Gross Margin is \$17,530 and after Operating Expenses are subtracted, the Net Income (Before Income Taxes) is \$10,972. This results in sufficient available funds for the projected Owner's Withdrawal. These numbers increase for both year two and three, again, with the adequate funds available for the projected Owner's Withdrawal.

Due to the Long-Term Liability taken for start-up of the business, the ending equity in year one is negative with the numbers increasing into the positive in year two and increasing again in year three.

As the financial manager of *Doc's Sunny Flowers and Herbs*, it is clear from the Projected Income Statements and the Current and Projected Balance Sheets that the success of the business is favorable.

Financial Information – Conclusion

Based on Break – Even Point in Dollars of Sales of \$5,978 (478 Units) and a first year *pessimistic* (conservative) sales estimate of \$17,975, it appears *Doc's Sunny Flowers and Herbs* should have no difficulty covering variable and fixed expenses even if actual sales are significantly lower than projections (yeah)!

Section VI. The Financial Plan

D. Additional Financial Information

Summary of Financial Needs

In order for *Doc's Sunny Flowers and Herbs* to begin business operations, the amount of \$8,840 will need to be financed and is itemized as follows:

- \$3,000 – Fixed assets including a greenhouse and a used rototiller.
- \$2,000 – Down payment on a truck lease.
- \$2,000 – Land preparation including compost, top soil, etc.
- \$ 700 – Equipment including drip tape and sprinkler system.
- \$ 200 – Installation fees and utility deposits.
- \$ 300 – Insurance annual fee.
- \$ 200 – Supplies including banner, stickers, business cards, and recipe cards.
- \$ 240 – Start-up legal and accounting consultations.
- \$ 200 - Beginning materials including seed, fertilizer, and shipping costs.

An additional amount of \$2,720 is necessary for the first four months of operations until the farmer's markets open in May.

The total amount will be borrowed as a long-term debt financed with either a low-interest credit card or a low-interest home-equity loan from Unified People's Federal Credit Union. The financed amount will be paid back in monthly payments relative to total monthly sales and will be completely paid in full within four years of business start-up.

Personal Financial Statement

See the attached Personal Financial Statement for *Doc's Sunny Flowers and Herbs*.

Personal Financial Statement – Owner Doc’s Sunny Flowers and Herbs

Personal Financial Statement			
Name: Stella Dockstar		Prepared as of: June 1, 2000	
ASSETS		LIABILITIES	
Cash on hand (In checking accounts)	\$3,000	Current personal/household bills	\$3,600
Cash (In savings accounts)	\$1,200	Credit/Charge Cards:	
Certificates of deposit	\$0	Visa (FCU)	\$6,000
Marketable securities (stocks, bonds)	\$0	Visa (Chase)	\$5,500
Life Insurance (cash value)	\$0	Installment loans (short-term)	\$5,000
Other current assets:		Taxes due	\$0
		Loan payments due this year	\$0
		Other current liabilities:	
Total Current Assets	\$4,200	Total Current Liabilities	\$20,100
Real estate - market value \$112,000	\$112,000	Real estate mortgage	\$100,000
Vehicles - market value \$ 30,000	\$30,000	Vehicle payments	\$12,000
Individual retirement plans	\$1,200	Other non-current liabilities:	
Major household items	\$5,000		
Other personal property	\$2,000		
Total Non-current Assets	\$150,200	Total Non-current Liabilities	\$112,000
(A) Total Assets (current + non-current)	\$154,400	(B) Total Liabilities (current + non-current)	\$132,100
		(A - B) NET WORTH	\$22,300

Conclusion

In conclusion, the business plan is very attainable. The Cost per Unit is quite small and while the Projected Sales are generously conservative, the Operating Costs are slightly exaggerated in order to achieve a workable business operation. Since the business is not the sole household income and is a small market garden, *Doc's Sunny Flowers and Herbs* sells what is produced requiring a petite market compared to the need to sell to "everyone" in the trade area. The ultimate financial need is a practicable amount of \$11,560 which includes the purchase of fixed assets, start-up requirements, and operating costs for the first four months until the farmer's markets open. This amount covers the first three years of business and will be fully repaid within the first four years of business.

Appendix Section

Stella Dockstar's Resume – details not included in this copy

Product Price List

NxLeveL Certificate of Completion – not included in this copy

Doc's Sunny Flowers and Herbs

Price List

Cut Flowers – 6 Stems \$10.00

Cut Flowers – 12 Stems \$18.00

Herbal Plants \$ 5.00