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SAMPLE BUSINESS PLAN

SAM'S KIDS STORE, INC

Disclaimer:

This is a sample business plan, so the company and business information are fictitious. This plan reflects our standard business plan model, and changes in outline and structure can be made as per client specifications.

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Executive Summary

1. Sam's Kids Wear (SKW) is a retail store for kids wear with good quality and latest trends owned by Mr. Samuels Arnold.
2. This business will cater to the needs of kids' age from 6 to 11
3. Location of the business is assume an actual location

The Target audiences of the business are:

Age	Population
5 to 9 years	218,522
10 to 14 years	224,012
Total (5 to 14 Years)	442,534

4. Slogan of the business is:

"Kids wear, with care"

General Company Description

I. Company Overview:

Sam's Kids Wear (SKW) is a retail store for kids wear with good quality and latest trends. We present an extensive range of kids wear that are manufactured using different fabrics such as Cotton, Silk, Wool and others. Available in a wide range of gorgeous colors, designs and prints, these apparels are designed keeping in mind the most up-to-date fashion trends.

Slogan: *“Kids wear, with care”*

II. Vision:

“To be a distinguished kid-wear retailer known worldwide for the quality of products, setting new trends and lifestyles”

III. Mission:

“To offer continuous value added products to our customers”.

To accomplish this, we focus on exceptional design, innovation, quality, convenience and interactive communication.

IV. **Strengths and Core Competencies:**

The foundation parameters on which we ensure the excellence of our garments are:

- Material
- Cut
- Design conformation
- Embroidery
- Stitching
- Stability
- Finish
- Color fastness

V. **Challenges:**

- Increasing competition, especially from big chains like Wal-Mart, Gap and Limited Incorporations
- High cost materials
- Changing demands and catering to this demand
- Changing fashions and changing behavior of demographics

Services Overview

I. Services:

For different age groups, our variety of children wear is offered in different sizes and is tremendously comfortable to wear. Our offered clothing collections for kids are:

Hooded T-Shirts

We offer an exceptional range of t-shirts with hoods that are offered in a multitude of colors and patterns.

Printed T-Shirts

We make an extensive range of in print t-shirts that are offered in diverse colors and prints.

Children's T-Shirts

An exclusive range of full sleeve children's t-shirts

Half Sleeve T-Shirts

We offer a broad range of half-sleeve t-shirts

Cotton Knickers

Knickers are one of the trendiest as well as the most comfortable garment for kids, Available in eye catching prints and colors.

II. Benefits and Features:

Highlighted features:

- Lovely designs and prints
- Eye-catching colors
- Long-lasting Apparels

- Comfortable to wear
- Available in various sizes

III. Why people need this service?

A number of the factors that have made us the ideal choice of our customers are:

- Various variety under a single roof
- Quality guaranteed goods
- Customization
- Capacity to accept mass orders
- Well-timed delivery
- Easy payment modes of Cash

Marketing Plan

I. Market Analysis:

A. Market Description

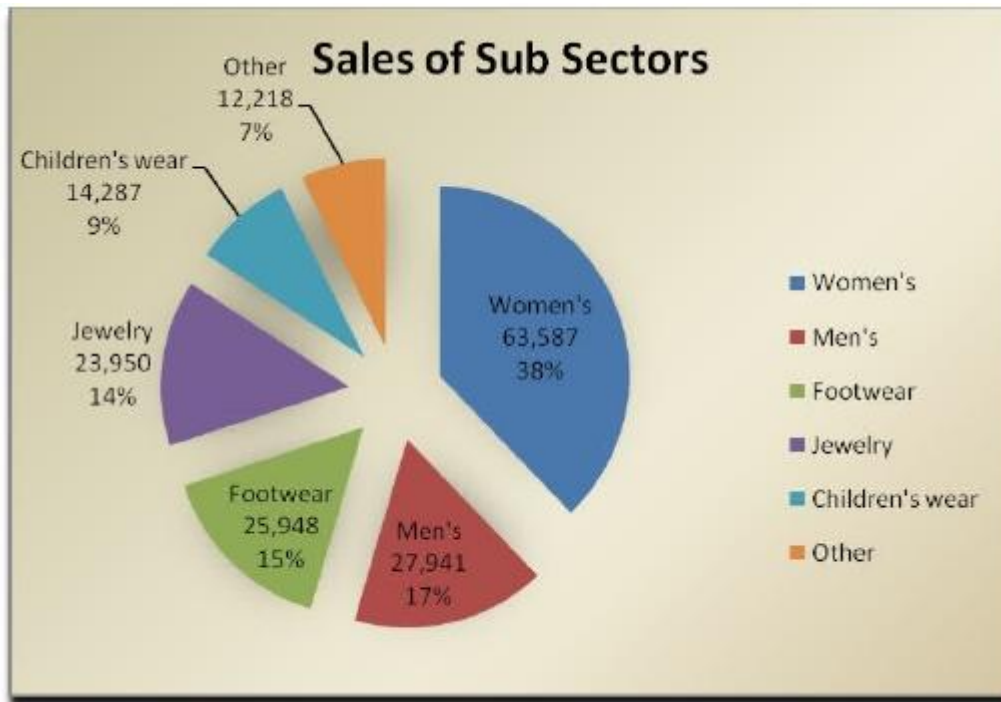
US kids wear market is highly competitive market, especially after big retail stores and chains like Wal-Mart, Gap etc entered in the market. Market is shifting from growth to maturity. The clothing business saw approximately \$167,934 million in retail sales; the share of the Children's & infants' clothing stores is \$7,082 millions, the total share of the state Illinois is \$328.8 millions, the share of Chicago is \$43.356 millions.

B. Market Facts

a) Market Size:

Clothing Industry of USA:

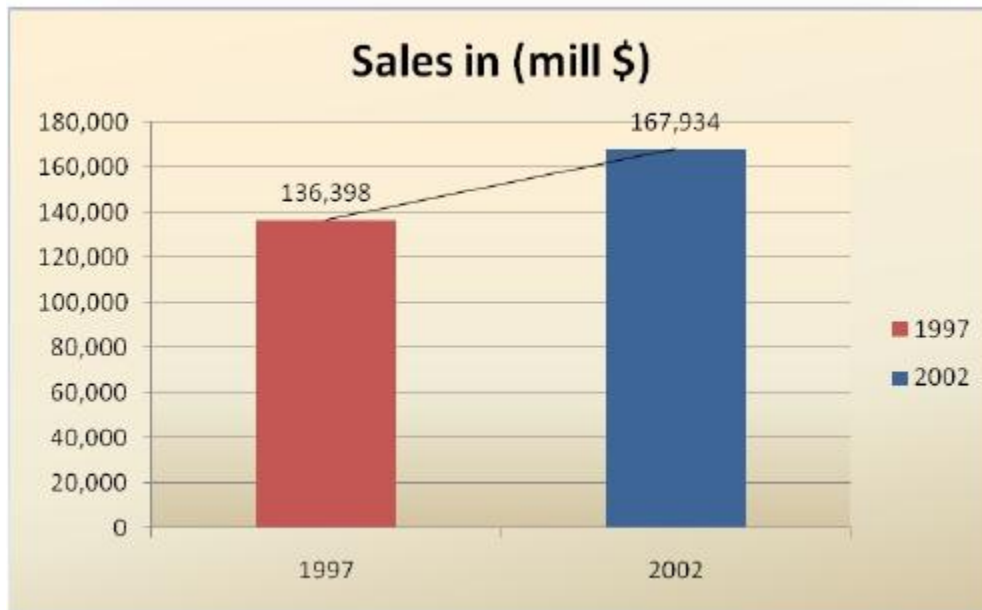
In the year 2002, the clothing business saw approximately \$167,934 million in retail sales, which were \$136,398 millions in 1997. Women's clothing brought in \$63,587 millions, men's apparel accounted for \$27,941 millions, and Footwear, including accessories, accounted for \$25,948 millions. Jewelry, including watches, watch attach, novelty jewelry, etc accounted for \$23,950 millions, Children's wear, including boys, girls, & infants & toddlers accounted for \$14,287. Others accounted for \$12,218 millions.



Product description	Sales (\$mn)	Industry Sales %
Industry total	167,934	100
Women's, juniors', & misses' wear	63,587	37.86
Men's wear	27,941	16.64
Footwear, including accessories	25,948	15.45
Jewelry, incl watches, watch attach, novelty jewelry, etc	23,950	14.26
Children's wear, incl boys, girls, & infants & toddlers	14,287	8.51
Other	12,218	7.28

These statistics computed on the information taken from US Census official site¹

¹ <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)



The clothing business saw approximately \$167,934 million in retail sales, which are \$136,398 millions in 1997²

Industry Ratios	2002	1997
Total sales (Mil \$)	167,934	136,398
Sales per establishment (\$000)	1,121	871
Sales per employee (\$)	117,719	106,548
Sales per \$ of payroll (\$)	7.85	8.22
Annual payroll per employee (\$)	14,995	12,965
Employees per establishment	9.5	8.2
Sales per capita (\$)	582	500
Establishments per million residents	519	574

In total, there was a growth of about 23.1% from 1997 to 2002 in the industry. In this table, the total sales per establishment stands at \$1,121,000 and sales per capita is \$519 million. This table also shows other indicators such as sale per employee, sales per payroll, annual payroll per employee and comparison of these indicators with past data. In this table, this is clear that for the past 5 years, growth in every indicator is significantly huge which shows the potential of the market and that the market is growing drastically.

² <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)

Retail description	Industry Sales %	Industry Sales
Industry total	100%	167,934,060
Specialty stores	21%	35266153
Discounters	19%	31907471
Department stores	19%	31907471
Major chains	17%	28548790
Off-price stores	7%	11755384
Mail order	6%	10076044
Outlets	4%	6717362
Other stores	7%	11755384

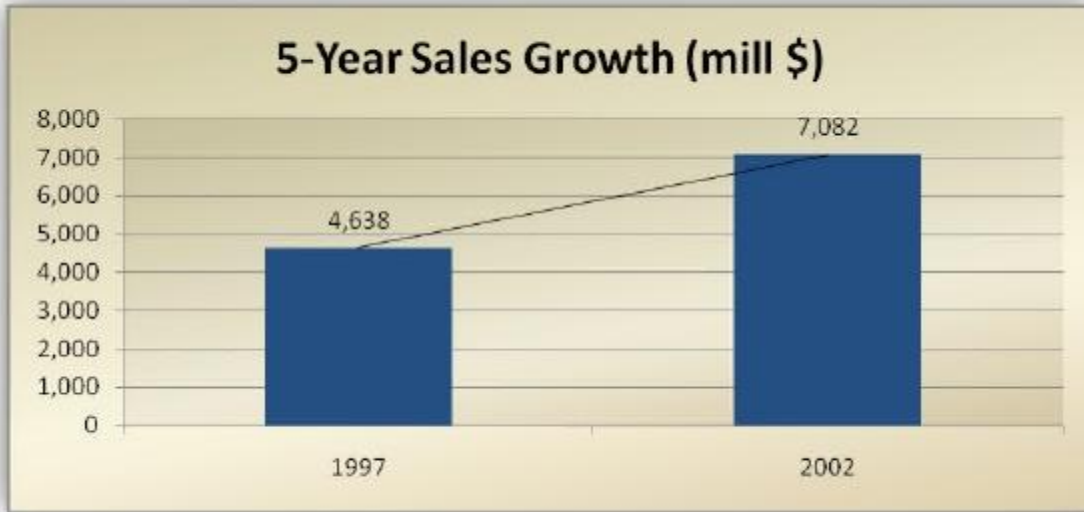
According to the American Apparel Manufacturers Association, the breakdown on total share of retail sales was as follows: Specialty stores: 21 percent; discounters: 19 percent; department stores: 19 percent; major chains: 17 percent; off-price stores: 7 percent; mail order: 6 percent; outlets: 4 percent; and other stores: 7 percent.³

It highlights that discounter stores like Sam's Kids Wear have the second largest share in the total retail sales in the USA.

C. Market Growth:

The total US market for all clothing is \$167,934 millions, out of which the share of the children's & infants' clothing stores is \$7,082 millions which was \$4,638m in 1997, almost grown by 50% since last 5 years.

³ <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)



Market in 5 years grown very drastically, almost growth rate of 50% can be observed according to this graph.

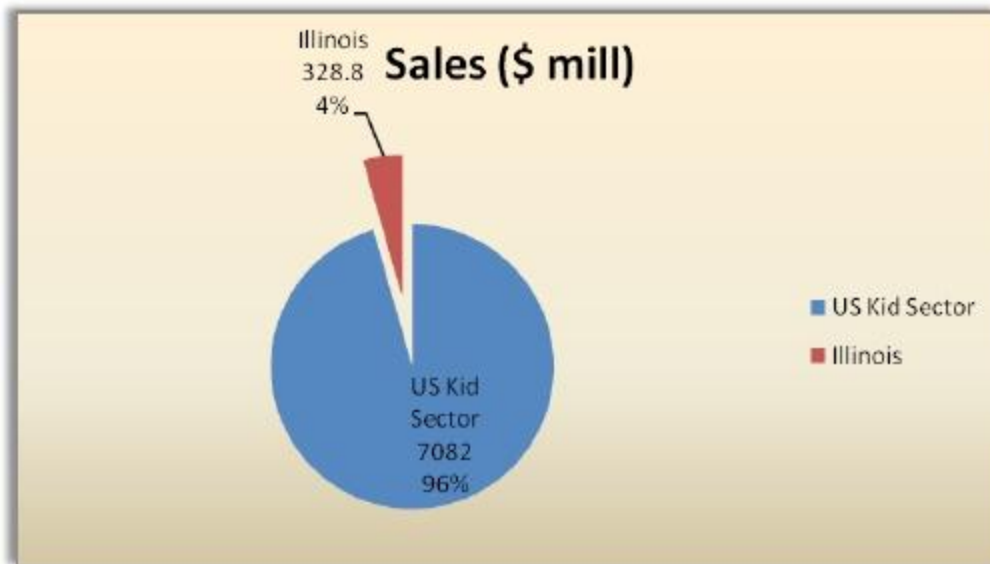
Industry Ratios	2002	1997
Total sales (Mil \$)	7,082	4,638
Sales per establishment (\$000)	1,080	907
Sales per employee (\$)	105,690	99,699
Sales per \$ of payroll (\$)	9.03	9.78
Annual payroll per employee (\$)	11,708	10,198
Employees per establishment	10	9.1
Sales per capita (\$)	24	17
Establishments per million residents	22	18

In this table with sales, different indicators are shown in a comparison of past 5 years and it's clearly shown that sales per capita and establishments per million residents increased drastically with sales, showing immense growth in the market.

⁴ <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)

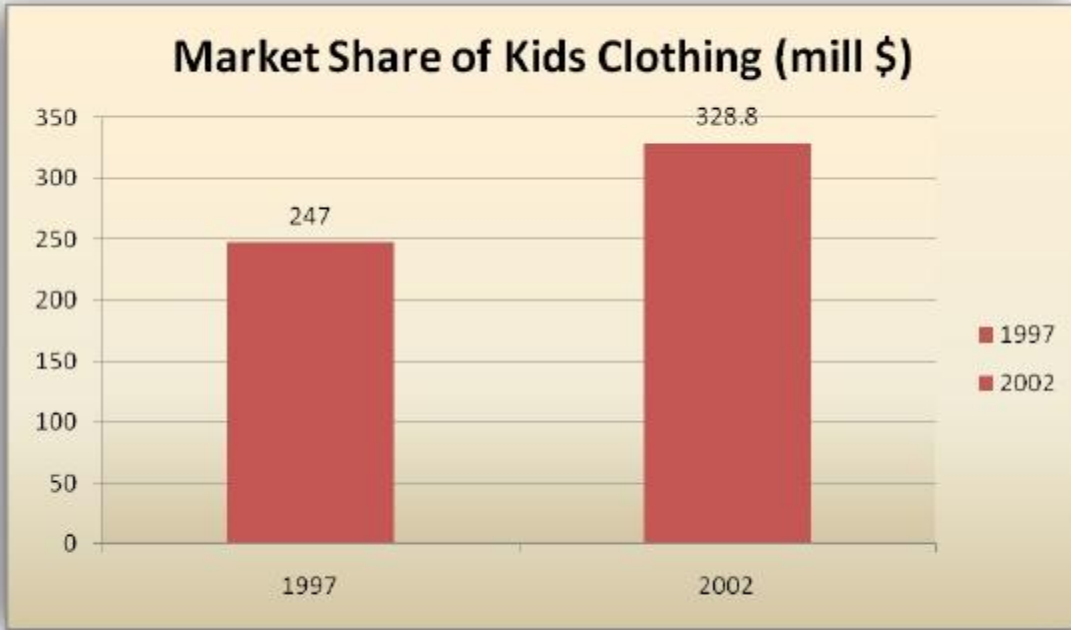
Retail description	Industry Sales %	Industry Sales
Industry total Kids Market	100%	7,082.20
Specialty stores	21%	1,487.26
Discounters	19%	1,345.62
Department stores	19%	1,345.62
Major chains	17%	1,203.97
Off-price stores	7%	495.754
Mail order	6%	424.932
Outlets	4%	283.288
Other stores	7%	495.754

In this table, market share is shown as per type of business (Outlet type). If we look at it closely, major share is taken by specialty stores, discounters, department and chain stores. So for discounters it's a great opportunity to penetrate in this market.

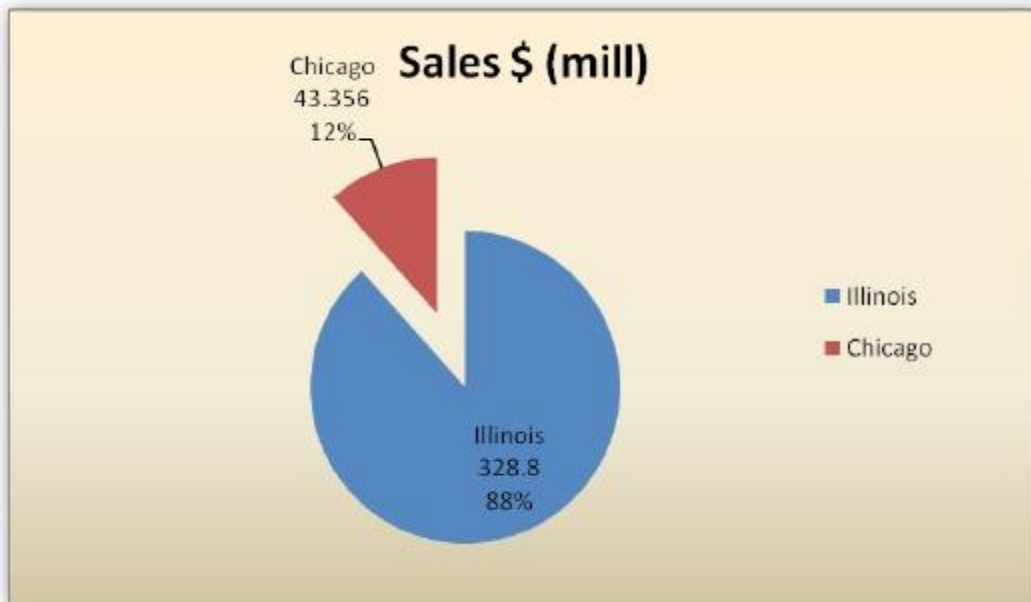


The above chart shows the share of Children's & infants' clothing stores in the USA as \$7,082 millions out of which the total share of state Illinois is \$328.8 millions⁵

⁵ <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)



The above chart presents the share of Children's & infants' clothing stores i.e. \$7,082 millions. The total share of the state Illinois is \$328.8 millions which was \$247 millions in 1997, which almost increased by 100 millions and 33% in last 5 years⁶



Kids' clothing market share of Illinois was \$328.8 millions in 2002, out of which the share of Chicago is \$43.356 millions. It highlights that market is growing at the rate of 33%.

⁶<http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)

D. Market Trends:

From 1995 to 2005 break dedicated to children's wear in malls more than twice

Nationalized brands began producing small-sized versions of their teenager and mature lines and invested a lot in expanding their infant and children outfit's brands.

E. Market Demand:

Shifting demographics made the children's and infants' wear business look attractive to new entrants and, therefore, the market became tremendously competitive. Big retail chains began to penetrate the market. Sales continued to grow. Fueling this growth was a climb in birth rates in the late 1980s and early 1990s, which amplified demand for infants' and toddlers' wear.

Industry sales normally peak between late August and December. Throughout this phase, stores compete for valuable back-to-school sales and holiday gift purchases. Stores normally generate between 30 and 40 percent of their annual sales in these months.

F. Industry Life Cycle

Kids clothing market is at maturity stage although it's generating good demand and sales and has good scope for businesses for next few years. The higher birth rate was observed in late 90's and early 2000's which boomed the market and now demand is still growing but with slow birth rates as compared to past years. This makes industry stand at maturity level in its life cycle.

Although this sector of the industry is season-driven, this cycle will not affect it much.

Cyclical trends in Industry

- With record high numbers of infants, toddlers, and children attending preschool during the year, clothing purchases for this slice are becoming less cyclical.
- This business has conventionally been highly seasonal, as with other clothing businesses, so spring is on the way, this is also the season for weddings, and Kids has some gorgeous dresses and suits for wedding parties.
- New sessions of schools will be starting in month or so (march to august) which also boost the sales of kids wear.
- Month of December also a high sales month due to Christmas celebrations people love to shop and buy presents

Description	Jan. 2002	Feb. 2002	Mar. 2002	Apr. 2002	May-02	Jun. 2002
Clothing and clothing access. stores	10,361	11,755	14,002	13,218	14,177	13,233
Clothing stores	7,474	7,979	10,190	9,528	9,894	9,540
Men's clothing stores	539	532	656	631	663	649
Women's clothing stores	1,989	2,162	2,783	2,683	2,759	2,482
Family clothing stores	3,596	3,851	5,058	4,728	4,984	4,954
Other clothing stores	681	657	753	677	703	713
Description	Jul. 2002	Aug. 2002	Sep. 2002	Oct. 2002	Nov. 2002	Dec. 2002
Clothing and clothing access. stores	12,895	15,137	12,465	14,027	15,936	25,411
Clothing stores	9,347	10,814	9,147	10,471	11,711	16,859
Men's clothing stores	592	695	606	672	764	1,120
Women's clothing stores	2,262	2,540	2,375	2,533	2,742	3,970
Family clothing stores	5,035	5,843	4,700	5,638	6,527	9,391
Other clothing stores	643	675	626	730	755	1,193

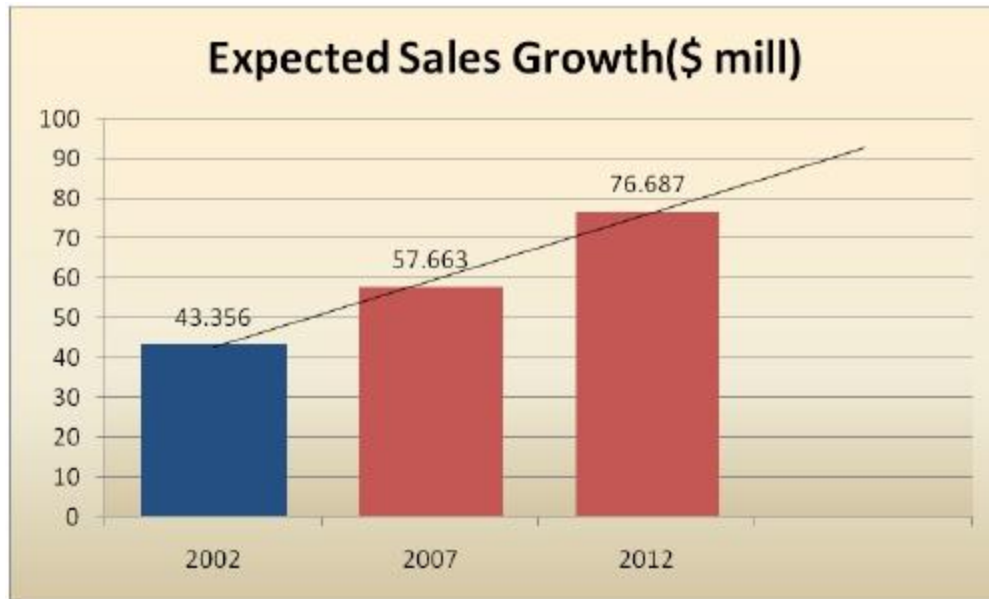
As green color filled columns show, sales during March, August, November and December is very high in the US⁷

G. Market Potentials:

Shifting demographics made the children's and infants' wear business attractive to new entrants and, therefore, tremendously competitive.

Sales will continue to grow in the next 3 years:

⁷ <http://www.census.gov/econ/census02/data/industry/E448.HTM> (11th March 6, 2009)



- In the next 5 years, total sales in kids' clothing retail market will be \$57.66 millions and in 2012 will be \$76.7 mill.
- It shows that there's a huge and profitable market for Children's & infants' clothing stores in the city of Chicago, which is growing at rapid rate.
- This growth was due to a climb in birth rates, which amplified demand for infants' and toddlers' wear.

Retail description	Industry Sales %	Market Sales
Industry total	100%	43.35
Specialty stores	21%	9.1035
Discounters	19%	8.2365
Department stores	19%	8.2365
Major chains	17%	7.3695
Off-price stores	7%	3.0345
Mail order	6%	2.601
Outlets	4%	1.734
Other stores	7%	3.0345

The above are the growth potentials for this type of business. It clearly shows if you are a discounter, u can penetrate easily and win very huge share almost of \$8.24 millions.

Even if you are a simple outlet, you can be in the class to earn 1.73 million markets as just a starter, which is not a bad option. It shows great potential for small business or any starter in the market.

H. Market Opportunities:

- Market is growing with a rapid rate so it's a great opportunity to enter in the market where demand is increasing drastically
- Birth rate has remained high in the past 5 years meaning more potential for kids' wear purchasing.
- Country is going through recessionary period so parents are on tight budget, which is a great opportunity for our business to offer discounts and low pricing packages to attract our consumers
- This business has conventionally been highly seasonal, as with other clothing businesses, so spring is on the way, this is also the season for weddings, and Sam's Kids Wear has some gorgeous dresses and suits for wedding parties.
- New sessions of schools will be starting in month or so.
- With the infants' and children's wear division on the rise, the industry's opening products continue to be licensed apparel, such as Scooby Doo, Star Wars, Bob the Builder, and Blues Clues as well as sports-related licenses and focusing on these character printed wears business can achieve huge sales as demand of these characters is increasing amongst kids.

I. Barriers to Entry:

Market is highly competitive, so no such barriers exist in the industry.

J. Regulations:

No such regulations except license required from animator of the character which will be used in printing.

II. Service Potential:

As our business is clothing for kids, and in this sector trends changes quickly, so potential products will always be in line with differentiation of colors and design.

III. Targeted Audience:

Since our business is kids wear, so our primary target audience will be:

Demographics:

Primary Target:

Age: 6-11 years

Secondary:

Family

Our target markets for kids' clothing are Parents (Mother / Father).



Total population of Chicago is 2,896,016 and our target audience is:

Age	Population
5 to 9 years	218,522
10 to 14 years	224,012
Total (5 to 14 Years)	442,534

According to US Census Bureau

Characteristics of Targeted Customer Groups (sales):

Description	%	Sales (\$ mil)
Market Total	100%	43.35
Girls' clothing & accessories	50.86 %	22.05
Infants' & toddlers' clothing & accessories	23.77 %	10.3
Boys' clothing & accessories	19.03 %	8.25
Other	6.34%	2.75

These stats are clearly showing that in kids sectors, girls' wear sales is 50 % of the whole kid sector so our products line would be according to the needs of the market and purchasing trends.

IV. Competition:

Anne's Kids

Products:

- Bridal gowns
- Flower girls
- and Bridesmaids

4509 N Clark St, Chicago, IL

LMNOP

Products:

- Missing Dog Head T-Shirt
- Black Ladies T-Shirt
- Babysue T-Shirt

2574 N Lincoln Ave, Chicago, IL

Pottery Barn Kids

Products:

- Girls' Bodysuits & Tops
- Girls' Sweaters & Jackets
- Girls' Dresses & Pants
- Outfits
- Boys' Bodysuits & Tops
- Boys' Sweaters & Jackets
- Boys' Overalls & Pants
- Gifts & Accessories
- Newborn Collection

- Baby Clothing Sale

2111 N Clybourn, Chicago, IL

Wear Me Out Childs Wear

- Children's boutique clothing
- Boys formal wear and girls formal wear
- Boys suits and tuxedos

3724 N Southport Ave, Chicago, IL

Psycho Baby

- Cool Baby Girl Clothes
- Cool Baby Boy Clothes
- Hip Girls' Clothing
- Hip Boys' Clothing
- Cool Baby & Kids' Tees
- Trendy Shoes

1630 N Damen Ave, Chicago, IL

V. Market Niche:

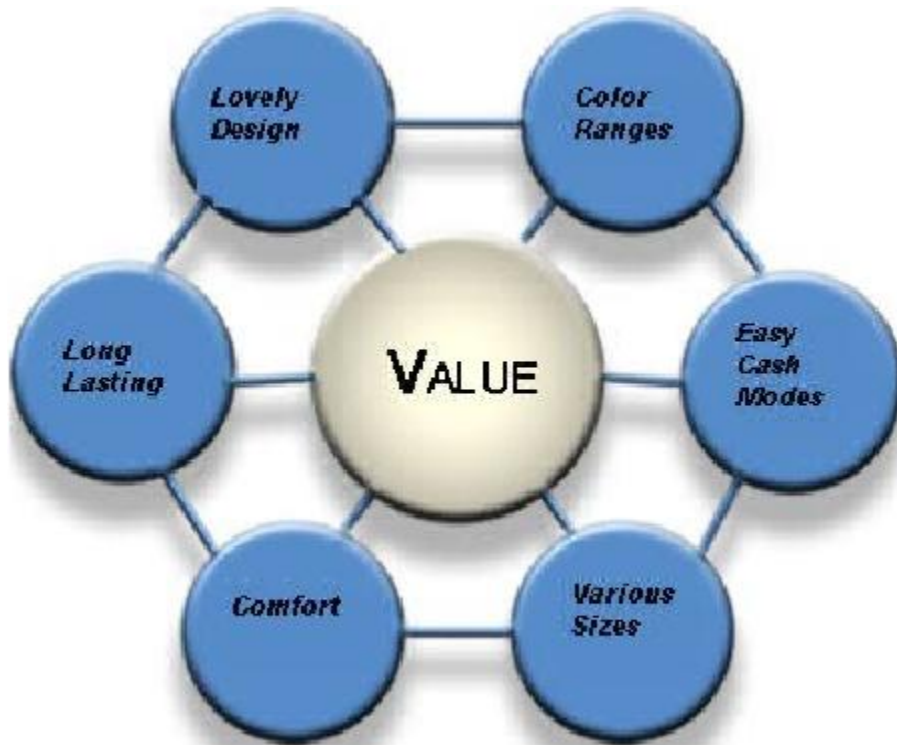
Our niche market is kids sector or people who buy kids wear.

VI. Marketing Strategy

- Basic strategy of our business is to launch kids wear by the next two months. Initially we launch normal kid's wear which will cater the needs of masses.
- By the end of the year, we will launch customized products to cater to the need of every individual customer.
- Later on, school accessories and school wear are also in the pipe line

a) Value Proposition

Sam's Kids Wear:



Our core value proposition is that we will add value to our product by providing matchless kids wear with extensive range of color and different sizes in comfortable and durable fabric with easy mode of cash transactions at comparatively low prices.

b) Branding

We position our selves as a brand, which gives quality products at fairly low prices with extensive range of vibrant colors and continuous value addition to our products with innovative ideas in design in printing.

c) Marketing Objectives

Image ourselves as a brand with competitive edge

- To offer continuous value added products to our customers
- To achieve our financial target
- Set a benchmark in industry as a cost leader through minimization of waste and improve performance

d) Strategy

- Meet the demands of market and supply demanded goods on time without any barrier or hurdle
- Offer excellent products at low price
- Make products according to the needs of the customer
- Give good hassle-free ambiance for shopping, which will help the business and give edge over rivals
- Develop a kids-friendly store environment and decoration, which will attract parents to bring their kids in the store and shop with comfort.

VII. Marketing Budget:

	2009	2010	2011
Marketing and Promotion	\$150,000	\$350,000	\$350,000

VIII. SWOT Analysis

Strength:

- Huge Product Line with variations.
- Business will have longer hours and better prices as compared to competitors.
- Discounts are available for bundle buying.
- Expertise in getting new products to the market quickly
- Expertise in providing good customer service
- Online selling could be a competitive edge over similar rivals
- Customization available for individual customers

Weakness:

- New in business as compare to rivals
- Huge capital required to start business as credit is not easily available from supplier in start
- Marketing expense in the start will be huge, to establish brand name required lot of advertising

Opportunity:

- Seasonal business: in summer demand is very high as new academic session starts and also a wedding season
- Sector is growing fast in state and in the area our business operating
- Girls' wear demand is huge so adding value in this category will be the great advantage
- High birth rate since past years is another opportunity for kids wear section
- Animated movies increased the demands and popularity of printed shirts for kids

Threat:

- Competition is high and big chains like Wall-Mart, Gap and Limited Incorporation introduced their kid's shops in the city and penetrating in market
- People are more conscious for pricing due to recession and going for discounts

Graphical Presentation of SWOT

	Helpful For achieving the objectives	Harmful For achieving the objectives
Internal	<p>Strength</p> <ul style="list-style-type: none"> Huge Product Line with variations Business will have longer hours and better prices as compare to competitors Discounts are available for bundle buying Expertise in getting new products to the market quickly Expertise in providing good customer service Online selling could be a competitive edge over similar rivals Customization available for individual customers 	<p>Weakness</p> <ul style="list-style-type: none"> New in business as compare to rivals Huge capital required to start business as credit is not easily available from suppliers in start Marketing expense in the start will be huge, to establish brand image required lot of advertising
External	<p>Opportunities</p> <ul style="list-style-type: none"> Seasonal business: in summer demand is very high as new academic session starts and also a wedding season Sector is growing fast in state and in the area our business operating Girls wear demand is huge so add value in this category will be the great advantage High birth rate since past years is another opportunity for kids wear section 	<p>Threats</p> <ul style="list-style-type: none"> Competition is high and big chains like Wall-Mart, Gap and Limited Incorporation introduced their kid's shops in the city and penetrating in market People conscious for pricing due to recession and going for discounts

IX. Marketing Mix

a) Product:

We present an extensive range of kids' wear that are manufactured using different fabrics such as cotton, silk, wool and others. Available in a wide range of gorgeous colors, designs and prints, these apparels are designed keeping in mind the most up-to-date fashion trends.

The different age groups, our variety of children wear is offered in different sizes and is tremendously comfortable to wear. Our main wearing collection offered for kids are:

Hooded T-Shirts

We offer an exceptional range of t-shirts with hoods that are offered in a multitude of colors and patterns.

Printed T-Shirts

We make an extensive range of in print t-shirts that are offered in diverse colors and prints.

Children's T-Shirts

An exclusive range of full sleeve children's t-shirts

Half Sleeve T-Shirts

We offer a broad range of half-sleeve t-shirts

Cotton Knickers

Knickers are one of the trendiest as well as the most comfortable garment for kids, Available in eye catching prints and colors.

b) Price:

Penetration Pricing will be the pricing strategy for our business, as our business is new and at the high street of Chicago where competition is huge, so we try to give good quality at low price to penetrate in the market and try to achieve higher sales volume to set low price and better quality strategy. Once we achieve this objective then try to charge higher price for our customized products for value addition.



c) Place:

At one of the high street of Chicago City

d) Promotion:

Advertising:

1. Above The Line:

- Internet

- Radio
- Magazines (Parents and kids magazines only)
- Newspapers (Only Weekends for two or three weeks)

2. Below The Line:

- Flyers (through hawkers)
- Coupons

Operational Plan

I. Service Execution Model

SKW will sell products by following methods:

Retail Store: They will open a store in Chicago, Illinois area which will be the primary location for their supplies storage also.

Online Selling: They will offer their main products on the website, which will provide convenience to customers in purchasing kids wear and related products.

Sam's Kids Corner

2009 launch objectives					
	March	April	May	June	July - Sept.
	2009	2009	2009	2009	2009
Select Location					
Develop Store					
Start Basic Kids Products available for Selling					
<u>Start Online Selling</u>					
Full services (Customization)					
Expand Product Line					
Start Planning For New Location					

1

Location:

N Damen Ave Chicago, Illinois.

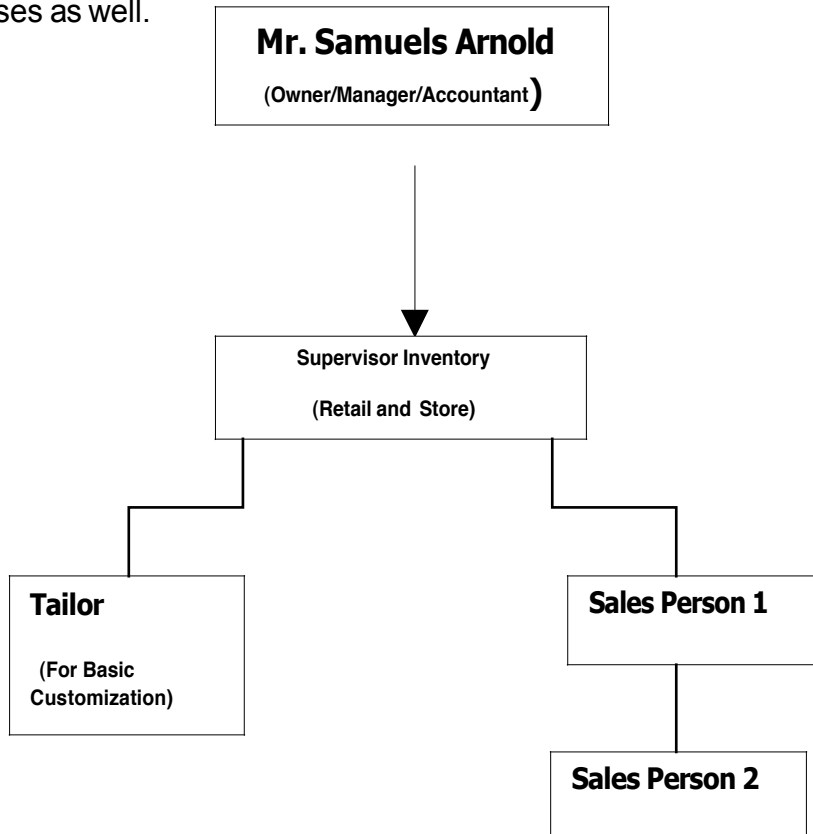
II. Legal Environment

- SKW has no legal obligations with their suppliers and customers except for the printing of animated copyright characters.
- The company faces no major legal constraints other than the restriction of marketing directly to children under age 13 under the Child Protection Laws.

III. Personnel

Management and Organization

SKW operates with 5 people staff. It helps them controlling budget and decreasing overhead expenses as well.



IV. Management Strength

A. Management's Credentials and Expertise

Academic:

Mr. Sam is Business Graduate from University of Chicago having good academic knowledge of retail business.

Professional:

Mr. Sam has vast experience of retailing and clothing business at top levels in some of the biggest chains at international and national level for 5 years.

B. Experience in Management Position:

- Mr. Sam has worked as a senior manager for clothing section of Wall-Mart for almost 3 years.
- He has also worked as Assistant director kids section at Gap international for 2 years.
- He has also been continuously involved in strategic planning and decision-making in the companies.

Advisor & Consultant:

Chicago business consultants group inc.

Our Lenders say YES, when your bank says NO.

Ronald J Filian
847-839-8810 Phone
866-344-4339 Fax

Advance Consulting Group International

300 West Adams Street Chicago, IL 60606
(312) 357-1840

Financial Plan

I- Start-up Expenses Summary

The start-up expenditures for Sam's Kids Wear (SKW) are summarized below:

Startup Expense Summary

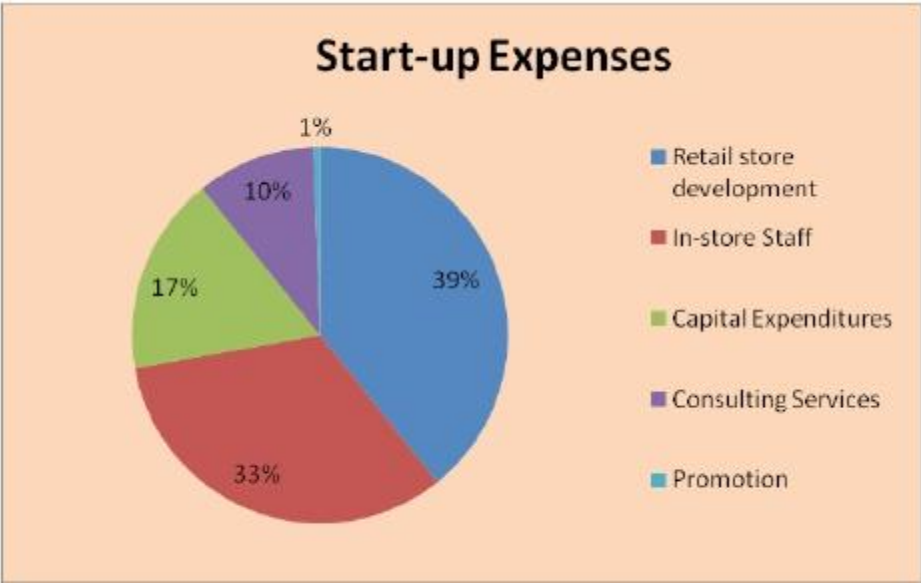
Sam's Kids Wear

Sources of Capital

<u>Investment requirement</u>	\$1,000,000
	-
Total Investment	\$1,000,000

Startup Expenses

Retail store development	\$346,000
In-store Staff	\$290,000
Capital Expenditures	\$150,000
Consulting Services	\$90,000
Promotion	\$5,000
Total Start-up Expenses	\$881,000



II- Revenue Forecast (3- Year)

Revenue Forecast (3 Years)			
Sam's Kids Wear, Inc			
	Year 1	Year 2	Year 3
<u>Kids Clothing Range</u>			
Hooded T-shirts	\$367,500	\$1,470,000	\$4,410,000
Printed T-shirts	\$428,750	\$1,715,000	\$5,145,000
Children's T-shirts	\$245,000	\$980,000	\$2,940,000
Half Sleeve T-Shirts	\$122,500	\$490,000	\$1,470,000
Cotton Knickers	\$61,250	\$245,000	\$4,410,000
sub total clothing range	\$1,225,000	\$4,900,000	\$14,700,000
Accessories	-	\$35,000	\$42,000
Total Revenue	\$1,225,000	\$4,935,000	\$14,742,000



III- Profit and Loss Projection (3-Year)

	Year 1	Year 2	Year 3
<u>Revenue (Sales)</u>			
Kids clothing range	\$1,225,000	\$4,900,000	\$14,700,000
Accessories	-	\$35,000	\$42,000
Total Revenue (Sales)	\$1,230,000	\$4,940,000	\$14,751,000
<u>Operating Expenses</u>			
Retail store development	\$346,000	-	-
In-store Staff	\$290,000	\$840,000	\$940,000
Capital Expenditures	\$150,000	\$148,200	\$150,000
Consulting Services	\$90,000	\$480,000	\$480,000
Promotion	\$5,000	\$6,000	\$6,000
Total Operating Expenses	\$881,000	\$1,474,200	\$1,576,000
Profit Before Taxes	\$322,900	\$3,385,800	\$13,025,000
Taxes (10%)	\$32,290	\$338,580	\$1,302,500
Net Profit	\$290,610	\$3,047,220	\$11,722,500



IV- Pro forma Cash Flows (3- Year)

Pro forma Cash Flows			
Sam's Kids Wear			
	Year 1	Year 2	Year 3
<u>Cash Received</u>			
<u>Cash from Operations</u>			
Cash Sales	\$1,230,000	\$4,940,000	\$14,751,000
Subtotal Cash from Operations	\$1,230,000	\$4,940,000	\$14,751,000
<u>Additional Cash Received</u>			
New Borrowing	\$1,000,000	\$0	\$0
Subtotal Cash Received	\$2,230,000	\$4,940,000	\$14,751,000
<u>Expenditures</u>			
<u>Expenditures from Operations</u>			
In-store Staff	\$290,000	\$840,000	\$940,000
Consulting Services	\$90,000	\$480,000	\$480,000
Promotion	\$5,000	\$6,000	\$6,000
Subtotal Spent on Operations	\$385,000	\$1,326,000	\$1,426,000
<u>Additional Cash Spent</u>			
Taxes	\$32,290	\$338,580	\$1,302,500
Purchase Long-term Assets	\$810,000	\$810,000	\$1,345,000
Subtotal Cash Spent	\$1,227,290	\$2,474,580	\$4,073,500
Net Cash Flow	\$1,002,710	\$2,465,420	\$10,677,500
Cash Balance	\$1,012,710	\$3,478,130	\$14,155,630

V- Projected Balance Sheet:

Balance Sheet (Projected)		
Sam's Kids Wear, Inc		
	Beginning	Projected Year 1
Assets		
<u>Current Assets</u>		
Cash in bank	\$10,000	\$1,012,710
Accounts receivable	-	14,040
Prepaid expenses	1,500	1,500
Total Current Assets	\$11,500	\$1,028,250
<u>Fixed Assets</u>		
Capital Expenditures	\$346,000	\$660,000
Store Furniture	\$150,000	\$150,000
Total Fixed Assets	\$496,000	\$810,000
TOTAL Assets	\$507,500	\$1,838,250
Liabilities and Equity		
<u>Current Liabilities</u>		
Accounts Payable	\$0	\$40,140
<u>Long-term Debt</u>		
Bank loans payable	\$0	\$1,000,000
Total Liabilities	\$0	\$1,040,140
<u>Owners' Equity</u>		
Retained earnings - beginning	\$507,500	\$507,500
Retained earnings - current	-	\$290,610
Total Owners' Equity		\$798,110
Total Liabilities & Equity	\$507,500	\$1,838,250

VI- Breakeven Analysis

Breakeven Analysis			
Sam's Kids Wear, Inc			
Cost Description	Fixed Costs (\$)	Variable (%)	Costs
Variable Costs			
Personnel		10.00%	
Consulting services		3.00%	
Fixed Costs			
Retail store development	\$346,000		
In-store Staff	\$290,000		
Capital Expenditures	\$150,000		
Consulting Services	\$90,000		
Promotion	\$5,000		
Taxes	\$32,290		
Total Fixed Costs	\$913,290		
Total Variable Costs		13%	
Breakeven Sales level =	1049759		

Appendix

NOTE: All statistical data for sales and for population demographics were taken from official websites of US census and economic census.

www.census.gov

<http://www.census.gov/econ/census02/data/industry/E448.HTM>