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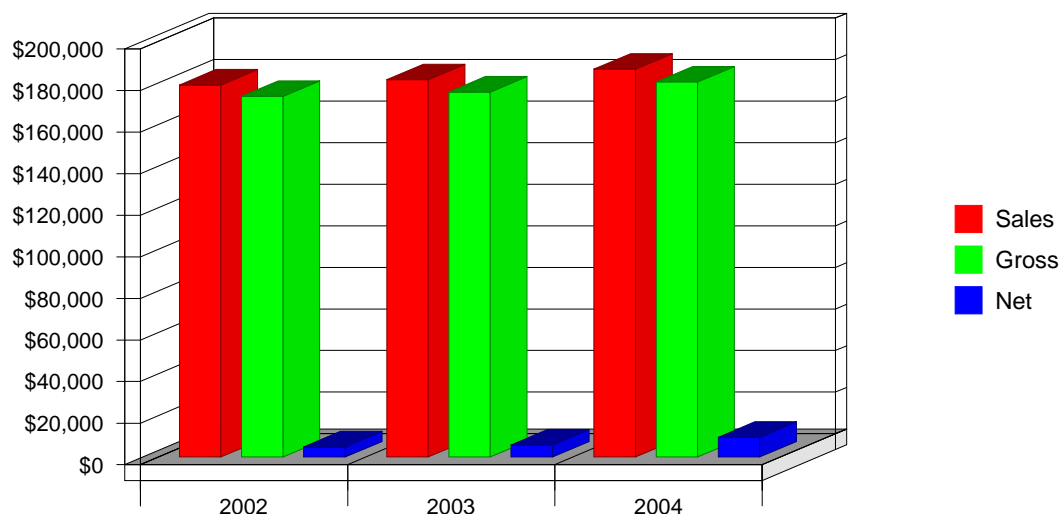
Mother's House Cleaning Service

1.0 Executive Summary

Mother's House Cleaning Service (MHCS) is a residential house cleaning service serving upper-class families in Cleanly, WA. Through generous human capital investments, MHCS will exceed our customer's expectations. We will be servicing the wealthy single-income households and affluent two-income households. These targeted families will be willing to pay a premium for our service because of the high level of professionalism and trustworthiness that we offer, not replicated by any of our competition.

Mother's House Cleaning Service's projected growth rate is on average over 100% per year with profit margins as a percentage of sales between 16%-18%. MHCS will be a home-based business with Sarah Tookleen as the sole proprietor. By the end of year one, MHCS will have six additional employees.

Highlights (Planned)



1.1 Objectives

Mother's House Cleaning Service's objectives for the first three years of operation include:

- To create a service based company whose #1 goal is exceeding customer's expectations.
- To increase our number of clients served by 20% per year through superior service.
- To develop a sustainable home-based business, living off its own cash flow.
- The utilization of Mother's House Cleaning Service on a regular basis by at least 30% of the leads that contact us for more information.

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1.2 Mission

Mother's House Cleaning Service's mission is to provide the customer with all residential cleaning services in an environmentally sound, completely trustworthy, and professional manner. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers.

2.0 Company Summary

Mother's House Cleaning Service (MHCS), soon to be located in Cleanly, WA, will offer residential home cleaning services. MHCS will offer a wide range of services to the residential client, from general room cleaning to child/pet disasters. We will be going after the upper end of the market, typically the affluent whose spouse does not have a full-time job but chooses to do other things with his/her time, or the two income family who chooses not to clean the home themselves.

The business will be based out of Sarah Tookleen's home. Sarah will be responsible for scheduling, estimates, training, inventory, ordering, payroll and customer care management. The business organizational type will be a sole proprietorship, with six employees within the first 12 months.

According to sales forecasts, net profits within four months will be 13% of sales and will grow to 15% by year three.

2.1 Company Ownership

Mother's House Cleaning Service will be a sole proprietorship, owned by Sarah Tookleen.

2.2 Start-up Summary

Mother's House Cleaning Service's start-up costs include equipment needed for a home-based business (to be detailed below), initial legal fees, marketing fees, cleaning equipment and supplies, uniforms, and signs for employee vehicles.

The home office equipment includes a computer system (with the following minimum specifications: 500 mhz processor, 64 megabytes RAM, 6 gigabyte hard drive, printer, and CD-RW). Also required for the office is an additional land phone line, fax machine, pager, and cellular phone. A few pieces of furniture will also be needed.

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The legal fees are used for the formation of the business as well as reviewing/generating employee and client contracts.

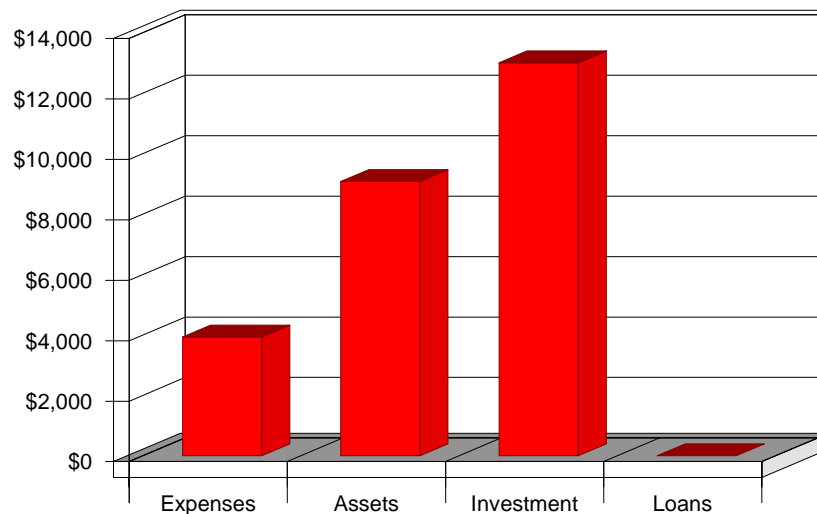
Marketing fees are for the production of business cards and brochures.

Cleaning equipment must also be purchased with one set of equipment per employee. The major per employee expense is a commercial vacuum cleaner (consumer models will not withstand continuous use) and assorted brooms, mops, and chemicals (biodegradable).

Uniforms will be used to give off a professional image.

Lastly, we will have a few magnetic company signs made to turn the employee car into the appearance of a company car.

Start-up



Mother's House Cleaning Service

Table: Start-up

Start-up	
<hr/>	
Requirements	
<hr/>	
Start-up Expenses	
Legal	\$300
Stationery etc.	\$50
Brochures	\$200
Insurance	\$500
Uniforms	\$100
Cleaning Equipment	\$800
Office Furniture	\$100
Communication Equipment	\$100
Computer Equipment	\$1,500
Magnetic Car Signs	\$75
Cleaning Supplies	\$200
Other	\$0
Total Start-up Expense	\$3,925
<hr/>	
Start-up Assets Needed	
Cash Balance on Starting Date	\$9,075
Start-up Inventory	\$0
Other Short-term Assets	\$0
Total Short-term Assets	\$9,075
<hr/>	
Long-term Assets	\$0
Total Assets	\$9,075
Total Requirements	\$13,000
<hr/>	
Funding	
<hr/>	
Investment	
Investor 1	\$13,000
Investor 2	\$0
Other	\$0
Total Investment	\$13,000
<hr/>	
Short-term Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Short-term Liabilities	\$0
Subtotal Short-term Liabilities	\$0
<hr/>	
Long-term Liabilities	\$0
Total Liabilities	\$0
<hr/>	
Loss at Start-up	(\$3,925)
Total Capital	\$9,075
Total Capital and Liabilities	\$9,075

3.0 Services

Mother's House Cleaning Service will provide a residential house cleaning service for the upper end of the market. We will have two target customers:

1. The affluent who has a spouse who does not work, but is not inclined to do housework. To many a maid/house cleaner is a symbol of wealth, and this idea symbolizes this group of customers.
2. The two-income households whose opportunity costs are too great to spend time cleaning the house.

Mother's House Cleaning Service

MHCS offers house cleaning to these targeted customers. House cleaning ranges from cleaning of standard rooms such as kitchen, bathrooms, bedrooms, as well as more unusual jobs like small disasters from children and pets.

4.0 Market Analysis Summary

Mother's House Cleaning Service will target the upper end of the house cleaning market. It would appear, at least if you opened the yellow pages, that there is not a need for another house cleaning service. Make no mistake however, there is a need for a quality, honest service. MHCS is offering a high quality, totally trustworthy service for high income households. Our service will ooze professionalism. We are perfectionists and this will be clear by our service.

Cleanly, WA currently has quite a range of different residential house cleaning services, from independent companies to franchise services. No one else is specifically targeting the wealthy. We will be targeting two wealthy populations:

1. Wealthy one-income households.
2. Affluent two-income households.

Both of these targeted groups appreciate a professional, reliable, trustworthy, cleaning service and are willing to pay a premium to get this top shelf level of service. We will be marketing our service to these people through word of mouth referrals as well as through membership lists from Cleanly's exclusive membership clubs.

Cleanly, WA, like most cities, has lots of cleaning services. Although there are lots of competitors, we are the only company to go after the upper socio/economic class exclusively. Demand for a upper-end cleaning service will allow us to have steady growth.

4.1 Market Segmentation

Mother's House Cleaning Service will be focusing on two upper socio/economic groups. The first is the affluent where only one spouse works. Although the other spouse is at home and has time to clean, he/she chooses not to. This spouse would rather volunteer for a public interest organization, play tennis and golf, or just spend time how he/she chooses to. They have no desire to clean the house. To them that is not enjoyable and they have the money to pay someone to do that kind of work. This market has annual incomes over \$200,000 and live in expensive houses. While Cleanly, WA only has 650 families that fall into this category, this group reliably uses cleaning services.

Our second segment of the market that we are targeting is the two income family. Over the last couple of decades, the number of two-income households have increased, to a point where in parts of the country they exceed one income families. Our target customer is two income families whose combined annual

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income is over \$125,000. These families don't really have the time to clean, can afford a cleaning service, and choose to hire a service because the opportunity costs are too high to waste time cleaning their house. These households are typically age 32-55 and live in houses valued over \$250,000. Cleanly has approximately 10,000 families that fall into this demographic. It is this segment which has tremendous potential for us. Nearly 80% of dual income households use an outside cleaning service for some of their house cleaning according to the U.S. Department of Commerce.

Additionally, there are some potential customers that MHCS has labeled as assorted "well-off" households. These are families that have the money for our services that do not fit neatly into the two previous categories.

Market Analysis (Pie)

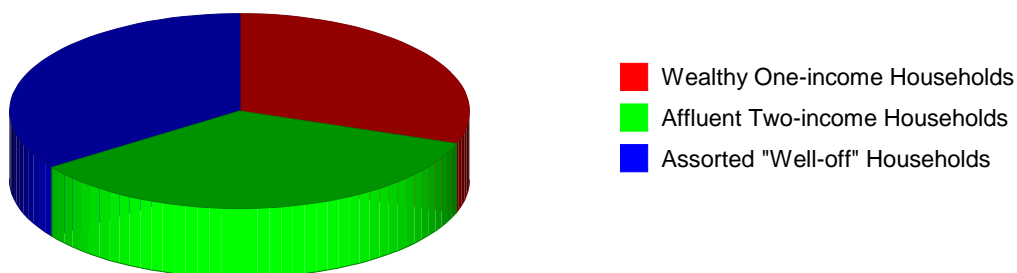


Table: Market Analysis

Market Analysis							
Potential Customers	Growth	2002	2003	2004	2005	2006	CAGR
Wealthy One-income Households	11%	7	8	9	10	11	11.96%
Affluent Two-income Households	13%	8	9	10	11	12	10.67%
Assorted "Well-off" Households	6%	8	8	8	8	8	0.00%
Total	7.75%	23	25	27	29	31	7.75%

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4.2 Target Market Segment Strategy

MHCS is focusing on these people because they appreciate a professional, reliable, trustworthy, and immaculate house cleaning service, and are more than willing to pay for this. While Cleanly, WA has several different cleaning services, we are the only one that targets the affluent exclusively. The wealthy are consistent customers. Whether they have a house cleaning service does not depend on the finances each month. These groups always have the money for our services, just as they always need/desire a clean house.

The affluent desire quality and are willing to pay a premium for a service that that they can trust 100%, that extrudes professionalism, and basically allows them to forget that they have to deal with whatever it takes to get a clean house. We do all of this in a seamless, customer centric manner.

We will market our company through a two-pronged approach. One prong is the distribution of a color brochure detailing our services. The distribution of this document will be targeted to hit our chosen segment. This will be done by setting up strategic relationships with organizations or clubs whose members fits our targeted customer profile. Examples of this would be higher-end athletic clubs, country clubs, wine connoisseur clubs, etc. We will gain access to these clubs membership through deals where the club owners will receive our services for themselves to test the quality so they then feel comfortable with helping us by being a "cheerleader" for our service.

The second prong of our approach will be through word of mouth referrals. We will offer an economic incentive (such as a free visit) to our customers if they bring in new business for us. We believe this will be effective because the financial incentive will motivate their behavior, and people naturally like to share good things with their friends.

4.3 Competition and Buying Patterns

Although there are lots of competitors in the cleaning service space, there is good reason for this competition, demand is high. Plenty of maid/janitorial services have waiting lists, they are unable to meet demand. Additionally, many of the maid and janitorial services are "mom and pop" operations without enough employees. Cleaning service customers want quality, and not everyone in the cleaning service space offers quality. How often when you ask one of your friends for a referral do they tell you they have been using a bunch of different companies and they have yet to find one that they are truly happy with.

The residential house cleaning niche is a subset of the larger cleaning business. Within the cleaning business, there are both residential as well as commercial cleaners. The commercial cleaners are typically a janitorial service that offers a wide range of services from general office cleaning, to carpet cleaning, to window cleaning. Janitorial services are a one-stop service offering for commercial

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businesses. There are also residential cleaning services. The residential house cleaning market is serviced predominately by independent companies. There are however, a few large franchises. Residential services are divided into a couple of different categories, maid or house cleaners, carpet cleaners, window cleaners, and a variety of other services that are required on a less frequent basis. They are far more restricted in their range of offered services relative to the commercial janitorial services.

We charge a premium for our services, and people are willing to pay to get our unsurpassed level of professionalism, trustworthiness, and attention to detail. We provide the most pleasant experience possible.

5.0 Strategy and Implementation Summary

Mother's House Cleaning Service will be courting the high income families in Cleanly, WA. We will be attractive to these customers because of our commitment to professional, trustworthy service. We will achieve this high level of service through extensive training and a continuous learning process. MHCS will be qualifying leads over the phone with estimates and more importantly, with in-house meetings. This sales strategy should yield a steady increase in jobs starting from month two.

5.1 Competitive Edge

Our competitive advantage will be based on our large investment in human capital. MHCS begins with a rigorous training program for new employees. At the outset, employees will be trained on how to clean. Granted everyone has some idea on how to clean, but we will show them a methodical way producing a far cleaner home more efficiently. We will then be training employees to work effectively on teams. While there are some households that prefer individual cleaners instead of a team, a request that we are more than happy to oblige, we generally work in teams as they are more efficient. Working efficiently on a team takes training, and through this team training, we are able to make significant gains in efficiency.

The next topic of training involves professionalism. We provide our employees the tools necessary to impress our most affluent clients. Professionalism is a skill that is used throughout the service call, from the way the employee greets and interacts with the client, to the way they clean, to the way they act when they break that priceless vase (which in the inevitable case that we do break something, we have specific guidelines for the employee to follow to resolve the conflict).

We finally train our employees to know what the expectations of our clients are. We will provide them the tools needed to exceed these expectations.

This extensive training, both up front, as well as continuously (called our

Mother's House Cleaning Service

continuous learning system) builds a trust relationship between our company and the client. It is the bond of trust that will not only earn MHCS the loyalty of that customer but also the referral of several more of their friends. Satisfied customers like to tell their friends about service providers that they are happy with, people like to "spread the wealth" with their friends.

Lastly we will emphasize our use of environmentally sound chemicals. Other companies also use environmentally sound chemicals so this is not a huge differentiation, but it is something that we are proud of, and will be mentioned.

We will also be creating the appearance of professionalism through the use of uniforms and large magnetic sign affixed to the side of the vehicles we use.

5.2 Sales Strategy

The sales process will begin through the qualification of leads generated from our marketing campaign. The marketing campaign will primarily generate leads through interest sparked from our brochures. Someone will call to receive more information about our service, while we will be able to give them an estimate over the phone, we would prefer to be able to get into their home and speak with them. On one hand we would be able to offer them a more accurate estimate. More importantly however, it provides us an opportunity to impress them with our company. We feel confident that since we are dealing with the affluent, who for many services are less price sensitive, are more likely to be impressed with our professionalism, "feel" an immediate trust bond forming, and sign up for the service.

For those clients whom we are only able to speak with over the phone, we will initially quote them a price. Because they are less price sensitive than the general population, we will then detail why our service is priced a bit higher than most. Mother's House Cleaning Service will explain all of the different training systems and methodologies that each employee goes through, and what expectations are reasonable for the customer to form about our superior service. This conversation will leave the prospective customer the impression that MHCS is indeed different from the run of the mill residential cleaning services and that the price differential is justified.

Lastly, we will be qualifying the leads by explaining up front that our service is more expensive. This is not a fact that we are trying to hide. We are setting up an expectation for the customer that they can indeed expect more with our service. This "angle" is based on the assumption that many people are not thrilled with their current cleaning service. Sure they clean adequately, but there is not a trust bond formed as if you had the same house cleaner for 20 years who helped raise your children. This is how we will differentiate ourselves and ultimately win over new customers.

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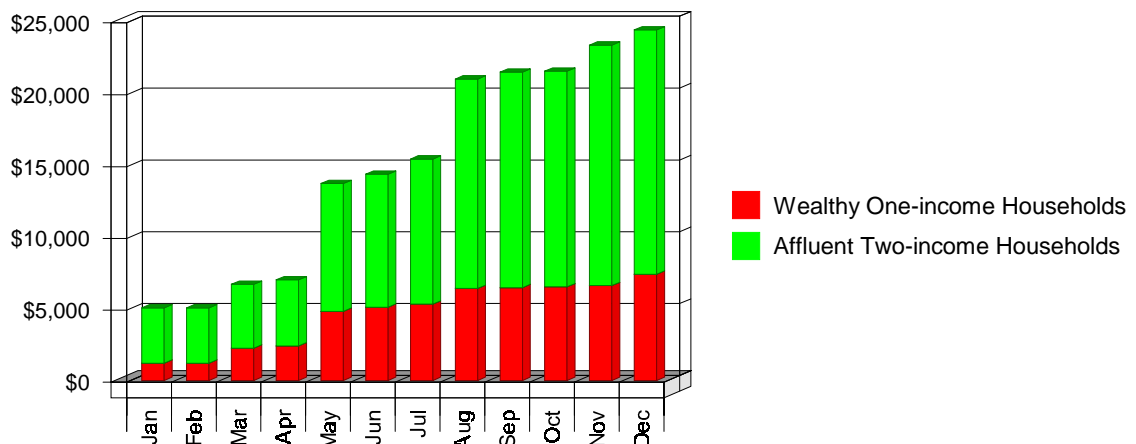
5.2.1 Sales Forecast

The first month will be used to set up the business. It is unlikely much/any business will be officially transacted. In addition to dealing with legal and accounting issues for the business, office equipment will be purchased and set up. Once the physical office is ready we will then develop the employee policy and procedure manual. Then we will develop our training program. This will take a bit of time therefore it is very important it is set up at the outset, ensuring that it is completed and done properly when there are far less time constraints.

The second month will begin to see some activity. We will begin to field inquiries over the phone and expect to turn some of those into contracts. The first week of jobs will be done as a team, with Sarah and one employee. As the number of contracts begin to pick up at the end of the second month an additional person will be hired to form the first employee team. By the end of month four we will have built up enough demand that a new team of two will be trained and begin working. Having two teams of two will be sufficient until month seven when two more people will be brought on. We expect to remain with a six person head count into mid-year two when we expect to bring on one more team.

The sales forecast is based on the assumption that increased demand will occur at a steady pace. This is based on the assumption that a large part for our new clients after month two will be from word of mouth referrals. The logic is that we will incrementally gain customers as we continue to serve current customers. We will need a couple of visits before we can turn a new client into a referral service. All this will happen steadily and incrementally. This forecast is on the conservative side, it is possible that because we are superior to competing services that things really take off, however, it would not be prudent to take that aggressive of a forecast. It is always better to err on the side of caution.

Sales Monthly (Planned)



Mother's House Cleaning Service

Table: Sales Forecast (Planned)

Sales Forecast			
Sales	2002	2003	2004
Wealthy One-income Households	\$55,633	\$56,014	\$57,854
Affluent Two-income Households	\$123,337	\$125,477	\$128,744
Total Sales	\$178,970	\$181,491	\$186,598
Direct Cost of Sales			
	2002	2003	2004
Wealthy One-income Households	\$1,601	\$1,658	\$1,785
Affluent Two-income Households	\$3,907	\$4,245	\$4,365
Subtotal Direct Cost of Sales	\$5,508	\$5,903	\$6,150

5.3 Milestones

Mother's House Cleaning Service will have several milestones early on:

1. Business plan completion. This will be done as a roadmap for the organization. While we do not need a business plan to raise capital, it will be an indispensable tool for the ongoing performance and improvement of the company.
2. Set up the office. This will be done within the first month. This includes setting up the physical office where business will be transacted.
3. Set up the supply room. This will be done in Sarah's garage. It will occur in the first month and will be the place where all of the bulk, environmentally sound, chemicals will be mixed into the proper concentrations.
4. Training program. This will be the development of a training program for the employees. The employees will receive initial sessions of training up-front, but will undergo constant training, part of our constant learning process.
5. Welcoming our sixth employee.

Table: Milestones (Planned)

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan Completion	1/1/10	2/1/01	\$0	Tookleen	Management
Office Set-up	1/1/01	2/1/01	\$0	Tookleen	Management
Set-up Supply Room	1/1/01	2/1/01	\$0	Tookleen	Management
Training Program	1/1/01	2/1/01	\$0	Tookleen	Management
Welcome Sixth Employee	6/1/01	6/1/01	\$0	Everyone	Everyone
Totals			\$0		

6.0 Management Summary

Mother's House Cleaning Service is owned and operated by Sarah Tookleen. It will be formed as a sole proprietorship. There is no compelling need to incorporate. The advantage of incorporation, limited liability, can be offset by good insurance.

Sarah Tookleen, founder and owner, has a degree in History from Alfred University. Sarah spent three of her four years in college working for a Sanitation Management cleaning service. Sanitation Management was both a residential and

Mother's House Cleaning Service

commercial cleaning service. Sarah worked on a cleaning crew with two other individuals. By the end of Sarah's third year she was promoted to crew manager and was responsible for coordinating the jobs for that crew, as well as all customer interactions. After college, Sarah moved from New York to Seattle where she was employed as a Manager of Immaculate Cleanception, a residential house cleaning service. Sarah managed the 23 person organization for two years. Her responsibilities included all facets of management including, hiring, training, customer service, inventory control, and purchasing. It was her experience at Immaculate Cleanception that provided Sarah with the skills and confidence to open up her own company. She decided to move Cleanly, an upscale suburb of Seattle with her husband and start her own company.

6.1 Personnel Plan

The staff will consist of Sarah working full time for MHCS. Initially Sarah will be working in both the office as well as on jobs, by the end of month two she will be working only in the office and will have hired an additional employee. Month five will see an additional two people hired, and month six will see two more hired for a total of six employees.

We will be paying our employees \$12 an hour, quite a bit more than minimum wage. This is calculated to attract a much higher caliber employee that is not looking for temporary employment, but a stable job environment. This is compounded by the fact that in order to make our training cost effective for us, we need this person to be a part of the company for an extended period of time, not just a few months until a better job comes along. In addition to paying an above market wage, we will be offering extensive training. This personal development will be another attraction for the high caliber employee. The need for the higher class employee is necessitated because of the upper end clients that we serve. In order to exceed the customer's expectations of our services, we need to have the right employee that has been properly trained and feels a sense of empowerment on the job.

Sarah will be paid a salary of \$2,000 a month. The rest of the profits will remain within the business.

Table: Personnel (Planned)

Personnel Plan	2002	2003	2004
Payroll	\$144,776	\$146,547	\$147,889

Mother's House Cleaning Service

7.0 Financial Plan

The following subtopics will provide more financial information.

7.1 Important Assumptions

See following table for MHCS' general assumptions.

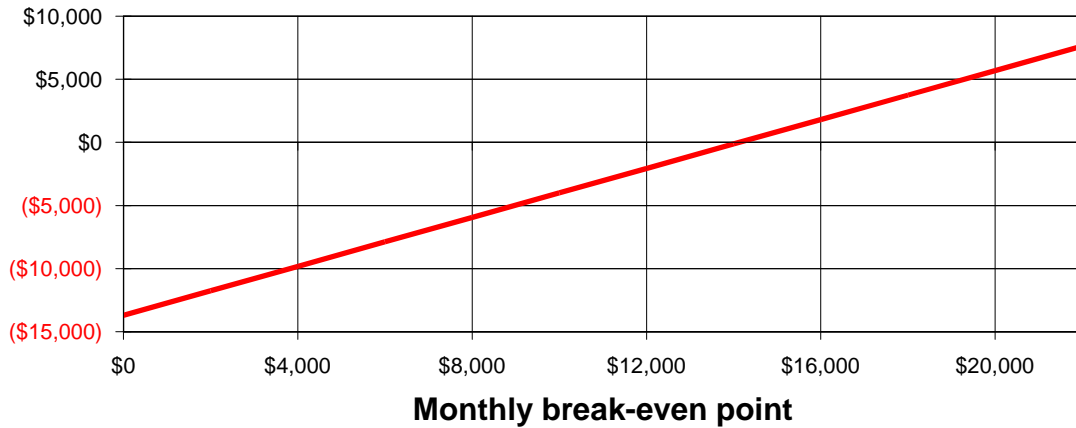
Table: General Assumptions

General Assumptions	2002	2003	2004
Short-term Interest Rate %	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%
Tax Rate %	14.58%	25.00%	14.58%
Expenses in Cash %	10.00%	10.00%	10.00%
Personnel Burden %	15.00%	15.00%	15.00%

7.2 Break-even Analysis

The break-even analysis is based on the figure of \$25.00 for the average billing unit. The calculations are based on a \$1.00 unit of revenue and costs a percentage of \$1.00.

Break-even Analysis



Break-even point = where line intersects with 0

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Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	14,136
Monthly Sales Break-even	\$14,136
Assumptions:	
Average Per-Unit Revenue	\$1.00
Average Per-Unit Variable Cost	\$0.03
Estimated Monthly Fixed Cost	\$13,701

7.3 Projected Profit and Loss

The following table will indicate projected profit and loss.

Table: Profit and Loss (Planned)

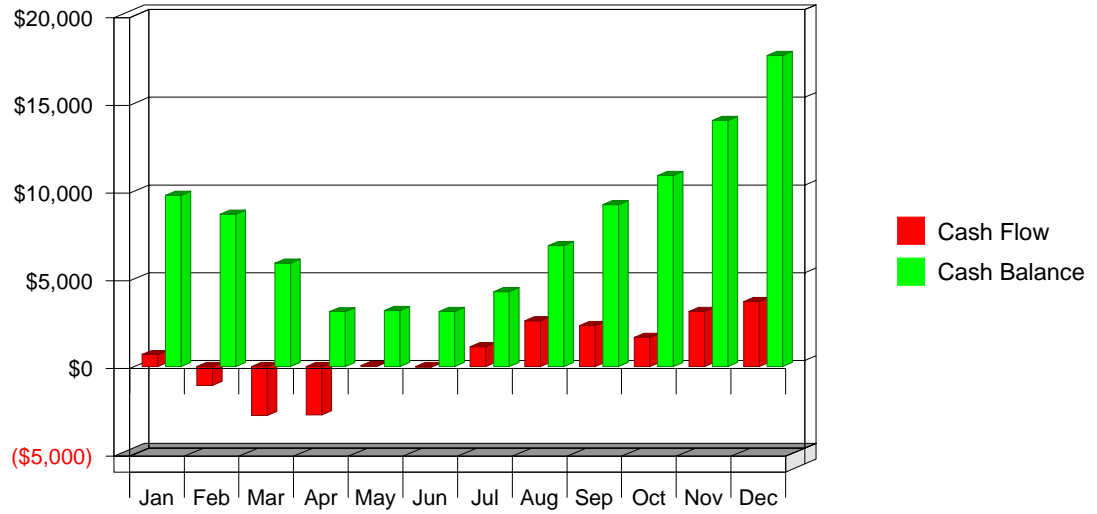
Pro Forma Profit and Loss	2002	2003	2004
Sales	\$178,970	\$181,491	\$186,598
Direct Cost of Sales	\$5,508	\$5,903	\$6,150
Other	\$0	\$0	\$0
Total Cost of Sales	\$5,508	\$5,903	\$6,150
Gross Margin	\$173,462	\$175,588	\$180,448
Gross Margin %	96.92%	96.75%	96.70%
Operating Expenses:			
Chemicals/Supplies	\$1,665	\$1,920	\$1,920
Gas/Mileage Reimbursement	\$4,048	\$4,048	\$4,048
Payroll Expense	\$144,776	\$146,547	\$147,889
Payroll Burden	\$0	\$0	\$0
Depreciation	\$960	\$960	\$960
Additional Payroll Burden	\$9,058	\$10,841	\$10,942
Leased Equipment	\$0	\$0	\$0
Utilities	\$1,200	\$1,200	\$1,200
Insurance	\$2,400	\$2,400	\$2,400
Rent	\$0	\$0	\$0
Contract/Consultants	\$300	\$0	\$0
Total Operating Expenses	\$164,407	\$167,916	\$169,359
Profit Before Interest and Taxes	\$9,055	\$7,672	\$11,089
Interest Expense Short-term	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0
Taxes Incurred	\$4,217	\$1,918	\$1,617
Extraordinary Items	\$0	\$0	\$0
Net Profit	\$4,837	\$5,754	\$9,472
Net Profit/Sales	2.70%	3.17%	5.08%

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7.4 Projected Cash Flow

The following table will indicate projected cash flow.

Cash (Planned)



Mother's House Cleaning Service

Table: Cash Flow (Planned)

Pro Forma Cash Flow	2002	2003	2004
Cash Received			
Cash from Operations:			
Cash Sales	\$178,970	\$181,491	\$186,598
From Receivables	\$0	\$0	\$0
Subtotal Cash from Operations	\$178,970	\$181,491	\$186,598
Additional Cash Received			
Extraordinary Items	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of other Short-term Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
Capital Input	\$0	\$0	\$0
Subtotal Cash Received	\$178,970	\$181,491	\$186,598
Expenditures			
Expenditures from Operations:			
Cash Spent on Costs and Expenses	\$2,910	\$2,828	\$2,831
Wages, Salaries, Payroll Taxes, etc.	\$144,776	\$146,547	\$147,889
Payment of Accounts Payable	\$22,636	\$25,552	\$25,474
Subtotal Spent on Operations	\$170,322	\$174,927	\$176,194
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Short-term Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0
Subtotal Cash Spent	\$170,322	\$174,927	\$176,194
Net Cash Flow	\$8,648	\$6,564	\$10,404
Cash Balance	\$17,723	\$24,288	\$34,692

Mother's House Cleaning Service

7.5 Projected Balance Sheet

The following table will indicate the projected balance sheet.

Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets	2002	2003	2004
Short-term Assets			
Cash	\$17,723	\$24,288	\$34,692
Inventory	\$699	\$749	\$780
Other Short-term Assets	\$0	\$0	\$0
Total Short-term Assets	\$18,422	\$25,037	\$35,472
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$960	\$1,920	\$2,880
Total Long-term Assets	(\$960)	(\$1,920)	(\$2,880)
Total Assets	\$17,462	\$23,117	\$32,592
Liabilities and Capital			
	2002	2003	2004
Accounts Payable	\$3,550	\$3,451	\$3,454
Current Borrowing	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$3,550	\$3,451	\$3,454
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$3,550	\$3,451	\$3,454
Paid-in Capital	\$13,000	\$13,000	\$13,000
Retained Earnings	(\$3,925)	\$912	\$6,666
Earnings	\$4,837	\$5,754	\$9,472
Total Capital	\$13,912	\$19,666	\$29,139
Total Liabilities and Capital	\$17,462	\$23,117	\$32,592
Net Worth	\$13,912	\$19,666	\$29,139

7.6 Business Ratios

The following table contains important business ratios from the building maintenance services industry, as determined by the Standard Industry Classification (SIC) Index code 7349.

Mother's House Cleaning Service

Table: Ratios (Planned)

Ratio Analysis	2002	2003	2004	Industry Profile
Sales Growth	0.00%	1.41%	2.81%	7.30%
Percent of Total Assets				
Accounts Receivable	0.00%	0.00%	0.00%	24.70%
Inventory	4.00%	3.24%	2.39%	3.80%
Other Short-term Assets	0.00%	0.00%	0.00%	44.90%
Total Short-term Assets	105.50%	108.31%	108.84%	73.40%
Long-term Assets	-5.50%	-8.31%	-8.84%	26.60%
Total Assets	100.00%	100.00%	100.00%	100.00%
Other Short-term Liabilities	0.00%	0.00%	0.00%	44.40%
Subtotal Short-term Liabilities	20.33%	14.93%	10.60%	33.60%
Long-term Liabilities	0.00%	0.00%	0.00%	16.40%
Total Liabilities	20.33%	14.93%	10.60%	60.80%
Net Worth	79.67%	85.07%	89.40%	39.20%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	96.92%	96.75%	96.70%	0.00%
Selling, General & Administrative Expenses	94.22%	93.58%	91.63%	81.70%
Advertising Expenses	0.93%	1.06%	1.03%	1.30%
Profit Before Interest and Taxes	5.06%	4.23%	5.94%	2.00%
Main Ratios				
Current	5.19	7.26	10.27	1.67
Quick	4.99	7.04	10.04	1.33
Total Debt to Total Assets	20.33%	14.93%	10.60%	60.80%
Pre-tax Return on Net Worth	65.08%	39.01%	38.06%	3.50%
Pre-tax Return on Assets	51.85%	33.19%	34.02%	9.00%
Business Vitality Profile				
Sales per Employee	\$178,970	\$181,491	\$186,598	\$0
Survival Rate				0.00%
Additional Ratios				
Net Profit Margin	2.70%	3.17%	5.08%	n.a
Return on Equity	34.77%	29.26%	32.51%	n.a
Activity Ratios				
Accounts Receivable Turnover	0.00	0.00	0.00	n.a
Collection Days	0	0	0	n.a
Inventory Turnover	15.76	8.15	8.04	n.a
Accounts Payable Turnover	7.38	7.38	7.38	n.a
Total Asset Turnover	10.25	7.85	5.73	n.a
Debt Ratios				
Debt to Net Worth	0.26	0.18	0.12	n.a
Short-term Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$14,872	\$21,586	\$32,019	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.10	0.13	0.17	n.a
Current Debt/Total Assets	20%	15%	11%	n.a
Acid Test	4.99	7.04	10.04	n.a
Sales/Net Worth	12.86	9.23	6.40	n.a
Dividend Payout	\$0	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast (Planned)

Sales Forecast												
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wealthy One-income Households	\$1,200	\$1,200	\$2,245	\$2,400	\$4,808	\$5,100	\$5,312	\$6,400	\$6,454	\$6,514	\$6,600	\$7,400
Affluent Two-income Households	\$3,850	\$3,850	\$4,445	\$4,600	\$8,897	\$9,258	\$10,100	\$14,580	\$15,000	\$15,011	\$16,741	\$17,005
Total Sales	\$5,050	\$5,050	\$6,690	\$7,000	\$13,705	\$14,358	\$15,412	\$20,980	\$21,454	\$21,525	\$23,341	\$24,405
Direct Cost of Sales												
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wealthy One-income Households	\$60	\$60	\$65	\$68	\$132	\$145	\$154	\$165	\$174	\$181	\$187	\$210
Affluent Two-income Households	\$151	\$151	\$160	\$165	\$354	\$365	\$371	\$387	\$412	\$445	\$457	\$489
Subtotal Direct Cost of Sales	\$211	\$211	\$225	\$233	\$486	\$510	\$525	\$552	\$586	\$626	\$644	\$699

Appendix

Appendix Table: Personnel (Planned)

Personnel Plan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Payroll	\$4,250	\$5,185	\$8,200	\$8,254	\$12,029	\$12,111	\$12,115	\$15,874	\$16,001	\$16,654	\$17,001	\$17,102

Appendix

Appendix Table: General Assumptions

General Assumptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate %	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Personnel Burden %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

Appendix

Appendix Table: Profit and Loss (Planned)

Pro Forma Profit and Loss	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$5,050	\$5,050	\$6,690	\$7,000	\$13,705	\$14,358	\$15,412	\$20,980	\$21,454	\$21,525	\$23,341	\$24,405
Direct Cost of Sales	\$211	\$211	\$225	\$233	\$486	\$510	\$525	\$552	\$586	\$626	\$644	\$699
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$211	\$211	\$225	\$233	\$486	\$510	\$525	\$552	\$586	\$626	\$644	\$699
Gross Margin	\$4,839	\$4,839	\$6,465	\$6,767	\$13,219	\$13,848	\$14,887	\$20,428	\$20,868	\$20,899	\$22,697	\$23,706
Gross Margin %	95.82%	95.82%	96.64%	96.67%	96.45%	96.45%	96.59%	97.37%	97.27%	97.09%	97.24%	97.14%
Operating Expenses:												
Chemicals/Supplies	\$0	\$135	\$135	\$135	\$155	\$155	\$155	\$155	\$160	\$160	\$160	\$160
Gas/Mileage Reimbursement	\$0	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368	\$368
Payroll Expense	\$4,250	\$5,185	\$8,200	\$8,254	\$12,029	\$12,111	\$12,115	\$15,874	\$16,001	\$16,654	\$17,001	\$17,102
Payroll Burden	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
Additional Payroll Burden	\$169	\$239	\$465	\$469	\$752	\$758	\$759	\$1,041	\$1,050	\$1,099	\$1,125	\$1,133
Leased Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract/Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300
Total Operating Expenses	\$4,799	\$6,307	\$9,548	\$9,606	\$13,684	\$13,772	\$13,777	\$17,818	\$17,959	\$18,661	\$19,034	\$19,443
Profit Before Interest and Taxes	\$40	(\$1,468)	(\$3,083)	(\$2,839)	(\$465)	\$76	\$1,110	\$2,610	\$2,909	\$2,238	\$3,663	\$4,263
Interest Expense Short-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$19	\$278	\$653	\$727	\$559	\$916	\$1,066
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	\$40	(\$1,468)	(\$3,083)	(\$2,839)	(\$465)	\$57	\$833	\$1,958	\$2,182	\$1,678	\$2,747	\$3,198
Net Profit/Sales	0.80%	-29.07%	-46.08%	-40.56%	-3.39%	0.40%	5.40%	9.33%	10.17%	7.80%	11.77%	13.10%

Appendix

Appendix Table: Cash Flow (Planned)

Pro Forma Cash Flow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received												
Cash from Operations:												
Cash Sales	\$5,050	\$5,050	\$6,690	\$7,000	\$13,705	\$14,358	\$15,412	\$20,980	\$21,454	\$21,525	\$23,341	\$24,405
From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash from Operations	\$5,050	\$5,050	\$6,690	\$7,000	\$13,705	\$14,358	\$15,412	\$20,980	\$21,454	\$21,525	\$23,341	\$24,405
Additional Cash Received												
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of other Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Input	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$5,050	\$5,050	\$6,690	\$7,000	\$13,705	\$14,358	\$15,412	\$20,980	\$21,454	\$21,525	\$23,341	\$24,405
Expenditures												
Expenditures from Operations:												
Cash Spent on Costs and Expenses	\$89	\$125	\$151	\$151	\$231	\$213	\$240	\$310	\$323	\$315	\$353	\$408
Wages, Salaries, Payroll Taxes, etc.	\$4,250	\$5,185	\$8,200	\$8,254	\$12,029	\$12,111	\$12,115	\$15,874	\$16,001	\$16,654	\$17,001	\$17,102
Payment of Accounts Payable	\$27	\$813	\$1,135	\$1,356	\$1,386	\$2,077	\$1,929	\$2,180	\$2,790	\$2,901	\$2,849	\$3,194
Subtotal Spent on Operations	\$4,366	\$6,123	\$9,486	\$9,762	\$13,646	\$14,402	\$14,284	\$18,364	\$19,113	\$19,870	\$20,203	\$20,704
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$4,366	\$6,123	\$9,486	\$9,762	\$13,646	\$14,402	\$14,284	\$18,364	\$19,113	\$19,870	\$20,203	\$20,704
Net Cash Flow	\$684	(\$1,073)	(\$2,796)	(\$2,762)	\$59	(\$44)	\$1,128	\$2,616	\$2,341	\$1,655	\$3,138	\$3,701
Cash Balance	\$9,759	\$8,686	\$5,890	\$3,129	\$3,187	\$3,144	\$4,272	\$6,888	\$9,229	\$10,884	\$14,023	\$17,723

Appendix

Appendix Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Assets													
Cash	\$9,075	\$9,759	\$8,686	\$5,890	\$3,129	\$3,187	\$3,144	\$4,272	\$6,888	\$9,229	\$10,884	\$14,023	\$17,723
Inventory	\$0	\$211	\$211	\$225	\$233	\$486	\$510	\$525	\$552	\$586	\$626	\$644	\$699
Other Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Short-term Assets	\$9,075	\$9,970	\$8,897	\$6,115	\$3,362	\$3,673	\$3,654	\$4,797	\$7,440	\$9,815	\$11,510	\$14,667	\$18,422
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$80	\$160	\$240	\$320	\$400	\$480	\$560	\$640	\$720	\$800	\$880	\$960
Total Long-term Assets	\$0	(\$80)	(\$160)	(\$240)	(\$320)	(\$400)	(\$480)	(\$560)	(\$640)	(\$720)	(\$800)	(\$880)	(\$960)
Total Assets	\$9,075	\$9,890	\$8,737	\$5,875	\$3,042	\$3,273	\$3,174	\$4,237	\$6,800	\$9,095	\$10,710	\$13,787	\$17,462
Liabilities and Capital													
Accounts Payable	\$0	\$775	\$1,090	\$1,311	\$1,316	\$2,013	\$1,857	\$2,087	\$2,693	\$2,806	\$2,743	\$3,072	\$3,550
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$0	\$775	\$1,090	\$1,311	\$1,316	\$2,013	\$1,857	\$2,087	\$2,693	\$2,806	\$2,743	\$3,072	\$3,550
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$775	\$1,090	\$1,311	\$1,316	\$2,013	\$1,857	\$2,087	\$2,693	\$2,806	\$2,743	\$3,072	\$3,550
Paid-in Capital	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Retained Earnings	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)	(\$3,925)
Earnings	\$0	\$40	(\$1,428)	(\$4,511)	(\$7,350)	(\$7,815)	(\$7,758)	(\$6,925)	(\$4,967)	(\$2,786)	(\$1,107)	\$1,640	\$4,837
Total Capital	\$9,075	\$9,115	\$7,647	\$4,564	\$1,725	\$1,260	\$1,317	\$2,150	\$4,108	\$6,289	\$7,968	\$10,715	\$13,912
Total Liabilities and Capital	\$9,075	\$9,890	\$8,737	\$5,875	\$3,042	\$3,273	\$3,174	\$4,237	\$6,800	\$9,095	\$10,710	\$13,787	\$17,462
Net Worth	\$9,075	\$9,115	\$7,647	\$4,564	\$1,725	\$1,260	\$1,317	\$2,150	\$4,108	\$6,289	\$7,968	\$10,715	\$13,912