

BUSINESS PLAN
ECOMMERCE
FULFILLMENT
SERVICES





Confidentiality Agreement

The undersigned reader of Company ABC Business Plan hereby acknowledges that the information provided is completely confidential and therefore the reader agrees not to disclose anything found in the business plan without the express written consent of Company ABC.

It is also acknowledged by the reader that the information to be furnished in this business plan is in all aspects confidential in nature, other than information that is in the public domain through other means and that any disclosure or use of the same by the reader may cause serious harm and or damage to Company ABC.

Upon request this business plan document will be immediately returned to Company ABC.

This is a business plan. It does not imply an offer of any securities.

Applicable Law

This contract shall be governed by the laws in the COUNTRY.

Signature

Printed Name



Overview

The exponential growth in e-commerce has led many individuals to start an online business. Making a website or an account on online marketplaces and selling goods is easier than ever. However, there are many challenges that retailers face; one of the major ones being inventory management and fulfilment of orders.

Company ABC is group of system-obsessed entrepreneurs offering full range of fulfilment services to online retailers in X and beyond. From receiving retailer's





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Executive Summary

Company ABC is team of system-obsessed entrepreneurs running lifechanging brands in skincare, food, and tech. Having generated \$XM in revenues, mainly enabled by customer-focused fulfillment solutions, the team now aims to help other entrepreneurs avoid common pitfalls that hinder growth while running an online business. The company operates a warehouse facility at X, Y and offers full range of fulfilment solutions to its client.

Service Summary

Company ABC provides a wide range of services that aid the operational efficiency of its clients. The fulfillment services offered by the company can be divided into four major categories, although all of them are typically packaged into a single set of services that might be altered to some extent, depending on the specific needs of the client.

- Warehouse Management: receiving, labeling, recording, storing and updating client's inventory
- Order Management: printing orders, packing orders, preparing for shipment
- Transport: Arranging courier pickups, trucks or containers, negotiating rates
- Return Management: managing returns of inventory

Market Summary

It is no secret that the e-commerce industry has observed tremendous growth in the recent years. This trend was further accelerated by COVID-19. Consumer behaviors changed in many ways since the COVID-19 pandemic hit. As more people started to stay indoors, online sales saw an unprecedented boost. The global e-



commerce sales totaled around \$X trillion in YYYY and are expected to reach \$X trillion by YYYY, representing compound annual growth rate (CAGR) of X%

With the growth in e-commerce industry, the fulfilment services industry also experiences growth. This is because many brands have been pivoting their business strategies to remain competitive. One of the ways to remain competitive was to outsource order fulfilment to those who did it best: third party logistic services.

The global e-commerce fulfillment services market size was valued at USD X billion in YYYY and is expected to grow at a CAGR of X% from YYYY to YYYY.

Three Year Objectives

Company ABC has identified the following three-year objectives:

- Develop long-term clientele with small as well as large businesses.
- Expand client-base and open warehouses in A, B and C.
- Offer other related services such as business consulting, bookkeeping and e-marketing.

Keys to Success

Company ABC has identified the following keys to success:

- A strong brand image that establishes the company as a group of successful entrepreneurs, keen on helping budding entrepreneurs.
- An experienced and resourceful management team with connections in the third-party logistics industry.
- Long-term partnerships with shipping companies.
- A dedicated and trained warehouse team to ensure orders are fulfilled in a timely manner.
- Access to cutting edge tools, and technology (such as in-house software) to be ahead of competitors.



Financing Summary

Startup Assets	
Cash on Hand	
Office Assets	
Equipment	
Total Startup Assets	
Startup Expenses	
Rent	
Advertising Campaign	
Wages and Payroll	
Transportation	
Total Startup Expenses	
Total Requirements	
Total Startup Expenses	
Total Startup Assets	
Total Requirements	

Startup Liabilities	
Liabilities and Capital	
Current Borrowing	
Long-Term Liabilities	
Accounts Payable	
Other Current Liabilities	
Total Liabilities	
Startup Investments	
Owner's Equity	
Outside Investors	
Total Planned Investment	
Startup Funding	
Total Liabilities	
Total Planned Investment	
Total Funding	



Company ABC

Company ABC specializes in providing end-to-end fulfillment services by leveraging its experience and contacts in the trade and logistics space. The fulfillment services offered by the company can be divided into four major categories, although all of them are typically packaged into a single set of services that might be altered to some extent, depending on the specific needs of the client.

Warehousing Management - Inbound

For small to medium businesses, investing in a designated space to store inventory is costly. Company ABC provides warehousing facilities to its clients, where the inventory can be directly shipped to Company ABC warehouses for storage until it is dispatched to clients on receipt of orders. Company ABC does not only receive inventory, but also ensures its safe handling as well as security.

The received goods are scanned for barcodes and added to the system. Received inventory is then matched with client's record. Depending on the nature of goods, they are placed in shelves, bins or pallets. The inventory stock status is then updated on the fulfillment system, making it easier for the client to make sales and re-stocking plans.

Order Management

Company ABC also provides order management services, which involves printing orders received by the client, picking up respective inventory, securely packing orders in the best-suited material, and making them ready for shipment. This also involves taking into account the delivery date – for example, a same-day or next-day delivery will be prioritized over a regular delivery.

Transport

Company ABC takes it upon itself to negotiate the best rates for dispatching orders. The company ensures outbound of orders within 24 hours by arranging



courier (USPS/ UPS / FEDEX/ DHL) pickup, third-party trucks or container arrangements.

Returns Management

E-commerce sales usually have a higher rate of return and many retailers offer free returns within a specific timeframe. Company ABC also manages return of goods, in accordance with the retailer's return policy, and updates inventory accordingly.



Industry Overview

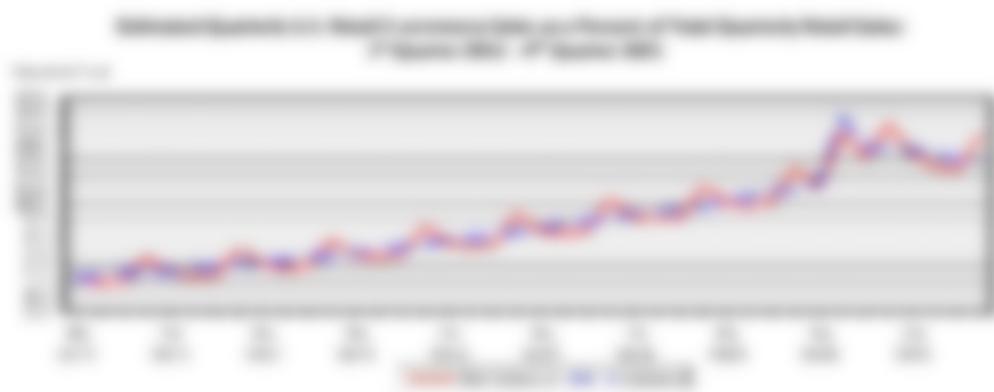
E-commerce sales have been consistently increasing their share in the total sales worldwide. In order to understand the fulfilment services industry, it is important to observe the trends in the e-commerce market as well.

Global Online Sales

Global ecommerce sales were totaled at \$X trillion in XYXY and the figure is expected to be \$X trillion in XYXY. This number is expected to continue growing over the next few years, proving that ecommerce is becoming an increasingly lucrative option for businesses. X% of the total global retail sales were from online purchases. This pie is expected to grow to X% by XYXY. China is world's top e-commerce market, followed by the ABC. Both the countries make up around X percent of total worldwide retail e-commerce sales.

US E-commerce Sales

According to XYZ, the total e-commerce sales for XYXY were estimated at \$X billion, an increase of X percent from XYXY. As seen below, the e-commerce sales as a percentage of total retail sales have been consistently growing over the past decade.





Global E-commerce Fulfilment Services

The global e-commerce fulfillment services market size was valued at USD X billion in YYYY and is expected to grow at a compound annual growth rate (CAGR) of X% from YYYY to YYYY.

The consumer electronics segment is expected to emerge as the fastest-growing segment, registering a CAGR of X% from YYYY to YYYY. The growth is attributed to the burgeoning demand for consumer electronics coupled with the need for careful handling of fragile electronics products. Consumer electronics, such as mobile phones, tablets, and televisions, among others often need special care while packaging. Since the majority of consumer electronics are extremely fragile, they are required to be packed carefully to reduce the risk of damage. In addition, the shipping boxes/cartons should also be appropriately sealed to prevent moisture from getting in and defecting the product.

E-commerce Fulfilment Services in the XYZ

The e-commerce fulfillment services market size in the United States was valued at USD X billion in YYYY and is expected to grow at a compound annual growth rate (CAGR) of X% from YYYY to YYYY.

Market Needs

With the surge in demand for fulfillment services came numerous service providers. However, it is still difficult for online businesses to find the right service provider that can fuel their growth. Some of the features of an ideal fulfillment service provider are:

Understanding of businesses

Fulfillment of orders is not just a logistics-related work; it requires strong understanding of the business environment to provide best-suited services to clients. There is currently a lack of fulfillment services providers who have run



successful businesses themselves and are able to help businesses implement the best fulfilment practices depending on the nature of their business.

Strong network of shipment providers

Having a strong network of shipment companies is of utmost importance in today's times when global supply chain bottlenecks have impeded the growth of numerous businesses. At a time of high shipping costs, delayed schedules and issues with productions, there is a demand for fulfilment service providers that have partnerships with various courier as well as shipping companies to provide the best rates and timely deliveries.

Transparency in Operations

The pricing structure of various fulfillment service providers is either complex (separate charges for software, area of storage, order fulfilment, time of storage, etc.) or contains numerous hidden costs. There is a need for competitive pricing with a simple pricing structure that can easily be comprehended by the client.

Market Trends

With the boom in e-commerce sales worldwide, the market for fulfilment services has also flourished in the recent years. This is because consumers prefer sellers who provide speedy services, such as same-day delivery or next-day delivery, as well as efficient return management. It has become increasingly hard for small online sellers to grow their business while doing in-house fulfilment. Someone who does everything in-house will typically be involved in ordering, storing, marketing, printing orders, packing orders, shipping, managing returns as well as a host of other operational activities. This leaves little room for entrepreneurs to focus on growth of their business. Hence, third party logistics (3PL) service providers have entered the market, providing efficient fulfilment services.



Although there are numerous fulfilment service providers currently active in the market, there are a few that have made a name for themselves. This is because fulfilment services require technical expertise to manage time as well as costs. This involves negotiating the best rates with shipping agents, having a deep understanding of different shipping routes to ensure timely delivery, offering an efficient inventory and order management system to the clients, and eventually adding value to the client's business by taking stress off their head.

As a team of entrepreneurs with years of experience in the trading business, there is a lot of room for Company ABC to create a brand recognition and generate long-term clientele for recurring revenues.

Market Segmentation

The market for fulfilment services can be segmented into two broad categories: B2B online businesses and B2C online businesses. B2B businesses involve wholesale businesses that sell inventory to other businesses. This category of businesses would require larger space, number of orders will be less but the volume of single order would be large. The second category, B2C online businesses, sells products to end consumers. They can do so either through platforms such as Y, Z etc., or through their own platforms such as their website, Facebook or Instagram.

Each category can further be categorized into small, medium and large businesses based on the number of orders processed each month.

Company ABC will start by targeting small and medium enterprises in B2C space. This may involve local businesses selling their products locally or globally, or international businesses selling their products in the US.



Strategy & Implementation Summary

The strategy of Company ABC is to enter the market as an end-to-end fulfilment service provider that can cater to all the operational requirements of its business ranging from inventory storage and management to orders fulfilment. The company will market itself as a team of business experts and serial entrepreneurs who can not only provide unmatched fulfilment services but can also add value to the client's business through its strong network.

The company will start by targeting small to medium online B2C businesses and help the business owners focus on scaling their business by outsourcing order and inventory management to Company ABC. The next step will be to target large businesses as well as wholesale B2B businesses that require third party logistics and fulfilment services.

Company ABC already has a warehouse space that can be utilized to start the business. Further warehouse location can be added as the company grows its client base.

Management Team

Person One Name: **Mark Markson**

Title: **Owner**

Responsibilities: CEO

Background: Mark Markson is a serial entrepreneur who has successfully started and scaled a number of businesses in the past years. He is currently the COO of XYZ USA Inc, an import/export business serving top retail chains throughout the XYZ market. He also serves as the COO of XYZ, a wholesale business based in XYZ.



SWOT Analysis

Strengths

- The company has an experienced management with established reputation in the industry.
- Margins are high due to this being a service-based business.
- The management already has contacts with related service providers in the industry, such as shipment services etc.
- The business has wide customer base, both B2B and B2C businesses - nearly everyone who sells something requires these services.

Weaknesses

- Growing the business into other areas will require investment in physical space.
- The company's online presence (website design, social media) is weak and needs improvement.
- It will be difficult to create a sticky customer base, due to various other options available.

Opportunities

- E-commerce market is expected to continue growing in the upcoming years.
- The business can be expanded into other states.
- There is an opportunity to offer other related services in future, such as marketing, bookkeeping etc.

Threats

- This is competitive industry, and the existence of numerous similar competitors pose a threat to the future of the business.
- Delay in shipments pose a risk of reputational damage to the company.



- A recession may lead to lower consumer spendings, thereby impacting the fulfilment services industry.



Competitive Comparison

There are numerous agencies providing services similar to those of Company ABC. Here is a snapshot of a few competitors either based in CITY or offering services in the CITY.

Competitor 1

Founded in YYYY, Competitor 1, Inc. is a third-party logistics service provider that offers logistics, warehousing, distribution and transportation services to businesses that manufacture both domestically and overseas. Competitor 1 specializes in fulfillment services for consumer products, toys, apparel, and household accessories, other commodities, shipping to all major retailers, boutique stores, and consumers.

Competitor 1 provides its customers with real-time access to inventory balances and tracking via secure login at the web site.

The Company is located in XYZ, with a X square foot facility. The location is X miles from the XYZ, and Xmiles from XYZ.

Competitor 2

Founded in YYYY, Competitor 2 has become one of the fastest-growing tech companies in America. Competitor 2 provides fulfillment services for small and mid-size businesses. The company operates more than X fulfilment centers across X



countries. The company can fulfill sales even if customers are purchasing across different marketplaces (i.e., Amazon, eBay, your Shopify store). It also offers customizable shipping materials to improve brand strength and provides wholesale order fulfillment as well as retail drop shipping.



Competitor 3

Competitor 3 serves brands of all sizes through its fulfillment services. Competitor 3 software offers modern brands an ecommerce command center, centralizing their Order Management, Inventory Planning and Network Optimization into one place – accelerating delivery of goods to a customer’s door while reducing shipping time, cost, and carbon footprint. The company operates x million sq feet of fulfillment space across +X locations.¹



Competitor 4

Founded in YYYY, Competitor 4 focuses primarily on consumer-packaged goods and beverages, operating over X million square feet of food-grade warehouse capacity. Competitor 4 provides a spectrum of services from order taking and inventory management, local, regional, national and international transportation management to ecommerce packaging and order fulfillment directly to consumer homes. One of Competitor 4 warehouses is located in XYZ.

¹ <https://flow.space/>



Competitive edge and advantage

Company ABC has a competitive edge because its management consists of successful entrepreneurs as opposed to just logistics professionals. This will benefit the company in two ways: 1) The clients will prefer partnering with a team of businessmen that can not only provide high quality services, but can also help them develop meaningful relations in the industry and grow their businesses. 2) On the other end, a track record of successful initiatives demonstrates the management's deep understanding of all aspects of a business, including order fulfillment. The accomplished management of the company, throughout the years, has developed expertise in best practices in the industry to ensure efficient order management and fulfilment. They will be able to leverage their experience and connections to provide high-end services at competitive pricing.



Marketing Plan & Promotion Strategy

Company ABC intends to market its business through word of mouth, an efficient sales team, as well as social media marketing. Focus will be placed on engaging with long-term clients with a track-record of regular sales in previous years.

Business Development

Since the management of Company ABC already runs other businesses in the XYZ, this venture will be marketed through word of mouth. Existing customers will be offered fulfillment services at a discounted price to build a client base.

Later on, a salesperson will be hired to contact online business owners, schedule meetings to understand their business requirements and provide tailor-made quotes depending on their products, storage requirements, sales volume and shipment methods.

Social Media Marketing

Social media platforms such as Instagram and Facebook will be used to advertise the business and services. Targeted ads will be placed using specific filters based on location and profession to reach out to relevant audience. Moreover, the social media manager will be responsible to research upon online businesses through their social media platforms and offer them fulfillment services.

Financial Forecasts

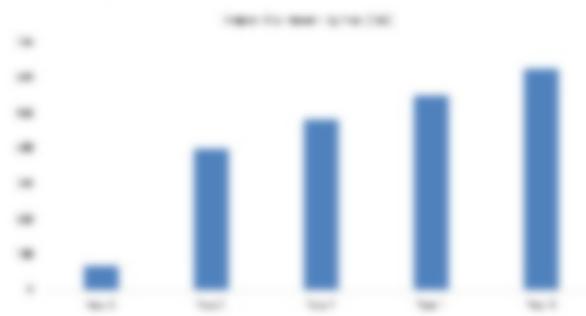
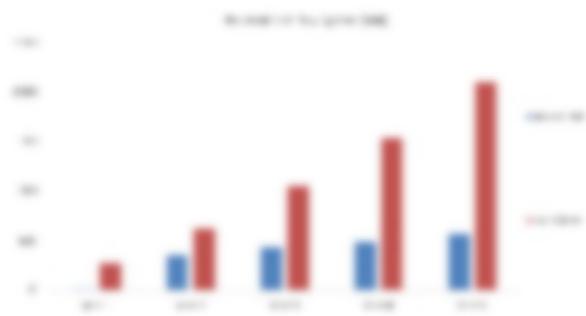
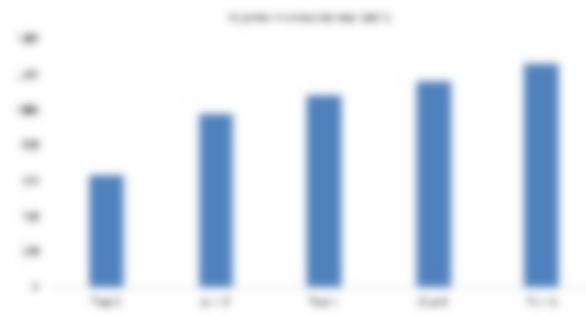
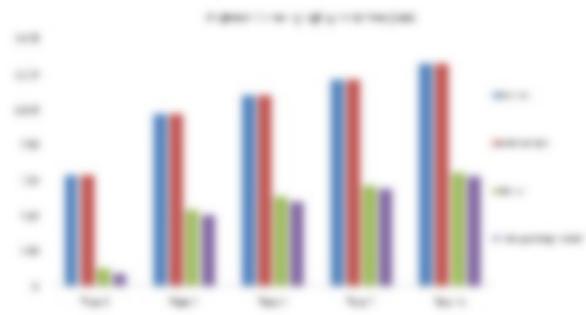
Use of Funds

Startup Assets	
Cash on Hand	100,000
Office Assets	50,000
Equipment	250,000
Total Startup Assets	400,000
Startup Expenses	
Rent	10,000
Advertising Campaign	10,000
Wages and Payroll	50,000
Transportation	50,000
Total Startup Expenses	120,000
Total Requirements	
Total Startup Expenses	120,000
Total Startup Assets	400,000
Total Requirements	520,000

Startup Liabilities	
Liabilities and Capital	-
Current Borrowing	-
Long-Term Liabilities	400,000
Accounts Payable	-
Other Current Liabilities	-
Total Liabilities	400,000
Startup Investments	
Owner's Equity	50,000
Outside Investors	-
Total Planned Investment	50,000
Startup Funding	
Total Liabilities	400,000
Total Planned Investment	50,000
Total Funding	450,000

Financial Highlights

Financial Highlights (\$000)																	
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	20	20	20	20	20	20	20	20	20	20	20	20	240	480	720	960	1200
Gross Margin	10	10	10	10	10	10	10	10	10	10	10	10	120	240	360	480	600
Operating Expense	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(120)	(240)	(360)	(480)	(600)
EBITDA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income (before Taxes)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(120)	(240)	(360)	(480)	(600)
Gross Margin/Revenue	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
EBITDA/Revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
NI/Revenue	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)
Net Cash Flow	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(120)	(240)	(360)	(480)	(600)
Cash Balance - Ending	90	80	70	60	50	40	30	20	10	0	(10)	(20)	(120)	(240)	(360)	(480)	(600)



Financial Indicators

Financial Indicators			
	Year 1	Year 2	Year 3
Profitability %'s:			
Gross Margin	100%	100%	100%
Net Profit Margin	N/A	41%	45%
EBITDA to Revenue	N/A	45%	45%
Return on Assets	N/A	50%	45%



Financial Indicators

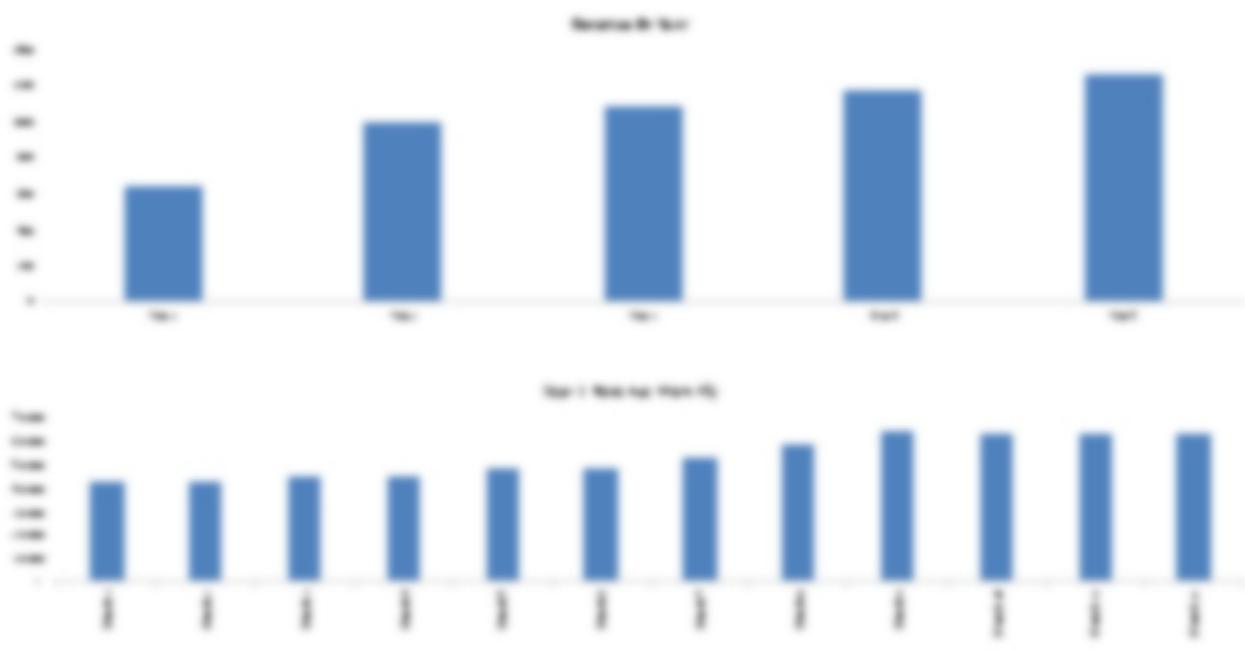


Revenue Forecast

Revenue Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue Forecast					
Fulfillment Services	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000
Total Revenue	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000
Direct Cost of Revenue					
Fulfillment Services	\$0	\$0	\$0	\$0	\$0
Subtotal Cost of Revenue	\$0	\$0	\$0	\$0	\$0

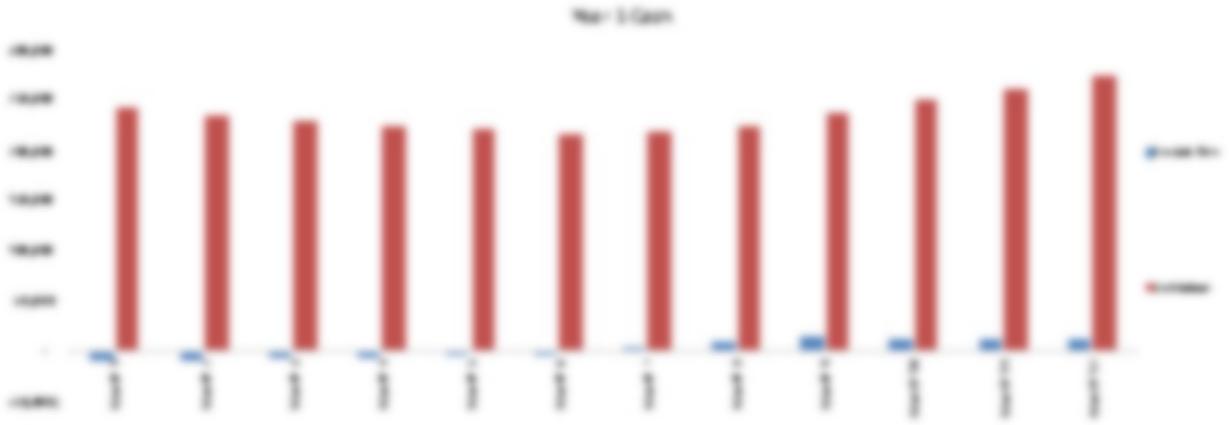
Projected Profit and Loss

Pro Forma Profit and Loss					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000
Subtotal Cost of Revenue	\$0	\$0	\$0	\$0	\$0
Total Cost of Revenue	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000
Gross Margin/Revenue	100%	100%	100%	100%	100%
Expenses					
Office Expenses & Supplies	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Rent & Related Costs	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Wages and Payroll	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000
Telephone, Internet, and Software	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Advertising	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Utilities	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Transportation	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Other Charges	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Depreciation	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Operating Expenses	\$1,000,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,000,000
Net Operating Income	\$0	\$0	\$0	\$0	\$0
NOI/Revenue	0%	0%	0%	0%	0%
Interest Expense	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Net Income (Before Taxes)	\$0	\$0	\$0	\$0	\$0



Projected Cash Flow

Pro Forma Cash Flow						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Beginning Cash Balance	\$	\$	\$	\$	\$	\$
Cash Inflows						
Income from Sales	\$	\$	\$	\$	\$	\$
Accounts Receivable	\$	\$	\$	\$	\$	\$
Total Cash Inflows	\$	\$	\$	\$	\$	\$
Cash Outflows						
Investing Activities						
New Fixed Assets Purchases	\$	\$	\$	\$	\$	\$
Inventory Addition to Bal.Sheet	\$	\$	\$	\$	\$	\$
Cost of Sales	\$	\$	\$	\$	\$	\$
Operating Activities						
Salaries and Wages	\$	\$	\$	\$	\$	\$
Fixed Business Expenses	\$	\$	\$	\$	\$	\$
Taxes	\$	\$	\$	\$	\$	\$
Financing Activities						
Loan Payments	\$	\$	\$	\$	\$	\$
Line of Credit Interest	\$	\$	\$	\$	\$	\$
Line of Credit Repayments	\$	\$	\$	\$	\$	\$
Dividends Paid	\$	\$	\$	\$	\$	\$
Total Cash Outflows	\$	\$	\$	\$	\$	\$
Net Cash Flow	\$	\$	\$	\$	\$	\$
Ending Cash Balance	\$	\$	\$	\$	\$	\$



Projected Balance Sheet

Pro Forma Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$ 270,000	\$ 621,000	\$ 1,040,200	\$ 1,536,701	\$ 2,101,071
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 270,000	\$ 621,000	\$ 1,040,200	\$ 1,536,701	\$ 2,101,071
Long-term Assets					
Long-term Assets	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Accumulated Depreciation	\$ 12,500	\$ 25,000	\$ 37,500	\$ 50,000	\$ 62,500
Total Long-term Assets	\$ 207,500	\$ 205,000	\$ 242,500	\$ 230,000	\$ 217,500
Total Assets	\$ 530,450	\$ 876,000	\$ 1,282,700	\$ 1,766,701	\$ 2,318,571
Liabilities and Capital					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Current Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term Liabilities	\$ 400,777	\$ 376,100	\$ 300,047	\$ 237,047	\$ 162,042
Total Liabilities	\$ 400,777	\$ 376,100	\$ 300,047	\$ 237,047	\$ 162,042
Common Stock	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Retained Earnings	\$ 99,673	\$ 469,900	\$ 951,653	\$ 1,501,754	\$ 2,126,529
Total Capital	\$ 99,673	\$ 499,900	\$ 981,653	\$ 1,531,754	\$ 2,156,529
Total Liabilities and Capital	\$ 530,450	\$ 876,000	\$ 1,282,700	\$ 1,766,701	\$ 2,318,571



Sensitivity Analysis

Best Case Scenario (Revenue Increase by 15%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	1,000,000	1,150,000	1,322,500	1,520,875	1,749,006
Cost of Goods Sold	300,000	345,000	396,750	454,762	520,702
Gross Profit	700,000	805,000	925,750	1,066,113	1,228,304
Gross Profit/Revenue	70%	70%	70%	70%	70%
Operating Expenses	200,000	200,000	200,000	200,000	200,000
EBIT	500,000	605,000	725,750	866,113	1,028,304
EBIT/Revenue	50%	53%	55%	57%	59%

Worst Case Scenario (Revenue Decrease by 15%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	850,000	722,500	614,225	522,291	443,952
Cost of Goods Sold	255,000	216,750	184,387	157,287	132,210
Gross Profit	595,000	505,750	429,838	365,004	311,742
Gross Profit/Revenue	70%	70%	70%	70%	70%
Operating Expenses	200,000	200,000	200,000	200,000	200,000
Wages & Payroll	50,000	50,000	50,000	50,000	50,000
EBIT	395,000	305,750	229,838	165,004	111,742
EBIT/Revenue	46%	42%	37%	32%	25%

Appendix

Year 1 Profit & Loss												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Subtotal Cost of Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Gross Profit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Gross Margin/Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Expenses												
Office Expenses & Supplies	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Rent & Related Costs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Wages and Payroll	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Telephone, Internet, and Software	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Advertising	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Utilities	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Transportation	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Charges	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Depreciation & Amortization	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Operating Expenses	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
EBIT	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
EBIT/Revenue	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Year 1 Cash Flow												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Revenue	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
New Current Borrowing	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
New Long-Term Liabilities	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Sale of Other Current Assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Sale of Long-Term Assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
New Investment Received	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Subtotal Cash Received	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Expenditures												
Expenditures from Operations	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Subtotal Spent on Operations	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Additional Cash Spent												
Current Borrowing Repay	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
L-T Liabilities Principal Repay	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Purchase Inventory	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Purchase Long-Term Assets	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Dividends	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Cash Spent	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Net Cash Flow	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Cash Balance	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000	\$10,000	\$11,000	\$12,000