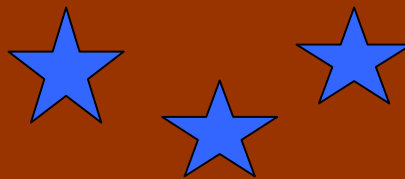


COLONIAL HOME

"TODAY'S TREASURES ARE TOMORROW'S ANTIQUES"



*Jenny Dalstand, Owner
Business Plan – June 2001*

About this Sample Entrepreneur Business Plan:

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

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

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SECTION 1. Executive Summary

Colonial Home will provide quality primitive, colonial and folk art home decor and furniture reproduction products to customers wishing to recreate the elegant ambience of colonial American. Impeccable personalized customer service and attention to customer buying requirements will dictate purchasing and market plans.

The primary focus of both short and long-term goals for this specialty retail gift and decor business will be to expand the customer base both locally and regionally within a 30 to 50 mile radius and to diversify the product base in order to provide customers with both products and services unavailable in the area. With the expanding population in the specific target market, particular attention will be paid to the quality and uniqueness of product lines and the quality of personalized service.

Because the business will be owned, managed and operated by Jenney Dalstand, the business structure (LLC) provides fewer ownership restrictions. With the diversity of responsibilities required in a one-owner operation, Jenney Dalstand is uniquely qualified. With a degree in Business Administration with a major in Personnel Management coupled with over 30 years of experience in business management, Jenney Dalstand is uniquely qualified to handle the diverse array of business, personnel and financial responsibilities that come with being a sole owner/manager. Although Colonial Home will operate initially with a limited staff, through teamwork and training, Jenney Dalstand will be able to focus both time and attention on working “on the business” instead of “in the business.”

As with all new retail businesses, marketing is the life blood of existence. Because of the unique specialty of the product lines and services, the primary marketing plan will entail taking a more personalized approach. Instead of using mass media to capture the market, over 75% of the advertising budget will be dedicated to marketing to existing customers and new customers on a more personalized basis through direct mailings and customer rewards for repeat patronage. By focusing on the individual customer, it is hoped that a loyal clientele will develop.

In addition to a personalized marketing campaign, Colonial Home will add services that are important to its target market, i.e., gourmet espresso coffee drinks, bridal and special occasion gift registry, unique custom made lamps and a special order department. Therefore, by marketing quality products that resurrect the aura and ambience of the past plus providing the personalized service that was once common in colonial America, Colonial Home hope to bring back the long lost art of elegance in retailing.

As a secondary strategy to marketing, the owner will become actively involved in key community organizations and will sponsor events that are important to customers in the target market. By becoming an active member of the business organizations, Colonial Home will not only establish itself as a business that cares about the community but also a business that is willing to give back to the community that assures its financial success.

Colonial Home will be totally funded out of personal revenues from Jenney Dalstand. Therefore, no outside capital will be required. Sufficient capital will be invested to insure the financial viability of the business through the critical first three years of operation.

SECTION II. Mission, Goals and Objectives

General Description of the Business

The Colonial Home is a specialty home decor retail business specializing in quality primitive, colonial and folk art decorating items including a limited line of colonial and primitive furniture reproductions produced by local and regional furniture craftsmen. The target market will be upper middle income professional and dual income homeowners who wish to recreate the look and ambience of the 18th and 19th century home without investing large amounts of money in antiques or high-end furniture reproductions. This business will operate as a retail establishment owned and operated by Jenney Dalstand established as a limited liability company. All purchasing, selling, marketing, inventory, and bookkeeping will be performed by Jenney Dalstand. All accounting and legal services will be contracted. This will be a new business. Growth will be attained by adding products and services. After the first year, a gourmet coffee shop will be added. After the second year a line of specialty candles and custom made table lamps will be introduced which will be produced in house.

Mission Statement

Colonial Home will provide quality primitive, colonial and folk art home decor and furniture reproduction products to customers wishing to recreate the elegant ambience of colonial America. Impeccable personalized customer service and attention to customer buying requirements dictate purchasing and marketing plans.

Goals and Objectives

Due to the fact that Colonial Home will be a small owner operated retail business all the following objectives will be performed by Jenney Dalstand.

Pre Start-up Goals

Goal: 1. Determine if the proposed business is viable in the targeted market.

Objectives: Prepare a feasibility study to include SWOT analysis, financial feasibility, feasibility of sales volume, marketing feasibility and feasibility of personnel.

Review all available demographic and psychographic data in order to match the target market with proposed product mix.

Conduct a detailed evaluation of all competition within the Sharmottesville metropolitan area.

Goal: 2. Be open for business by April 1, 2002.

Objectives: Establish the appropriate legal structure for Colonial Home.

Write a comprehensive business plan.

Select an appropriate accounting and inventory system and review the package with a CPA.

Obtain traffic volumes from the local traffic engineering department, state highway department and local chamber of commerce.

Select an appropriate site based on proximity to potential customers, availability of space, proximity to competitors, space needs and cost.

Identify and order product lines that meet demand, profitability, expense and space requirements.

Obtain all Federal, State and Local licenses, permits and registrations.
Order all necessary display furniture, signage, packaging materials and prepare store interior for inventory displays.

Prepare grand opening plan and contract for radio, print, and television advertising.

Short Term Goals

Goal: 1. Show a profit by the end of the first year of operation.

Objectives: Within the first six months of operation a plan will be instituted to solicit new customer by means of discount certificates to new home owners within a 25 mile radius.

Within the first six months of operation a bridal registry will be established and promoted through advertising and local bridal retailers.

Within the first year establish a customer data base to track by means of customer cards individual purchase activity and birthdays in order to offer discount incentives for birthdays and purchase volume.

Goal: 2. Diversify products and services.

Objectives: By the beginning of the second year of operation add a gourmet coffee area for customers offering specialty coffee drinks and bulk gourmet coffee.

By the beginning of the second year expand retail line to include coffee/espresso serving items.

By the beginning of the second year contract with an outside vendor to provide gourmet pastries.

Goal: 3. Reward customer satisfaction.

Objectives: Host an annual customer appreciation Christmas party.

Long Term Goals

Goal: 1. Increase sales volume.

Objectives: By the beginning of the third year of operation add a specialty line of quality candles and custom lamps produced in house.

By the beginning of the third year of operation add custom ordered Amish quilts.

Establish a marketing plan using an outside consultant to expand the marketing area to include potential customers in Coleston, Schandon, Clarksboro, and Dolmyra, Delaware.

Goal: 2. Add a major asset to expand net worth of the business.

Objectives: By the beginning of the fourth year of operation purchase a building to house the retail operations and provide additional room for the production of custom items.

Goal: 3. Reduce owner's time commitment.

Objective: By the beginning of the fourth year of operation reduce owner's time commitment by adding two full-time employees.

SECTION III. Background Information

Background Industry Information

The retail country gift and decor business is a specialty niche market within the gift industry. This market has developed due to the demand for home decor items that resurrect the lifestyles of our forefathers in colonial and country America. With the steady increase in craft shows across America and the demand for handcrafted gift and decor items, the retail market has responded with a steady increase in brick-and-mortar retail businesses that offer the consumer an ongoing supply of country, primitive and folk art gift and decorating items. Due to the demand for more reasonably priced antique reproductions the foreign markets have also responded with a wide array of less expensive mass produced reproductions.

Due to the regional specialization of these types of home gift and decor items, small businesses have become the primary source of supply for these products. The impact of larger businesses on such a specialized niche market appears to be minimal at the present time due to the fact that what sells on the East coast may not necessarily sell in the West and Southwest regions of the United States. In my opinion, because of this regional specialization of consumer product demands, large corporate retailers tend to avoid such products. However, one of the largest franchises in the country gift and decor market is Country Clutter. Country Clutter is a small franchise business with only 21 franchise units at the present time which offer a more generic line of mass produced country gifts, collectibles and home decor. The only real competition in this type of market is the catalog industry, which markets directly to the retail public and Internet retailers who sell to both the retail and wholesale markets. In addition, there are a small number of mom and pop businesses that market strictly on the Internet.

Current and Future Industry Trends

According to Kurt Barnard, President of Barnard's Retail Consulting Group and publisher of Barnard's Retail Trend Report, the retail industry is going through some sweeping changes which are being dictated by the Internet and the buying habits of their customers. The Internet has made a definite impact on the retail market, but a definite pattern is emerging. Customers are gravitating toward e-commerce sites of traditional brick-and-mortar stores such as Macy's, Bloomingdale's and Wal-Mart to name a few. Customers know these retailers, trust doing

business with them and have the convenience of returning their purchase to an actual store instead of having to pack it up and ship it back. In other words, customers seem to be dealing with e-commerce retailers whom they know. Another major factor according to Mr. Barnard is that customers seem to be gravitating toward lower priced retailers and specialty stores that target a particular type of customer. This trend bodes well for the specialty gift business industry. In his opinion, the kids of today are developing specialty store habits and when they grow older will continue to shop in the specialty stores, which will become a large problem for the traditional department store.

Another major trend is that as the baby boomers age their focus is less on what is on their back and more on items for their homes. In addition they are becoming very price conscious. The aging population is also looking at a more casual lifestyle which is what the country/ primitive and /folk art home decor and gift industry provides. In short, if you combine the changing priorities of the baby boomers with the preference for specialty stores by the younger generation and the continuing housing boom, you are looking at a long-term growth pattern for the specialty store that targets “lifestyle” and “price”. In my opinion the only thing that could have a negative affect on this market would be the overall health of the U.S. economy and the specialty home decor retailer who does not provide a quality product at a reasonable cost.

Business Fit In The Industry

Colonial Home is a new start-up business formed by Jenney Dalstand. After many years of rummaging through flea markets and searching antique shops for primitive, colonial and folk art decorative items it was apparent that there was a huge demand building for old -world memorabilia which was being purchased more for its esthetic decorative value than for its antique value. Because there is a limited supply of true antiques whose retail value is increasing daily, consumers appear to be shifting their focus to antique reproductions. After searching the local country gift and decor retailers, it became apparent that there was a severe lack of both selection and quality among the products offered. There is a large community of craftsmen along the East Coast producing quality antique reproductions. Because these items are carried in limited quantities and limited lines among most country gift and decor retail specialty stores, there is a sizeable market for a retail business offering a more diverse selection of quality antique reproductions in addition to the staples of country decor such as candles, candle accessories, small home decor items, artwork and linens.

SECTION IV. Organizational Matters

A. Business Structure, Management & Personnel

Business Structure

The Colonial Home will be structured as a Limited Liability Company. The reasoning behind this choice was strongly influenced by the following:

1. Tax advantages of a Partnership, which will allow potential startup losses to be passed through to the owner's personal income taxes. Due to the tax bracket in which both owners and their spouses are situated, it would be more beneficial for both owners to have the flexibility to allocate their shares of gains or losses.
2. The ability to transfer ownership without the risk of having a new owner actively participate in the management of the business. This was critical should one of the owners decide to leave the business and the existing owner chooses not to buy out that parties interest in the business.

The above two reasons were paramount in the decision to structure the business as a Limited Liability Company. However, the limited liability, flexible management features and fewer ownership restrictions were also distinct advantages over a partnership or S-Corporation.

Jenney Dalstand will be the sole owner of Colonial Home and will contribute 100% of the needed capital. Since Jenney Dalstand will hold the sole interest in the business, she will assume total responsibility for all decision-making matters.

Management

The management philosophy of Colonial Home will based on teamwork. Because Colonial Home will be initially operated by a limited staff made up exclusively of the owner (Jenney Dalstand) and two part time employees (an Office Clerk and a Sales Clerk), it is imperative that a cohesive and cooperative environment exist. Except for the accounting/taxes, and legal/market ing responsibilities, which will be outsourced to professionals, all other business functions will be

performed by Jenney Dalstand. A detailed breakdown of specific business functions is as follows:

<u>Business Function</u>	<u>Responsible Party</u>
Planning/Organizing	Jenney Dalstand
Financial Management/Budgeting	“ ” /Accountant
Personnel & Policies	Jenney Dalstand
Sales	Jenney Dalstand/Sales Clerk
Decision Making	Jenney Dalstand
Purchasing/Inventory Control	Jenney Dalstand/Office Clerk

Jenney Dalstand has 30 years of experience in business management coupled with a degree in Business Administration with a major in Personnel Management. Her expertise includes extensive experience in purchasing, contract negotiation, purchasing, team building, strategic and operational planning, budgeting and financial reporting, performance improvement and problem solving. For a detailed review of her experience and highlights of achievements see Appendix “A.”

Personnel

In order to keep personnel costs to a minimum during the first year of operation, two part-time employees (20 to 30 hrs./week) will be hired to assist in the daily operations of the business. These employees’ primary job functions will revolve around sales and purchasing/inventory control. The official job titles will be Sales Clerk and Office Clerk and will require skills in sales and purchasing/software based inventory control systems, Microsoft Office software including spreadsheet and database applications and some prior sales experience. The responsibilities of the Sales Clerk will be to assist Jenney Dalstand in covering retail sales hours. Major job responsibilities of the Purchasing/Inventory Control Clerk will include: to receive inventory and incorporate all items into the business’s Open-to-Buy software system, assist in pricing new merchandise, perform the basic ordering of all merchandise and assist the owner in maintaining inventory levels through daily monitoring of the Open-to-Buy system. In addition, this employee will be required to assist in the sales functions during busy seasons or to occasionally cover retail hours when the owner is attending market shows.

Potential candidates for the Sales Clerk and Office Clerk position will be recruited through a local temporary service. This method is preferable considering the time required to interview and screen applicants. The advantages of using a temporary service are as follows:

1. Allows the employer the opportunity to review the skills, abilities and personality fit without a permanent commitment for long-term employment.
2. Allows the employer the freedom to release an undesirable employee without the risk of potential legal action for wrongful discharge or added expense of the employee collecting unemployment benefits against the employer's unemployment insurer.
3. Allows the employer the initial flexibility needed in a new business to make changes in the job responsibilities as the owner becomes familiar with those aspects of the everyday operation that he or she feels are more suitable to subordinate personnel. These types of changes could require a total revamping of the personnel needs within the first year of operation.

There should not be a problem locating potential candidates because the nature of the work, flexible scheduling and basic skills and knowledge covering the job responsibilities are suitable to a large group of potential candidates. After a suitable permanent candidate is found, they will be offered a permanent position with the organization.

Because the business's two employees will be recruited through a temporary firm, Jenney Dalstand will provide the initial training in-house. The initial training on the Open-to-Buy inventory system should take approximately one week. Once a permanent employee is hired, all future training on the Open-to-Buy system will be conducted by the software firm's representative.

Outside Services and Advisors

Since Colonial Home will be basically an owner-operated business, it is imperative that the owner/operator contract the services of experts in the fields of Accounting/Taxes, Legal, Insurance and Marketing. These three areas of expertise are critical to the formation of the business's basic structure. Because of obvious time constraints, the owner is both unable and/or not qualified to perform these types of functions. A solid legal foundation is necessary in order to protect the owner against legal liabilities and provide a means of expanding the financial base of the business through additional avenues of ownership and providing transferability of the business and its assets upon the death of the owner. Accounting and tax expertise will assure that the business is able to take advantage of all applicable tax benefits and remain within the boundaries of generally accepted accounting principles. A well-constructed marketing plan is crucial to the continued profitability and growth of the business, and will be needed in order to expand product lines and services. Insurance expertise will be needed to insure that the business and its owner have a well-established risk management plan in place.

Initially, Colonial Home will not have an advisory board. It is anticipated that after the first year of operation, Jenney Dalstand will have sufficient network contacts within the industry and the community to put together a board that will add expertise in the basic operations of the business and the short and long-term goals of service and product diversification.

Risk Management

Colonial Home will contract with Zurich U.S. Small Business insurance company to provide a comprehensive insurance package. Zurich will also provide the Worker's Comp insurance for the employees. These costs are addressed in the Employee Salary/Wage Benefits Worksheet. As inventory, fixed assets and leased space increases, the limits of coverage will be adjusted accordingly. Zurich has recommended the following types of insurance coverages and applicable limits:

<u>Type of Insurance</u>	<u>Type of Coverage</u>	<u>Annual Cost</u>
General Liability	1M/2M	\$480
Fire & Theft	Actual Losses	
Business Interruption	Actual Losses	
Business Property	100,000	
Fidelity Bond	10,000	
Automobile Liability	Business Use	60
Key-Person	100,000	720
	Total Annual Cost	\$1,260

Colonial Home will also need to design a trademark and register it with the Federal Trademark Office. The firm's lawyer will make the initial registration in the state of Delaware and work with the appropriate channels in Washington, D.C.

In addition to the above risk management, Colonial Home will need to develop safety/security policies that detail the procedures necessary to cover the following inside and outside risks: store security, theft (unattended premises), customer injury, fire, employee injury, employee theft, customer theft, employee safety procedures, armed robbery (see Appendix B for copies of the above policies and procedures). All other policies and procedures that are specific to employees will be addressed in an employee manual which is also included in Appendix B.

Because a Limited Liability Company can be effectively used in estate planning, succession strategies will be reviewed with an attorney and accountant to determine how to combine the LLC with an existing trust that the owner is a participant in.

B. Operating Controls

Record-Keeping Functions

Generating sufficient profits, diversifying product lines and expanding and retaining the customer base will be the primary functions for Colonial Home. However, establishing effective financial and record-keeping controls is equally important in order to insure the viability of the business. The following is a list of the record-keeping tasks necessary to control operations.

Record-Keeping Checklist

Financial Activities & Other Record-Keeping Tasks	<u>Daily</u>	<u>Weekly</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Person Responsible</u>
Cash:					
Deposit Sales Receipts		*			J. Dalstand
Reconcile Bank Account(s)			*		J. Dalstand
Balance Petty Cash		*			J. Dalstand
Accounts Payable:					
Maintain "Invoice Due" File	*				Clerk
Pay Invoices	*				J. Dalstand
Review Due Date Discounts		*			J. Dalstand
Follow-up On Invoice Problems	*				J. Dalstand
Payroll:					
Review Time Sheets		*			J. Dalstand
Prepare Paychecks		*			J. Dalstand
Deposit Federal Payroll Taxes			*		Accountant
Prepare State Payroll Reports			*		Accountant
Prepare Federal Payroll Reports				*	Accountant
Prepare State Unemployment Reports				*	Accountant
Prepare Workers Compensation Repots				*	Accountant
Other:					
Maintain Customer Mailing List	*				Clerk
Update Customer Database	*				Clerk
Update Inventory System	*				Clerk

Other Operations Controls

To maintain stability and consistency in customer service, operations and personnel, it is critical that Colonial Home establish controls to insure that all business functions be carried out in a consistent manner. In order to accomplish this goal Jenney Dalstand will develop policy and procedure manual covering the following operations areas:

1. Personnel and Operations Policies & Procedures Manual
 - Customer Service Policies
 - Exchange/Refund/Return Procedures
 - Pricing/Discount Procedures
 - Special Order Procedures
 - Safety/Security Procedures
 - Opening/Closing Procedures
 - Cash Handling/Credit Card Purchases Procedures
2. Purchasing Procedures
3. Open-To-Buy Inventory Procedures

All of the above policies and procedures are included as part of an employees operations manual. All new employees will be given one week of intensive training covering the above policies and procedures prior to transition into daily operations. In order to solve any problems that should occur on an ongoing basis, weekly staff meetings will be held. Jenney Dalstand will be responsible for updating all policies and procedures manual. Copies of the above policies and procedures are included in Appendix B.

SECTION V. The Marketing Plan

A. The Products/Services

Products/Services Description

Colonial Home will carry twelve major lines of gift and home decor products. All product lines will be coordinated in colors and designs that carry the theme of 18th and 19th century primitive, colonial and folk art decor that was common in pre-Industrial Revolution America. The major lines will include the following:

- Antique reproduction accent furniture
- Pewter serving and accent pieces
- Antique reproduction display pieces
- Heritage Lace® doilies and window treatments
- Floor cloths and table mats
- Candles
- Candle Accessories
- Table and kitchen textiles
- Homespun coverlet & bedding accessories
- Hand-carved ducks
- Primitive dolls
- Miscellaneous gift items

Examples of each of the above lines can be seen in Appendix C. All of the lines described above will be purchased on the wholesale market or from specialized local craftsmen located in the New England, Mid-Atlantic and Southeast regions. Competition among retailers in these product lines is limited to small brick-and-mortar and Internet retailers. Those product lines that are in direct competition with local competitors (i.e. lace, candles and textile items) will be priced at least 10% lower than the competition. Due to the quality and craftsmanship of the other product lines, the pricing will be somewhat higher than similar mass-produced product lines carried by competitors and will compensate for the reduced profit margins on lace, candles and textile items.

Features and Benefits

Antique Reproduction Accent Furniture

Features: A select variety of pre-Industrial Revolution America (18th and 19th century) antique reproduction accent furniture pieces including end-tables, coffee and sofa tables, dining pieces, hutches and cupboards, dry sinks, pie safes and rocking chairs will be available in a variety of worn, distressed and crackled painted finishes replicating the antique originals. A variety of woods will be offered including oak, maple, hickory and poplar. Color selection will include black, red, green, mustard, blue in both milk paint and acrylic formula paints.

Benefits: These finely crafted accent pieces allow the customer to add an antique flare to their home at prices well below the value of original antique pieces. Due to the quality of the pieces, customers who are adding pieces to their homes will be considered the “antiques” of the next generation.

Pewter Serving and Accent Pieces

Features: A line of quality crafted late 1700's through mid 1800's antique reproductions of dining pieces (bowls, plates, platters, coasters, mugs, goblets, pitchers, etc.), candlesticks and oil lamps. Unlike the antique originals, these pieces will be lead-free and food safe for daily use and are a viable alternative to the traditional silver serving pieces.

Benefits: Pewter brings the historical beauty into the customer's dining and home decor with no polishing required in order to maintain its beauty.

Antique Reproduction Display Pieces

Features: A variety of pre-Industrial Revolution America (18th and 19th century) antique reproduction wall shelves and cupboards offered in a variety of colors, woods and finishes similar to the finished offered in the accent furniture pieces above. These pieces will replicate the antique originals.

Benefits: These quality classic reproductions offer a unique display piece to showcase collectibles, candles, pictures, etc. that bring the pre-Industrial Revolution style into today's homes.

Heritage Lace® Doilies & Window Treatments

Features: A complete line of lace doilies, tablecloths, runners, placemats and window treatments in fine, medium and heavy gauge lace will be offered in a variety of styles to compliment the furniture and accessories sold at Colonial Home. In addition, handcrafted wrought iron and forged steel brackets and swag holders will be offered for the lace window treatments.

Benefits: These quality lace table and window treatments offer the customer the look of the long lost art of lace making at an affordable price and a wide selection of styles and sizes. What makes these pieces even more desirable is the fact that they are made out of 100% polyester and are machine washable. Unlike antique lace their durability and easy care features make them a perfect accent for the customer who wants to be able to use them on a daily basis without the worry of damaging a family heirloom.

Floor Cloths and Table Mats

Features: Unique stenciled floor cloths and table mats featuring colonial designs painted on heavy antiqued and varnished canvas will be offered in a variety of colors to compliment the other product lines carried at Colonial Home. These items became popular in early 18th century and remained popular for the next 100 years.

Benefits: Canvas floor cloths and table mats provide a unique alternative to cloth and/or woven table mats and floor area and scatter rugs. In addition to protecting hardwood floors under dining tables and spills on fine furniture, they are extremely durable and wipe clean with a damp cloth.

Candles

Features: Beeswax taper candles, high fragrance container candles, pillar candles and miscellaneous decorative tapers from Lang Candles®, Old Glory Candles®, and Village Candles® will be offered. Candles are a necessity in any colonial home whose individual fragrances can be selected for special occasions or as a means of creating an ambience.

Benefits: Beeswax candles offer a smokeless, dripless and long-burning alternative to less expensive mass produced tapers. The container candle lines will be long burning and provide a strong fragrance from top to bottom.

Candle Accessories

Features: Various styles of taper and container candle holders will be carried to provide utility and beauty to the customer's candle displays. These items will include tin wall sconces, hand-forged wrought iron free standing and wall mounted holders, and wooden, rusty tin and ceramic containerized candle holders.

Benefits: These accessories provide a decorative means of displaying taper, pillar and container candles. In addition to their esthetic appeal, they provide a significant safety factor when using candles.

Table and Kitchen Textiles

Features: High quality 100% cotton hand-loomed table runners, place mats, napkins, kitchen towels and dish cloths will be offered in a variety of patterns and colors that will complement the colonial motif in the kitchen.

Benefits: Quality cotton textiles will retain their color and shape with the convenience of machine washing. These textiles are not only attractive but provide lint free service when cleaning the customer's china, crystal or stoneware.

Homespun Coverlet and Bedding Accessories

Features: A line of machine loomed 100% cotton coverlet and bedding accessories will be offered as the perfect bedroom accessory to accent the primitive decor. These items will reflect the folk art patterns and colors popular in colonial America.

Benefits: Because real homespun coverlets are so rare and costly, these reproductions will offer a useable alternative that is heirloom quality to pass on to children and grandchildren. Coverlets offer utility and a touch of nostalgia to the colonial decor. In addition they are easier to maintain than comforters or duvets.

Hand-carved Ducks

Features: Beautiful hand-carved ducks will be available for the water fowl collector. The Sanstead Decoy Collection® of Canada, American Wildlife Collection® of North Carolina, Ducks Unlimited Collection® and Big Sky Carvers® will be the featured lines. These lines will appeal to both male and female customers who value the craftsmanship of hand-carved water fowl. The price range of these pieces will vary due to the wood used, detail and artisans.

Benefits: For the avid collector, these quality reproductions offer a viable alternative to purchasing antique decoys. Their intricate features and design will provide a beautiful piece of wood sculpture into the customer's home that can be enjoyed for many generations. Like their antique counterparts, their value will increase with time.

Primitive Dolls

Features: Collectors will be thrilled with the line of primitive doll reproductions available. These dolls captured the smiles of both white and black children during pre-Industrial Revolution America. They feature fabric bodies or fabric bodies with molded hands, feet and heads. Facial features are hand painted or sewn and are dressed in period clothes. These items will be purchased from local crafters so prices will vary from \$50 to \$300.

Benefits: Customers who love to collect primitive dolls will have a viable alternative to endless searching for the true antique at a fraction of the cost. These dolls will provide a unique touch to the folk art touches in the primitive colonial home or can be a happy addition to a child's collection.

Miscellaneous Gift Items

Features: A limited line of calendars, clocks, primitive artist prints, signs, lotions and soaps and handmade ceramic bathroom and kitchen items will available. These moderately priced gifts will give the customer a nice selection for special occasion gifts.

Life Cycles/Seasonality

In order to establish marketing priorities, develop an effective marketing plan and formulate appropriate pricing structures, each of the product lines must be thoroughly analyzed in order to determine the line's specific life cycle and seasonality patterns. Each of the lines that Colonial Home will sell is reviewed in detail on the following pages.

Product - Life Cycle

Product Name: Antique Reproduction Accent Furniture			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales									*	*	*	*
					*	*	*	*				
Average Sales				*								
	*	*	*									
Zero Sales												

Product - Life Cycle

Product Name: Pewter Serving and Accent Pieces			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales											*	*
										*		
Average Sales				*	*	*	*	*	*			
	*	*	*									
Zero Sales												

Product - Life Cycle

Product Name: Antique Reproduction Display Pieces			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales												
Average Sales			*	*	*	*	*	*	*	*	*	*
Zero Sales	*	*										

Product - Life Cycle

Product Name: Heritage Lace® Doilies and Window Treatments			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	
Average Sales	*	*	*	*	*	*	*	*	*			
Zero Sales												

Product - Life Cycle

Product Name: Floor Cloths and Table Mats			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	*
									*			
Average Sales				*	*	*	*	*				
	*	*	*									
Zero Sales												

Product - Life Cycle

Product Name: Candles			
	1. New Product (first sales)		4. Maturity (sales hold steady)
X	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	*
									*			
Average Sales	*	*	*	*	*	*	*	*				
Zero Sales												

Product - Life Cycle

Product Name: Candle Accessories			
	1. New Product (first sales)		4. Maturity (sales hold steady)
0 X	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	*
									*			
Average Sales	*	*	*	*	*	*	*	*				
Zero Sales												

Product - Life Cycle

Product Name: Table and Kitchen Textiles			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	*
									*			
Average Sales	*	*	*	*	*	*	*	*				
Zero Sales												

Product - Life Cycle

Product Name: Homespun Coverlet and Bedding Accessories			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales										*	*	*
									*			
Average Sales				*	*	*	*	*				
	*	*	*									
Zero Sales												

Product - Life Cycle

Product Name: Hand-carved Ducks			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales											*	*
										*		
Average Sales	*	*	*	*	*	*	*	*	*			
Zero Sales												

Product - Life Cycle

Product Name: Primitive Dolls			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales												*
											*	
Average Sales	*	*	*	*	*	*	*	*	*	*		
Zero Sales												

Product - Life Cycle

Product Name: Miscellaneous Gift Items			
	1. New Product (first sales)	X	4. Maturity (sales hold steady)
	2. Growing Purchase (rapid increase)		5. Loss of Value (sales fall off)
	3. Established Position (sales peak)		6. Declining Purchases (rapid loss of sales)

Product - Seasonality

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Peak Sales											*	*
				*			*		*	*		
Average Sales	*	*	*		*	*		*				
Zero Sales												

It is obvious from the life cycle charts that a majority of the product lines are in the mature stage of their life cycle. The only line that is a growing purchase with most customers is the candle and candle accessories products. Due to the increasing popularity of decorative and aroma therapy candles, this market appears to be experiencing significant growth. By choosing product lines that are in their mature stage, it is anticipated that the stable sales in these core groups will offset any fluctuations in future lines that are in their new product and/or growing purchase life cycle.

Unlike many gift and decor lines that are seasonally specific, the core product lines that will be carried by Colonial Home are influenced more by home sales, home remodeling and the economic life cycle of the target market. The biggest seasonal influence is still the Christmas holidays when most customers tend to spend larger amounts of money on items that improve their home's appearance. Sales in the accent furniture lines will follow the sales trends in the furniture industry, which tend to be heavier after the spring and fall markets. Therefore, due to the maturity of the product lines and the lack of sharp peaks and valleys experienced by lines that are either seasonal dependent or new on the market, it is hoped that Colonial Home will be better able to control inventory and profits.

Products/Services Growth Description

As stated previously in the long and short-term goals, Colonial Home will increase sales by expanding the product lines and services offered to customers. Diversification is a key factor in the survival of both large and small businesses. Therefore, a small gourmet coffee and espresso café offering prepared coffee drinks, a limited line of bulk gourmet coffee beans and coffee/espresso serving items will be added at the end of the first year of operation. After the second year of operation, a line of custom made lamps (produced in house), a line of specialty candles (produced in house) and a limited line of custom-made Amish quilts from Pennsylvania will be offered.

Because of the popularity of gourmet coffee/espresso beverages, especially within the target market, it seemed a logical product and service to offer. In addition to providing shoppers with a low -cost product that they can enjoy while shopping or browsing, it will also attract potential customers to the store who normally would not frequent such a retail establishment. It will also attract business people in surrounding office complexes, and provide another specialty gift line targeted at coffee drinkers. The key here is to get a customer to buy something even if they are just browsing. In order to mitigate the mix of coffee and

candle aromas, the coffee bar will be separated from the retail gift area with a glass enclosure.

In order to expand the existing product lines, a specialty line of in-house produced candles will be offered at the end of the second year of operation. By producing these candles in house, Colonial Home will be able to eliminate the middleman and provide a product that is tailored to fit into the product mix. In order to compliment the quality of the other lines carried and provide a unique service to customers, the candle line will be offered in unique containers that when empty can be refilled at a discounted price. The initial cost of the candles and containers will be somewhat higher than other retail brands. However, it is hoped that the, quality, uniqueness of the containers and the option of refilling will offset this difference in the customer's mind.

A second line that will be offered at the end of the second year of operation will be a line of custom-made lamps that will be produced in-house. This item was selected primarily due to the fact that there is a limited supply of quality table lighting fixtures available that compliment the primitive/folk art decor. These lamps will be priced in the \$200 to \$500 dollar range and will reflect the quality and style of the other lines offered. Jenney Dalstand will design the lamps and Vance Dalstand will assemble them.

A third line that will be offered at the end of the second year of operation will be a limited line of Pennsylvania Amish quilts and wall hangings. These quality hand-made quilts are rarely offered by retailers outside of Pennsylvania. Although quilting has become an extremely popular craft and art form , there are many customers who do not have the time or talent to tackle a project of this magnitude and would rather purchase an heirloom quality quilt. Because of the magnitude of styles and fabrics offered, Colonial Home will stock a limited line and offer custom ordering.

The coffee/espresso beverage and serving lines, lamps, candles and quilts were selected for two primary reasons. First, they compliment the product lines already available and diversify the products and services already available. Second, their life cycle and seasonality fit in with the mature cycles and stable seasonality of the existing product lines.

B. The Market Analysis

Customer Analysis

According to a recent article published in Giftware Business magazine, spending on home decor items in the 1990's was the fastest growing market in the home furnishings and giftware industries. This can be attributed to two major factors. First, the economy has been on a tremendous upswing during the past ten years, which allowed consumers to spend more on larger homes and higher quality home decor items. The second factor is the coming of age of two of the three major buying groups in the retail market, Generation X (ages 23-34) and Generation Y (ages 5-22) and the change in buying patterns of the “mother of all demographic groups” the baby boomers (ages 35-54).

If today's retailers are going to succeed, it is imperative that they broaden their appeal and start to cultivate the buying habits of the Generation X and Generation Y in addition to gearing their merchandise to the more quality conscious baby boomers. Therefore, with this in mind, Colonial Home will focus its attention on two of the three major customer categories. The primary customer group will be the baby boomers who still account for the major share of this type of market. The secondary focus will be on cultivating the Generation X consumers who are just now beginning to flex their buying muscles in the retail home decor and giftware marketplace. The demographic characteristics of these two groups are as follows:

<u>Demographic Characteristics</u>	<u>Baby Boomers</u>	<u>Generation X</u>
Gender of Primary Buyer	Female	Female
Age Range	35 - 54	23 - 34
Occupation	Professional	Professional
Income Level	\$60K and Up	\$35K - \$60K
Educational Level	College Educated	College Educated
Family Status	Married	Married
Children	Grown	At Home
Ethnic Origin	White	White
Living Accommodations	Homeowner	Homeowner
Home Values	\$100K and Up	\$100K and Up

As can be seen by the above, both groups have similar demographic characteristics. The primary differences are in their income levels, children, and the length of time they have been homeowners. The income levels are an educated guess since there are a significant group of Generation X consumers who have far surpassed their baby boomer parents in income due to the recent boom in the high technology and dot-com sectors. Generation X consumers are just a younger version of their parents. The third major buying group (Generation Y) will become a significant factor in the retail home decor market as they mature. However, due to the monetary limitations of Colonial Home, this group will not be addressed until 2007. Because the product lines carried will be geared more towards the homeowner, it will not be possible to carry a product line suitable for the older Generation Y consumers who are just getting out of college and are in the apartment living stage of their lives.

Even more important than the demographics of these two consumer groups is the psychographic characteristics which determine what motivates their buying behaviors. After many years of observing shoppers who frequent primitive/folk art home decor establishments, it appears that there are three important psychographic characteristics that prevail among Colonial Home's target market. First, these customers generally have an interest in antiques. If they do not actively collect antiques, then they enjoy browsing antique shops and flea markets. Second, they have developed an appreciation for the quality workmanship used by old-world furniture makers, potters, weavers and pewtersmiths. Third, they have a desire to create a sense of historical quaintness in their homes that resurrects a feeling of stability and serenity, something that is lacking in our ever changing and fast paced society. Some of the more obvious

psychographic characteristics are as follows:

<u>Psychographic Characteristics</u>	<u>Baby Boomers</u>	<u>Generation X</u>
Why do they buy?	Remodeling existing homes	Decorating new homes
How do they shop?	In person	In person, phone, Internet
When do they shop?	Evenings & weekends	Anytime
Where do they shop?	Specialty stores, catalogs	Malls, specialty stores, and Internet
What are they looking for?	Quality products	Price

Baby boomers have amassed considerable wealth over the past ten years and are not afraid to spend it. According to another recent article in Giftware Business the boomers were very status conscious in the 1980's and were more interested in designer label in their clothing. Boomers have now shifted their focus from what is on their back to what is in their home. They are now buying quality products that are well made and will add to or improve the quality of their home life. Price is not a major factor for the boomers. Therefore, if they see something they like, they buy it.

Generation X consumers have considerable buying power but are very price conscious and have not reached the free spending level of their boomer parents. Having been raised during the 1980's recession, they are not impulsive buyers for the most part. Unlike the baby boomers who are established homeowners, the Generation X consumers are hesitant to make large home decor purchases because it is their first venture into the home decor market. The younger Gen Xers are just moving into their first apartment and are decorating from scratch. The older Gen Xers are starting to focus more on what is around them at home and less on what is on their backs. As they become more established in their professions they are beginning to enter the home entertainment crowd and become more conscious about how their home appears to their friends, coworkers and professional associates.

Unlike the baby boomers who have learned to appreciate the historic significance, artistic simplicity and beauty of the pre-Industrial Revolution home decor, the Gen Xers need a great deal of customer service, time, and hand-holding in order to educate them on the value of selecting quality home decor items that will enhance the esthetics of their homes and bring the historical significance of their forefathers back into their family's lives. The appreciation of the styles of the 17th and 18th century craftsmen is not something that is immediately appreciated in a person's younger years. Because the real antiques of this era are rapidly disappearing, these younger consumers must be encouraged to create a new generation of antiques by incorporating quality antique reproductions into their home decor.

Competitive Analysis

Colonial Home will have three major competitors in the Holchaster/Panderick County area: Americo Furniture Country Interiors, Hallwood Crossing Shops and Things Remembered. Americo Furniture Country Interiors is located approximately 3 miles south of Marphens City, Delaware. Marphens City is a small bedroom community that is located between Holchaster and Franc Royal, Delaware and is about 5 miles off the main thoroughfare. Due to the fact that it is located off the major traffic route, only the locals know of its existence. The remoteness of its location is a definite weakness. Hallwood Crossing Shops is located in the town of Holchaster on a busy side street that has very poor ingress and egress and very limited parking. Hallwood has good traffic, but its poor parking and access are a definite weakness. Things Remembered is located in the Apple Blossom Mall in Holchaster. Because of its mall presence its location is a definite strength.

An analysis of Colonial Home's competitor's strengths and weakness can be see on the following chart. These factors are ranked 1, 2, 3 or 4 with 1 being the best and 4 being the worst.

<u>Factors</u>	<u>Americo Interiors</u>	<u>Hallwood Crossing</u>	<u>Things Remembered</u>
Products	2	3	3
Price	2	2	1
Quality	2	3	3
Product Selection	1	3	1
Customer Service	3	3	3
Expertise	3	3	3
Image/Reputation	2	3	2
Location	4	3	1
Layout	2	2	3
Appearance	1	2	2
Sales Method	2	4	3
Credit Policy	1	1	1
Availability	2	3	2
Management	2	3	2
Longevity/Stability	1	2	2
Advertising	3	3	3

Colonial Home's strongest competitor is Americo Furniture Country Interiors. Americo Furniture has four main weaknesses: product expertise, location, advertising and customer service. Their primary target market appears to be middle to upper middle-income customers. Having been a customer of this establishment, I was unimpressed by their lack of follow up after a large sale to a first-time customer and lack of expertise in some of their product lines. Considering their remote location, their lack of advertising and customer follow up are their two major problems.

Hallwood Crossing and Things Remembered both deal in more country product lines with limited lines of folk art and primitive decor items. They cater to the middle and lower middle income customer. Although Things Remembered is located in the local mall which is generally considered the best location for foot traffic, their product quality and pricing appeals to the customer who does not mind buying foreign made knock offs. Although their products are attractive, they are not for the type of customer that Colonial Home is targeting.

Colonial Home’s target market consists of a more discriminating buyer who is looking for a higher quality home decor product line than what is available at Americo Furniture. In addition Colonial Home will be offering specific lines which are not carried by its major competitor, namely: pewter, Amish quilts, hand-carved water fowl and primitive dolls. The antique reproduction accent furniture and display pieces will be of a higher quality and wider variety. The custom-made lamps that Colonial Home will be offering will offer customers an elegant alternative to the mass produced lighting fixtures that are offered at most primitive/folk art retailers. In addition, the primitive dolls and hand-carved ducks will offer a quality alternative to collectors in the area. However, the most important competitive advantage that Colonial Home will offer its customers is superior customer service with an emphasis on custom ordering when the customer wants a product that is not carried.

Market Potential

After reviewing existing demographic information available from the U.S. Census Bureau (1990) and the latest estimates and projections from the Panderick County Economic Development Center, the demographic profile criteria needed to support Colonial Home meet and/or surpass expectations. The demographic characteristics of the target market as outlined in Section V. The Marketing Plan, B. The Market Analysis, Customer Analysis and the demographics of Panderick County are as follows:

<u>Demographic Characteristics</u>	<u>Panderick County Statistics</u>
Gender Buyer (Female)	50%
Age Range (23 - 54)	52%
Occupation (Professional)	25%
Income Level (\$35K and Up)	47% (all households) 53% (family households)
Educational Level (Some College)	21%
(Bachelor’s Degree)	15%

<u>Demographic Characteristics</u>	<u>Panderick County Statistics</u>
Family Status (Married)	68%
Children	N/A
Ethnic Origin (White)	95.3%
Living Accommodations (Homeowner)	79%
Home Values (\$100K and up)	40%

Even though the above statistics are less than current, they prove that there is a strong demographically suitable target market in Panderick County. According to the latest demographic projections, the median household income will rise 38% to \$45,321, and the median family income will rise 15% to \$41,646. According to the Delaware Employment Commission report of May, 1999, the projected population of Holchaster/Panderick County will see a 35% increase by the year 2010. In addition to the growing county population and economy, Holchaster/Panderick County is within radius of 20 miles of a buying population of 160,900 and within 30 miles of a buying population of 240,971.

Because gift/decor retail establishments are so diverse in the types of gifts and decor items carried, there is no industry average on the amount of annual purchases per customer. Therefore, based on the above demographic information (although somewhat outdated), if each one of the owner occupied housing units valued at \$100K and up in Panderick County (a total of 3,771) made purchases totaling \$133/yr from Colonial Home, the \$500K annual sales projections could easily be met. In addition, if family households in Panderick County with income levels of \$35K and up (a total of 6,840) made an annual purchase of \$73/yr the \$500K annual sales projection could be easily met. Considering the demographics of Panderick County and surrounding areas, anticipated growth patterns and the potential target markets within a 30-mile radius, Colonial Home has a solid customer base from which to meet and exceed sales projections.

C. Marketing Strategies

Location/Distribution

After reviewing numerous available properties in the Holchaster/Panderick County area, an ideal location has been found. A new strip mall called Popermill Plaza is being constructed in an area that is within close proximity to a major portion of the target market. This location provides, easy access from both directions of a major traffic artery, architectural features that compliment the types of products to be sold by Colonial Home, quality landscaping, necessary space requirements and sufficient parking for customers. The businesses going into this new facility will compliment Colonial Home in that they will cater to a more upscale clientele. The lease term is 3 years which coincides with the long-term projections that anticipate a move into a larger building purchased by the owner at the beginning of the fourth year of operation. Because this is a new building, the cost of leasehold improvements have already been accounted for in the start-up expense projections.

Price/Quality Relationship

Colonial Home will initially offer twelve different major product lines. As was previously stated, quality products will be the primary focus of all lines carried. Therefore, as is the case with most products, the price is generally higher due to the craftsmanship and materials used. The relationship between price and quality for Colonial Home's products and those of the competition are outlined in the chart on the following page:

<u>Product Lines</u>	<u>Colonial Home</u>	<u>Americo Interiors</u>	<u>Hallwood Crossing</u>	<u>Things Remembered</u>
Antique Reproduction Accent Furniture	HP/HQ	HP/MQ	N/A	LP/LQ
Pewter Serving & Accent Pieces	HP/HQ	N/A	N/A	N/A
Antique Reproduction Display Pieces	HP/HQ	HP/MQ	HP/LQ	LP/LQ
Heritage Lace® Products	LP/HQ*	N/A	N/A	LP/HQ
Floor Cloths & Table Mats	HP/HQ	HP/HQ	N/A	N/A
Candles	LP/HQ*	HP/HQ	HP/HQ	LP/LQ
Candle Accessories	MP/HQ	HP/MQ	HP/MQ	LP/LQ
Table & Kitchen Textiles	LP/HQ*	MP/MQ	HP/MQ	MP/MQ
Homespun Coverlet & Bedding Accessories	HP/HQ	HP/HQ	N/A	MP/LQ
Hand-carved Ducks	HP/HQ	N/A	N/A	N/A
Primitive Dolls	HP/HQ	N/A	N/A	N/A
Miscellaneous Gift Items	MP/HQ	HP/HQ	HP/MQ	LP/LQ

<u>Notes:</u>	HP - High Price	MP - Moderate Price	LP - Low Price
	HQ - High Quality	MQ - Moderate Quality	LQ - Low Quality
	N/A - Not Available		
	* Item considered “consumable” or “frequently replaceable.”		

As can be seen from the above chart, Americo Interiors is the closest competitor for Colonial Home. Although there are several product lines that Americo Interiors carries that are similar to those of Colonial Home, Colonial Home will carry a selection of products within those lines that is different than what is available at Americo Interiors. In addition, there are several lines (pewter, lace, floor cloths, homespun coverlets, hand-carved ducks and primitive dolls) that there is either no competition or limited competition from competitors. Therefore, Colonial Home will hold a unique position within the primitive/folk art home decor and gift market in the Holchaster area with the quality and mix of their product lines which is consistent with the desired image.

Promotional Strategies

Packaging (Architectural Image): Because Colonial Home will market products that reflect the lifestyles of Colonial America, the interior design and exterior facade will be designed to reflect the colors prevalent in the late 1700's and early 1800's. The floors will be wood pine plank, the walls will be covered with bead board wainscot and the ceilings will be trimmed with crown molding. The antique reproduction accent

furniture and display pieces that will be sold will be used extensively as displays for the lamps, candles, coverlets, etc. The windows will be used as displays for the various colonial lace and fabric window coverings that will be available.

The business logo that will be used on all advertising and packaging tools will depict a colonial motif which connects the business to the type of products sold. The outside signage, business cards, stationary and flyers will all be in a 2-color scheme and will display the business logo and marketing/imaging slogan. The inside signage, bags, post cards and customer cards will be in a 1-color scheme displaying the business logo. All printed packaging items will use a copperplate gothic bold print font (**COLONIAL HOME**). This print font depicts the simplicity of the style so prevalent in Colonial America. Examples of the stationary, business cards, post cards and customer cards can be seen in Appendix D.

In addition to creating a physical atmosphere that blends with the style and quality of the antique reproductions that Colonial Home will market, it is important that the marketing/imaging slogan reinforce the concept of the rebirth of antique styles. Because Colonial Home's product lines are centered around reproductions of quality pre-Industrial Revolution America home decor, the slogan **TODAY'S TREASURES ARE TOMORROW'S ANTIQUES** will be used on all printed packaging tools and advertising media.

Public Relations: Colonial Home will be a new business in the Holchaster area and Jenney Dalstand will be a new resident in the area. Therefore, the first year of operation will require extensive networking within the community in order to establish a presence. The first public relations event will be the grand opening. This event will be promoted on community bulletin boards, local television talk shows and through paid advertising.

Since the target market for Colonial will be primarily females (according to trade publications 90% of decor and gift buying is done by females) all public relations will be targeted at this specific market. In order to establish a presence in the community, Colonial Home will sponsor a girls' soccer team. Soccer is a very large sport for children in the East, and the mothers of these young girls are the primary attendees at the games. Therefore, two positive goals will be accomplished by this type of sponsorship. First, athletics promotes self-esteem, teamwork and physical fitness for the young Generation Y consumers (ages 5 - 22).

Second, by having Colonial Home's name printed on all the uniforms, these children will be walking

billboards seen my hundreds of mothers each week.

The second major public relations event that Colonial Home will be a part of is participation in the annual fund raising for Breast Cancer Awareness. Breast Cancer Awareness month is in October, and many fund raising events take place throughout communities across the nation. Colonial Home will sponsor a charity auction whereby local non-retail businesses will be asked to purchase a quality home decor item from Colonial Home at a reduced cost which they will turn around and donate to the auction. Colonial Home will solicit participation among local restaurants to provide the food and beverages for this event, which if successful will turn into an annual event. In addition, 5% of all sales for the month of October will be donated to breast cancer research. Colonial home will benefit in three ways. First, all items auctioned will be purchased at Colonial Home. Second, and most important, the free publicity received by this event will hopefully establish Colonial Home as a local business that gives back to the community in which it prospers. Third, the direct donation of a percentage of sales may have a tax advantage.

In addition to the above community based public relations events, Colonial Home will hold an open house event three times a year in April, August and December to showcase new merchandise. These open houses will be by invitation only with participants selected from the most active customers on the mailing list. Colonial Home will also actively participate in the annual Apple Blossom Festival, which takes place May 2nd through the 6th each year.

In order to establish a network within community members Jenney Dalstand will join the local Chamber of Commerce, Rotary and Soroptomist clubs. Membership in the Chamber and Rotary will help promote the Colonial Home within the local business community plus encourage those businesses in the tourist industry to promote Colonial Home to the thousands of tourists who come to visit. Because Soroptomist is a club for professional business women, membership within this organization will allow another means of marketing the business to the target market.

Advertising: Since Colonial Home will be a new retail establishment the primary purpose of the advertising promotions will be to get new customers into the store and bring them back for repeat sales. The secondary purpose will be to keep the store's name before the public. According to Dana K. Cassell, author of "How To Advertise & Promote Your Retail Store," there are two major types of advertising promotions:

1. Immediate-response promotions, which are designed to make potential customers come to the store and make a purchase during a specific time period.
2. Image-building promotions, which are designed to keep the store's name and merchandise before the public.

According to Gift Beat Magazine industry experts, the most effective form of advertising for retailers in the home decor and gift industry is the use of direct mail. Direct mail coupons are an excellent immediate-response promotion for a new business such as Colonial Home. The initial direct mail list will be comprised of customers who fit the general target market qualifications. These customers will be pinpointed by neighborhood. Future mailing lists used in direct mail campaigns will be made up of qualified customers who have patronized Colonial Home and are willing to spend money on home decor and gift items. In addition to the current customer mailing list, a secondary mailing list will be developed targeting specific neighborhoods outside the immediate market area of Holchaster whose residents fit the target market's customer profile.

A secondary source of direct mail advertising will be in The Country Register which is a specialized publication for country, primitive/folk art, antique and Victorian enthusiasts. This publication is published 6 times a year in all 50 states and 5 Canadian Provinces. Each state publication provides advertising for businesses in that particular state plus information about upcoming events. The Country Register's target audience includes those individuals whose profile matches that of Colonial Home's target market. These publications are offered free to the consumer and are available in all antique, country, primitive/folk art, Chamber of Commerce and Visitors Bureau locations. Colonial Home will offer coupons on special seasonal or holiday items and will carefully track these coupon sales to determine if this publication is drawing a sufficient amount of business from outside Panderick and Wallen Counties.

In order to reach the potential customers in the tourist industry, brochures will be produced in-house and distributed to the local Chamber of Commerce, Visitors Bureau, major hotel and restaurant chains. These brochures will include a discount coupon to facilitate tracking. In addition, in order to attract customers who are planning on visiting the Holchaster area, Colonial Home will also purchase advertising space on the City of Holchaster's web site.

The second major type of advertising is image-building promotion. As stated in the previous section on Public Relations, Colonial Home will sponsor three major activities: 1. Sponsor a female youth soccer team, 2. Coordinate an annual Breast Cancer Awareness charity auction and 3. Become an active sponsor and participant in the annual Apple Blossom Festival. The primary purpose of sponsoring such activities will be to keep Colonial Home's name and merchandise before the public. As a sponsor of major events, Colonial Home should be able to take advantage of discounts in the local newspaper for Breast Cancer Awareness Month and the Apple Blossom Festival. These events will also be promoted to Colonial Home customers through the monthly mailing list campaigns. Image-building promotion results are harder to measure than immediate-response promotions, and results tend to come long after the event has ended. However, even though the results may be measured over a longer period of time the association of Colonial Home with positive civic functions can only provide positive customer feedback and increased customer awareness.

The easiest way to measure the effectiveness of a direct mail campaign is to offer a discount incentive on a particular product line. During the first year of operation, discounts on different products within different product lines will be offered on direct mail postcards. Customers will be required to present the card in order to obtain the discount. These cards will then be tabulated by area and customer to determine the effectiveness of the mailing. According to industry expert Dana Cassell, "... if mailing costs represent less than 10 percent of the sales generated by the promotion, the promotion is a success." After the first year of operation, repeat customers will be offered a percentage discount on whatever they wish to purchase as a reward for their loyal patronage.

According to industry experts, the most effective method of developing an advertising budget for the home decor and gift business is by using a percentage of annual sales. The recommended percentage is 3-5% of projected sales. With a projected annual sales figure of \$500,000, Colonial Home will budget 5% of projected sales (\$25,000) in its marketing program.

According to the author of Guerrilla Marketing, the marketing budget should be allocated as follows:

85% of the total budget for existing customers	\$21,250
10% of the total budget for prospective customers	\$ 2,500
5% of the total budget into the universe	\$ 1,250

Because Colonial Home is a new retail business, the above distribution will be altered in the first year in order to concentrate marketing dollars on soliciting prospective customers. The proposed budget breakdown is as follows:

72% of the total budget for existing customers	\$18,590
26% of the total budget for prospective customers	\$ 6,764
2% of the total budget into the universe	\$ 600

Depending on first-year revenue results, the marketing budget allocations will be revised in the second year of operation to more closely reflect the percentages recommended by Guerrilla Marketing recommendations.

A detailed copy of Colonial Home's advertising and promotion budget is included in Section IV. The Financial Plan

Customer Service: As stated in the Mission Statement, impeccable personalized customer service and attention to customer buying requirements will dictate purchasing decisions and marketing plans. Because Colonial Home will be selling a high quality product at a higher price to a more discriminating buyer, it is critical that the quality focused on the products be extended to the service offered to customers. Customers who are willing to spend a greater amount of money for products tend to want more personalized service. If Colonial Home is to achieve its short and long-term goals of profitability, diversification and customer satisfaction, it must strive to become the Nordstrom's of the home decor and gift industry. To achieve this goal, special attention will be paid to all customer requests including:

1. Special ordering for items not normally carried
2. Free gift wrapping for purchases over \$25.00
3. Free delivery for furniture purchases over \$500.00
4. Birthday, anniversary and bridal gift registry

Implementation of the above will require minimal cash outlay. A special order corner will be incorporated into the floor plan that will allow customers to sit and browse the catalogs of lines carried in the store. Since it will be impossible to carry all items from every manufacturer's line, customers must be allowed to view the catalogs for items they would like to have Colonial Home order for them. If there is an item a customer is looking for from a vendor that Colonial Home does not currently order from, every effort will be made to obtain the item(s) unless there is a large minimum order requirement. Special ordering is a service that is not overtly encouraged by most decor and gift establishments. Therefore, this service should become a major competitive advantage for Colonial Home. The gift registry will entail nothing more than keeping a card catalog with the customer's name, address and gift requests.

In order to create consistent customer service Jenney Dalstand will develop a detailed customer service policy manual. All employees will be thoroughly trained and indoctrinated in all aspects of quality customer service. In order to avoid having to delay or refer customer service problems and questions in the owner's absence, all employees will be empowered to deal with issues involving refunds, returns, exchange, discounts, special orders and problem customer issues. Procedures covering these issues will be address in the customer service policies and procedures, exchange/refund/return procedures, pricing and discount procedures and special ordering procedure manuals. Should a circumstance arise that is not covered in any of these documents, employees will refer this situation to the owner (Jenney Dalstand).

Once a customer has made a purchase, it is absolutely critical that the customer be encouraged to return in the future. To this end, Colonial Home will make extensive use of direct-mail advertising and customer follow up. Each customer will be asked if he or she wishes to be included on the mailing list; if so, they will be asked to fill out a mailing list card. Once on the mailing list, they will be notified monthly (via mail or e-mail) about upcoming promotions, sales, events and new merchandise. They will also be sent a thank you note immediately following their first purchase. After customers are entered into the database, their purchases will be tracked and they will be notified if new items arrive that match the lines previously purchased. To accommodate the development of this extensive database, Colonial Home will have

sufficient computer hardware and software available and will also encourage customers to direct inquiries through Colonial Home's e-mail address. Due to the development and operational costs for developing and maintaining an e-commerce site and the lack of credible statistics on their profitability, Colonial Home will not be marketing its merchandise on a dedicated web site in the foreseeable future.

Colonial Home will also host an annual Customer Appreciation Christmas party for those customers who meet the minimum annual purchase requirements (yet to be determined). This party will be hosted during the first Saturday evening in December and will serve 2 purposes: 1.) Serve as a thank you to customers for their loyal patronage, and 2.) Serve as a preview of holiday merchandise coupled with a discount coupon for any merchandise purchased at the party. Customers will also be rewarded with a special one-time discount coupon for purchases totaling \$100 or more in a month.

SECTION VI. The Financial Plan

A. Financial Worksheets

The following financial worksheets are based on current estimates from numerous agencies and professionals located in the Holchaster, Delaware area and industry standards. It is the opinion of the writer that these revenue and expense projections are as exact as possible. The financial worksheets for Colonial Home are as follows:

Salaries/Wages & Benefits

Outside Services

Insurance Expenses

Travel Expenses

Advertising Budget

Occupancy Expense

Fixed Assets

Start-up Expenses

Miscellaneous Expenses

Sales Forecast

Wholesale Cost of Projected Product Lines Sold

Colonial Home

Employee Salary/Wage & Benefits Worksheet

For Period: April 1, 2002 thru March 31, 2003

<u>Employee Title</u>	<u>Salary/Hr</u>	<u>Hrs./PPD</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Fed</u>	<u>Mar</u>	<u>Year Total</u>
Office Clerk															
Gross Salary	10.00	40	800.00	1,200.00	800.00	800.00	800.00	800.00	800.00	1,200.00	800.00	800.00	800.00	800.00	10,400.00
FICA			61.20	91.80	61.20	61.20	61.20	61.20	61.20	91.80	61.20	61.20	61.20	61.20	795.60
Unemployment Ins.			20.00	30.00	20.00	20.00	20.00	20.00	20.00	30.00	20.00				200.00
Workers Comp			3.44	5.16	3.44	3.44	3.44	3.44	3.44	5.16	3.44	3.44	3.44	3.44	44.72
Sales Clerk															
Gross Salary	8.00	40	640.00	960.00	640.00	640.00	640.00	640.00	640.00	960.00	640.00	640.00	640.00	640.00	8,320.00
FICA			48.96	73.44	48.96	48.96	48.96	48.96	48.96	73.44	48.96	48.96	48.96	48.96	636.48
Unemployment Ins.			16.00	24.00	16.00	16.00	16.00	16.00	16.00	24.00	16.00	16.00	16.00	8.00	200.00
Workers Comp			2.75	4.13	2.75	2.75	2.75	2.75	2.75	4.13	2.75	2.75	2.75	2.75	35.78
Owner															
Workers Comp			17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	17.20	206.40
Total Salary			1,440.00	2,160.00	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00	2,160.00	1,440.00	1,440.00	1,440.00	1,440.00	18,720.00
Total Benefits			169.55	245.73	169.55	169.55	169.55	169.55	169.55	245.73	169.55	149.55	149.55	141.55	2,278.98
Total Salary & Benefits			<u>1,609.55</u>	<u>2,405.73</u>	<u>1,609.55</u>	<u>1,609.55</u>	<u>1,609.55</u>	<u>1,609.55</u>	<u>1,609.55</u>	<u>2,405.73</u>	<u>1,609.55</u>	<u>1,589.55</u>	<u>1,589.55</u>	<u>1,581.55</u>	<u>20,998.98</u>

Note: Unemployment insurance rates are based on a maximum of 2.50% for the first \$8,000 in gross wages.

Total annual benefits include a flat fee of \$160.00/yr expenditure cost assessed by the insurance company.

Colonial Home

Outside Services Expenses Worksheet

For Period: April 1, 2002 thru March 31, 2003

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Year Total</u>
1. Accounting	125	125	255	125	125	255	125	125	255	125	125	605	2,370
2. Legal	100	100	100	100	100	100	100	100	100	100	100	100	1,200
3. Marketing	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Janitorial	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$225</u>	<u>\$225</u>	<u>\$355</u>	<u>\$225</u>	<u>\$225</u>	<u>\$355</u>	<u>\$225</u>	<u>\$225</u>	<u>\$355</u>	<u>\$225</u>	<u>\$225</u>	<u>\$705</u>	<u>\$3,570</u>

Assumptions for Outside Services Expenses

1. Estimated monthly charges are \$50/mo for payroll deposits, \$75/mo for review of monthly books, \$130/qtr. for payroll reports and \$350 to prepare year-end taxes.
2. The monthly budgeted amount of \$100.00/month will be held in reserve for any future legal services.
3. A formal marketing budget and contract for services will be developed and implemented after the first year of operation.
4. Janitorial services will be provided by Van and Jenney Dalstand at no charge.

Colonial Home
Projected Insurance Expenses Worksheet
For Period: April 1, 2002 thru March 31, 2003

	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Year Total</u>
1. Gen. Liability	40	40	40	40	40	40	40	40	40	40	40	40	480
2. Fire & Theft													
3. Bus. Interruption													
4. Bus. Property													
5. Fidelity Bond													
6. Key Person (Disability)													
7. Auto Liability	5	5	5	5	5	5	5	5	5	5	5	5	60
8. Key Person (Life)	60	60	60	60	60	60	60	60	60	60	60	60	720
Totals	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$1,260

1. through 6.: Part of total retail business insurance package. Individual components are not priced individually.
7. Additional premium for occasional business use of personal vehicle.
8. Whole life insurance on owner.

**Colonial Home
Travel Expenses Worksheet
For Period: April 1, 2002 thru March 31, 2003**

	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Year Total</u>
1. Gas Purchases	50	50	50	100	50	50	50	50	50	50	100	50	700
2. July Market				500									500
3. February Market											500		500
4. Misc. Buying Trips		250					250						500
Total	\$50	\$300	\$50	\$600	\$50	\$50	\$300	\$50	\$50	\$50	\$600	\$50	\$2,200

Notes:

1. Gas expenditures will be for miscellaneous local business and driving to and from markets in Pennsylvania & Atlanta
2. Expenses allow for a 3-day buying trip to purchase spring and summer merchandise including two nights in a hotel and meals.
3. Expenses allow for a 3-day buying trip to purchase fall and holiday merchandise including two nights in a hotel and meals.
4. Expenses allow for 2 buying trips to purchase specialty merchandise items from local craftsmen.

COLONIAL HOME

ANNUAL ADVERTISING & PROMOTION CALENDAR WORKSHEET

For Period: April 1, 2002 thru March 31, 2003

EVENT	TOOLS & COSTS	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	TOTAL
PROJECTED SALES		40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000	500,000
BUDGET BASED ON 5% OF PROJECTED SALES		2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	25,000
MONTHLY MAILINGS	# Postcards Mailed	400	350	300	300	400	300	350	550	1,150	250	350	300	5,000
(active customers)	Printed Postcards	26	23	20	20	26	20	23	36	75	16	23	20	325
	Mailing Labels	4	4	3	3	4	3	4	6	12	3	4	3	54
	Postage	84	74	63	63	84	63	74	116	242	53	74	63	1,050
	\$10 Gift Certificate	1,000	875	750	750	1,000	750	875	1,375	2,875	625	875	750	12,500
	Subtotal	\$1,114	\$975	\$836	\$836	\$1,114	\$836	\$975	\$1,532	\$3,204	\$696	\$975	\$836	\$13,929
QUARTERLY MAILINGS	# Postcards Mailed	1,500			1,500			1,500			1,500			6,000
(targeted areas)	Printed Postcards	98			98			98			98			390
	Mailing Labels	16			16			16			16			64
	Postage	315	0	0	315	0	0	315	0	0	315	0	0	1,260
	Subtotal	\$429	\$0	\$0	\$429	\$0	\$0	\$429	\$0	\$0	\$429	\$0	\$0	\$1,714
TOURIST ADS	Brochures	50	50	50	50	50	50	50	50	50	50	50	50	600
	Subtotal	50	50	50	50	50	50	50	50	50	50	50	50	600
OTHER														
Statewide Advertising	Country Register	300		300		300		300		300		300		1,800
Apple Blossom Festival	Holchaster Star		500											500
Breast Cancer Awareness	Holchaster Star							500						500
(5% of Sales Donation)								1,750						1,750
Soccer Team Sponsor	Team Shirts	500												500
Open House	Food & Beverages	300				300				300				900
	Give Aways	1,000				1,000				1,000				3,000
	Subtotal	\$2,100	\$500	\$300	\$0	\$1,600	\$0	\$2,550	\$0	\$1,600	\$0	\$300	\$0	\$8,950
TOTAL MONTHLY ADVERTISING COSTS		\$3,693	\$1,525	\$1,186	\$1,314	\$2,764	\$886	\$4,004	\$1,582	\$4,854	\$1,175	\$1,325	\$886	\$25,193

Notes to Accompany the Advertising and Promotions Budget

The industry average for marketing expenses is 3 - 5% of projected sales. Because Colonial Home will be a new business, a 5% target expenditure will be used in order to accelerate sales.

Assumes the average customer spends \$100/mo. and 1/2 of the customers spend \$200/mo, coupons will be sent to those customers who spend \$200/mo or more. (Assumes a 100% redemption rate.)

Quarterly mailings will be sent to potential customers in target markets on a quarterly basis.

Based on printing 1,000 brochures/month.

Based on a 1/2 page ad @ \$375/issue plus a 20% discount for a one-year contract.

Block ad in the Apple Blossom Festival special insert in the Holchaster Daily Star.

Block ad for the sponsored charity auction.

Purchase of shirts and miscellaneous items for the team.

Costs for scheduled open house celebrations and gifts for select customers.

Colonial Home

Projected Occupancy Expenses Worksheet

For Period: April 1, 2002 thru March 31, 2003

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Total</u>
1. Rent Payments	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	20,856
2. Property Taxes Maint. & Repairs	180	180	180	180	180	180	180	180	180	180	180	180	2,160
3. Electric	400	400	400	400	400	400	400	400	400	400	400	400	4,800
4. Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Water & Sewer	50	50	50	50	50	50	50	50	50	50	50	50	600
6. Trash	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Telephone	180	80	80	80	80	80	80	80	80	80	80	80	1,060
Total	\$2,548	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$2,448	\$29,476

1. Based on \$13.90/sq. ft. per year for 1,500 square feet based on information from Coldwell Banker Real Estate on a known property.
 2. Triple net charges of \$1.44/sq. ft per year for 1,500 square feet based on information from Coldwell Banker Real Estate on a known property.
 3. Based on estimated projections from System Allegheny Power.
 4. No expenditures as lease space is all electric.
 5. Based on estimated projections from the City of Holchaster. Estimated on 5,000 gal./mo usage @ 17.60 for the first 3,000 gal. + 2.14/1,000 additional gallons for water and \$3.91/1,000 for sewer.
 6. The City of Holchaster does not charge for trash hauling.
 7. Based on estimated projections from Bell Atlantic Verizon for 2 lines. Additional charges for first month include \$37 order processing + \$28/line connect. charge. Monthly fee is \$21/line + .096/call (based on 5 outgoing calls/day). Included is approximately \$25/mo. for long distance.
- Note:** Based on industry standards, occupancy expenses average 8-10% of projected sales. Colonial Home's occupancy expenses are 2-4% below industry standard.

Colonial Home

FIXED ASSETS (New Purchases)

For Period: April 1 2003 thru March 31, 2004

Fixed Asset	New/Used	Cost	Acquisition Date	Useful Life (in months)	Monthly Depreciation	Annual Depreciation
Kiosk w/Equipment	New	25,000	04/01/03	60	417	5,000
	Total Cost	\$25,000	Total Fixed Asset Depreciation		\$417	\$5,000

Colonial Home

FIXED ASSETS (New Purchases)

For Period: April 1 2004 thru March 31, 2005

Fixed Asset	New/Used	Cost	Acquisition Date	Useful Life (in months)	Monthly Depreciation	Annual Depreciation
Candle Making Equipment	New	10,000	04/01/04	60	167	2,000
	Total Cost	\$10,000	Total Fixed Asset Depreciation		\$167	\$2,000

COLONIAL HOME - START-UP EXPENSES

A.	Cash Available Now	\$80,000
1	Purchase fixed assets (land, equipment, buildings, vehicles) (See fixed Assets Acquisition Budget Worksheet)	0
2	Remodeling Costs:	
	Fixtures	1,000
	Signs	2,000
	Paint	150
	Carpentry Supplies (crown molding, chair rails)	1,000
	Checkout Counter	500
	Flooring	4,500
3	Installation Fees: Telephone	93
4	Deposits:	
	Electric	300
	Water	90
	Lease	1,918
5	Fees, licenses, certifications	1,200
6	Legal one-time fees:	
	LLC Preparation	500
	Lease Review	300
7	Accounting Consultation	400
8	Pre-opening Labor Expense	0
9	Pre-opening Training Expense (Open-to-Buy System & POS)	900
10	Beginning Inventory	50,000
11	Office & Operations Supplies:	
	Letterhead & Envelopes	275
	Business Cards	100
	Bags & Tissue Paper	400
12	Office Equipment:	
	2-line Phone	200
	Fax/Copier/Printer/Scanner	675
	File Cabinet	125
	Desk & Chair	500
13	Grand Opening Supplies	
	Food	500
	Give-aways	750
14	Grand Opening Advertising	
	Direct Mailings	500
	Initial Media Expense	500
15	Other Expenses (one-time start-up) – Initial Media Expenses	600
16	Open-To-Buy Software	700
17	POS Software	1,200
B.	Total Start-up Expenses	\$71,876
C.	(A-B) Beginning Cash Balance OR- Additional Cash Required	\$8,124

START-UP EXPENSE NOTES/ASSUMPTIONS

Line	
1	No fixed assets will be purchased. Antique furniture reproductions will be used as display fixtures and will be available for sale.
2	All interior remodeling will be done by Van & Jenney Dalstand. Signage will be build and installed by an outside contractor.
3	There are no installation fees in the City of Holchaster. The telephone installation fee is a one-time charge of \$28/line + a \$37 order charge
4	Lessor requires a one month deposit which includes the lease charge plus one month of the prorated NNN.
5	City of Holchaster business license fee is \$.20 per \$100 or projected gross receipts. Additional funds allocated for misc. fees.
6	Initial investment for start-up inventory.
7	Fee for initial consultation and setup of chart of accounts.
8	Pre-opening labor will be supplied by Van & Jenney Dalstand.
9	For one week of training for two part-time employees on the open-to-buy and POS software systems and review of all policies and procedures.
10	Desired opening inventory needed to produce desired annual gross sales.
11	Expenses for all misc. office supplies and initial inventory of bags.
12	Due to the minor cost of office equipment, these items will be expensed.
13	Allocated costs will cover food and beverages for grand opening and giveaways for customers.
14	Initial direct mailing of 2,000 postcards to potential target market customers plus newspaper advertising.
15	Covers travel expenses for initial inventory market purchases.
16	One-time charge for Open-to-Buy software.
17	One-time charge for POS software.

COLONIAL HOME
Miscellaneous Expenses
For Period: April 1, 2002 thru March 31, 2003

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	YEAR TOTAL
1. Subscriptions	200												200
2. Memberships:													
Chamber	205												205
Rotary	300												300
Soroptomist	250												
3. Meeting Meals	30	30	30	30	30	30	30	30	30	30	30	30	360
Total	985	30	30	30	30	30	30	30	30	30	30	30	1315

Assumptions for Miscellaneous Expenses

1. Annual subscriptions to Country Living, Country Home, Country Business and Gift Beat magazines.
2. Annual membership dues for community/civic organizations.
3. Meal expenses for monthly meetings.

IA

COLONIAL HOME – Sales Projection
For Period: April 1, 2002 thru March 31, 2003

Sales Projections Based on:	\$ Sales	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Sales
1. % of Sales/Month		8.00%	7.00%	6.00%	6.00%	8.00%	6.00%	7.00%	11.00%	23.00%	5.00%	7.00%	6.00%	100.00%
2 \$/Square Foot -Based on 1,200 sq.ft. @ \$300.00/sq. ft.	360,000	28,800	25,200	21,600	21,600	28,800	21,600	25,200	39,600	82,800	18,000	25,200	21,600	360,000
3. Inventory Turns - Based on 5 turns per year and a \$50,000 initial inventory @keystone pricing	500,000	40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000	500,000

Notes: .

1. Basic options for projecting sales are based on estimated industry averages for the gift industry
2. Based on estimated industry averages for the gift industry and suggested sales/sq. ft recommended by experienced gift retailers.
3. Based on estimated industry averages for the gift industry and an anticipated inventory investment of \$50,000. This option will be used as a basis for sales projections.

Sales Projections By Major Lines

Product Lines	% of Sales	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Sales
Reproduction Furniture Line	40%	16,000	14,000	12,000	12,000	16,000	12,000	14,000	22,000	46,000	10,000	14,000	12,000	200,000
Pewter Line	5%	2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	25,000
Reproduction Display Line	15%	6,000	5,250	4,500	4,500	6,000	4,500	5,250	8,250	17,250	3,750	5,250	4,500	75,000
Lace Line	5%	2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	25,000
Floor Cloths/Table Mats	5%	2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	25,000
Candles	3%	1,200	1,050	900	900	1,200	900	1,050	1,650	3,450	750	1,050	900	15,000
Candle Accessories	2%	800	700	600	600	800	600	700	1,100	2,300	500	700	600	10,000
Table/Kitchen Textiles	3%	1,200	1,050	900	900	1,200	900	1,050	1,650	3,450	750	1,050	900	15,000
Coverlet/Bedding Line	10%	4,000	3,500	3,000	3,000	4,000	3,000	3,500	5,500	11,500	2,500	3,500	3,000	50,000
Hand-carved Ducks	5%	2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	25,000
Primitive Dolls	3%	1,200	1,050	900	900	1,200	900	1,050	1,650	3,450	750	1,050	900	15,000
Misc. Gifts	4%	1,600	1,400	1,200	1,200	1,600	1,200	1,400	2,200	4,600	1,000	1,400	1,200	20,000
Total Monthly Sales	100.00%	40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000	500,000

Notes: The percent of sales breakdown by major lines is based on a space to sales ratio analysis using an initial estimated sales floor area of 1,200 square feet.

COLONIAL HOME

Wholesale Cost of Projected Product Lines Sold For Period: April 1, 2002 thru March 31, 2003

<u>Gift Lines</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Year Total</u>
Reproduction Furniture*	8,000	7,000	6,000	6,000	8,000	6,000	7,000	11,000	23,000	5,000	7,000	6,000	\$100,000
Pewter*	1,000	875	750	750	1,000	750	875	1,375	2,875	625	875	750	\$12,500
Reproduction Displays*	3,000	2,625	2,250	2,250	3,000	2,250	2,625	4,125	8,625	1,875	2,625	2,250	\$37,500
Lace	1,000	875	750	750	1,000	750	875	1,375	2,875	625	875	750	\$12,500
Floor Cloths/Table Mats*	1,000	875	750	750	1,000	750	875	1,375	2,875	625	875	750	\$12,500
Candles	600	525	450	450	600	450	525	825	1,725	375	525	450	\$7,500
Candle Accessories	400	350	300	300	400	300	350	550	1,150	250	350	300	\$5,000
Table/Kitchen Textiles	600	525	450	450	600	450	525	825	1,725	375	525	450	\$7,500
Coverlet/Bedding	2,000	1,750	1,500	1,500	2,000	1,500	1,750	2,750	5,750	1,250	1,750	1,500	\$25,000
Hand-carved Ducks*	1,000	875	750	750	1,000	750	875	1,375	2,875	625	875	750	\$12,500
Primitive Dolls	600	525	450	450	600	450	525	825	1,725	375	525	450	\$7,500
Misc. Gifts	800	700	600	600	800	600	700	1,100	2,300	500	700	600	\$10,000
Total	\$20,000	\$17,500	\$15,000	\$15,000	\$20,000	\$15,000	\$17,500	\$27,500	\$57,500	\$12,500	\$17,500	\$15,000	\$250,000

Notes:

Wholesale costs serve as the basis for keystone markup on all product lines. See "Sales Projections" worksheet.

Projections are very conservative and are based on keystone pricing. Lines noted with an asterisk (*) should be keystone plus. The exact amount of markup above keystone will be dictated by the specific area and total target market of the final site selection.

B. Cash Flow Projections

Break-Even Analysis

Because Colonial Home is a retail establishment, traditional break-even analysis will not apply. Therefore the following worksheet reflects the point at which the business has sufficient revenue to cover owner withdrawals.

Break-Even Analysis Worksheet

Total Sales	\$500,000
Wholesale Product Cost (-)	\$250,000
Profit Margin	\$250,000
Fixed Costs (-)	\$ 96,824
Excess Profit Margin	\$153,176

It is apparent that there will be sufficient revenue to cover the projected \$48,000 in annual owner withdrawals.

Monthly Cash Flow Projections - Year One

The cash flow projections and notes for Colonial Home on pages 64 and 65 summarize the cash receipts, cash disbursements and adjustments to net cash flow that were detailed in the various worksheets included in Section A. above. After reviewing the Monthly Cash Flow Projections worksheet for the first year of operation, there are three months in which the business operates with a negative cash flow. This negative flow is due to the buying cycles of the gift industry. Major inventory purchases need to be made during the peak buying months of July, February and March. Because a new business will be on a cash basis until a credit history is established, it will be difficult to order several months in advance for deferred delivery and ultimately deferred payment. This situation should be rectified during the second year of operation when Colonial Home has established its credit worthiness with its vendors. At that time it will be easier to distribute the purchases/payments more equitably, thereby avoiding any negative cash flow situations.

Since Colonial Home is operating without any debt it is quite capable of support the projected level of expenses. In addition to supporting the normal level of operating expenses, it is projected that Colonial Home will be able to accumulate enough excess operating capital to meet its long-term goal of product expansion for the second year of operation without adding debt or requiring additional owner investment.

The start-up expenses were projected on a separate worksheet in Section A. The beginning cash balance on April 1, 2002 reflects cash after the start-up expenses have been deducted.

Annual Cash Flow Projections - Years Two and Three

Cash Flow projections for the second and third years of operation are detailed on pages 66 and 67. The primary expenditure for the second year of operation is the addition of an espresso kiosk which will require the addition of one full-time employee. The additional costs for this product expansion are detailed on lines 3, 6, 7, 8, 16, 18, 19, 24, 25, 28 and 35. Additional revenue projected in the gift/decor lines is estimated at 10%. In addition, expenditures were increased in supplies, travel and utilities due to increases in overall sales or from uncontrollable increases in energy costs.

The primary difference in year three of operation is the additional capital and operating expense outlays required to accommodate the addition of a candle line produced in house. These revenues and expenditures are reflected in lines 4, 8, 9, 10, 26, 27, 30 and 31. Revenue s on existing product lines were increased by 10%. Expenses increased in wages and benefits due to the addition of a part-time employee dedicated to candle making. Outside services increased due to the additional accounting required for both the espresso and candle making operations. Supplies, travel, phone, water & sewer, utilities and miscellaneous expenses were increased based on anticipated price increases.

A portion of the large ending cash balance in year three will be used to acquire a building suitable to house the gift/decor lines, an expanded espresso area and onsite candle production.

COLONIAL HOME - Monthly Cash Flow Projections - For Period: April 1, 2002 thru March 31, 2003

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
1. Beginning Cash Balance	8,124	33,203	36,285	55,696	27,060	34,873	39,585	43,483	86,307	185,626	200,273	179,071	8,124
Cash Receipts													
2. Cash Sales	40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000	500,000
Total Cash Receipt (A)	40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000	500,000
Total Cash Available	48,124	68,203	66,285	85,696	67,060	64,873	74,585	98,483	201,307	210,626	235,273	209,071	508,124
Cash Disbursements													
3.. Cash Purchase (Merchandise)		20,000		47,500	20,000	15,000	17,500				45,000	85,000	250,000
4.. Gross Wages	1,440	2,160	1,440	1,440	1,440	1,440	1,440	2,160	1,440	1,440	1,440	1,440	18,720
5. Payroll Expenses	170	246	170	170	170	170	170	246	170	150	150	142	2,279
6. Outside Services	225	225	355	225	225	355	225	225	355	225	225	705	3,570
7. Supplies (Office & Operating)	150	150	150	150	150	150	150	300	300	150	150	150	2,100
8. Advertising	3,693	1,525	1,186	1,314	2,764	886	4,004	1,582	4,854	1,175	1,325	886	25,194
9. Travel Expenses	50	300	50	600	50	50	300	50	50	50	600	50	2,200
10. Rent	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	20,856
11. Triple Net Expenses (mnt.tax.ins)	180	180	180	180	180	180	180	180	180	180	180	180	2,160
12. Telephone	180	80	80	80	80	80	80	80	80	80	80	80	1,060
13. Water & Sewer	50	50	50	50	50	50	50	50	50	50	50	50	600
14. Utilities	400	400	400	400	400	400	400	400	400	400	400	400	4,800
15. Insurance	105	105	105	105	105	105	105	105	105	105	105	105	1,260
16. Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Miscellaneous Expenses	985	30	30	30	30	30	30	30	30	30	30	30	1,315
18. Equipment Leases	205	205	205	205	205	205	205	205	205	205	205	205	2,460
19. Computer/Software Maint. Fees	750	0	0	0	0	0	0	0	0	0	0	0	750
20. Fixed Asset Purchase	0	0	0	0	0	0	0	0	0	0	0	0	0
21. Owner's Withdrawal	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
22. Novus Credit Card Fees	600	525	450	450	600	450	525	825	1,725	375	525	450	7,500
Total Cash Disbursements (B)	14,921	31,919	10,589	58,637	32,187	25,289	31,102	12,176	15,682	10,353	56,203	95,611	394,824
Net Cash Flow (A -B)	25,079	3,081	19,411	(28,637)	7,813	4,711	3,898	42,824	99,318	14,647	(21,203)	(65,611)	105,176
Adjustments to Net Cash Flow													
23. New Debt (+)	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted Net Cash Flow	25,079	3,081	19,411	(28,637)	7,813	4,711	3,898	42,824	99,318	14,647	(21,203)	(65,611)	105,176
Ending Cash Balance	33,203	36,285	55,696	27,060	34,873	39,585	43,483	86,307	185,626	200,273	179,071	113,460	113,300

Year One (4/1/02 through 3/31/03) - Monthly Cash Flow Projection Notes

Line	
1.	April beginning cash balance carried forward from Start-up Expense worksheet.
2.	Cash sales total carried forward from Sales Projections worksheet.
	No miscellaneous income, loans or outside cash injections projected.
3.	Merchandise reinvestment based on major market purchases in July, Feb. and March. Christmas holiday sales totaling 34% of total sales must be purchased in March. All amounts include freight
4.	See Employee Salary/Wage & Benefits Worksheet
5.	" "
6.	See Outside Services Expense Worksheet
7.	Covers misc. office expenditures plus retail packaging and wrapping materials.
8.	See Advertising & Promotional Worksheet
9.	See Travel Expense Worksheet
10.	See Occupancy Expenses Worksheet
11.	" "
12.	" "
13.	" "
14.	" "
15.	See Insurance Expense Worksheet
16.	No interest expense projected.
17.	See Miscellaneous Expense Worksheet
18.	Includes monthly lease for computer (\$80/mo.), mailing equipment (\$50/mo.) and burgler alarm (\$75/mo.).
19.	Annual software maintenance for POS system.
20.	No fixed assets will be purchased in the first year of operation.
21.	Owner withdrawals are based on a minimal reimbursement for management expertise.
22.	Fees of 3% are based on an anticipated credit card usage of 50% of projected sales.
23.	Note: With an initial owner investment of \$80,000, no new owner investment or new debt is anticipated.
	Note: According to industry standards and the financial health of the target market, bad debt will be minimal.
	Note: All purchases will be cash, thus eliminating the need for payables.
	Note: No fixed assets will be purchased in the first year, thus eliminating the need for depreciation.

COLONIAL HOME – Annual Cash Flow Projection (Year Two)

For Period: April 1, 2003 thru March 31, 2004		Notes
Year Total		
1.	Beginning Cash Balance	\$113,300
Cash Receipts		
2.	Cash Sales (Gifts & Decor Items)	550,000
2A.	Cash Sales (Retail Coffee Sales)	50,000
	Total Cash Receipt (A)	\$600,000
	Total Cash Available	\$713,300
Cash Disbursements		
3.	Cash Purchase (Gift/Decor Merchandise)	275,000
4.	Cash Purchase (Coffee Related Items)	20,000
5.	Gross Wages	35,360
6.	Payroll Expenses	3,824
7.	Outside Services	3,570
8.	Supplies (Office & Operating)	2,310
9.	Advertising	30,000
10.	Travel Expenses	2,700
11.	Rent	20,856
12.	Triple Net Expenses (main, taxes, ins.)	2,160
13.	Telephone	1,060
14.	Water & Sewer	700
15.	Trash	0
16.	Utilities	6,240
17.	Insurance	1,600
18.	Interest	0
19.	Miscellaneous Expenses	1,315
20.	Equipment Leases	2,460
21.	Computer/Software Maint. Fees	750
22.	Fixed Asset Purchase	25,000
25.	Leasehold Improvements	3,000
26.	Owner's Withdrawal	48,000
27.	Novus Credit Card Fees	8,250
28.	Fees, Licenses, Certificates	2,500
	Total Cash Disbursements (B)	\$496,655
	Net Cash Flow (A -B)	\$103,345
Adjustments to Net Cash Flow		
29.	New Owner Investment (+)	0
30.	New Debt (+)	0
31.	New Debt Interest Payments (-)	0
32.	New Debt Principal Payments (-)	0
33.	Bad Debt (End of Month) (-)	0
34.	Accounts Payable (-)	0
35.	Depreciation (-)	5,000
	Adjusted Net Cash Flow	\$98,345
	Ending Cash Balance	\$211,645

COLONIAL HOME – Annual Cash Flow Projection (Year Three)

For Period: April 1, 2003 thru March 31, 2004			
		Year Total	Notes
1.	Beginning Cash Balance	\$211,645	
	Cash Receipts		
2.	Cash Sales (Gifts & Decor Items)	605,000	Est. 10% increase in sales
3.	Cash Sales (Retail Coffee Sales)	55,000	Est. 10% increase in sales
4.	Cash Sales (Candles)	15,000	Est sales for candles made in house
5.	Loan or Other Cash Injection	0	
	Total Cash Receipt (A)	\$675,000	
	Total Cash Available	\$886,645	
	Cash Disbursements		
6.	Cash Purchase (Gift/Decor Merchandise)	302,500	
7.	Cash Purchase (Coffee Related Items)	22,000	Based on markup of 150%
8.	Cash Purchase (Candlemaking supplies)	6,000	Based on markup of 150%
9.	Gross Wages	43,680	Added one part-time employee to make candles @ \$8.00/hr.
10.	Payroll Expenses	4,696	Increase due to additional employee
11.	Outside Services	4,070	Increased accounting services and fees
12.	Supplies (Office & Operating)	2,541	Est. 10% increase in supply costs
13.	Advertising	33,000	
14.	Travel Expenses	3,500	Increase due to higher gas costs
15.	Rent	20,856	
16.	Triple Net Expenses (Maint., Taxes, Insurance)	2,160	
17.	Telephone	1,200	Increase due to higher phone rates
18.	Water & Sewer	800	Increase due to higher rates
19.	Trash	0	
20.	Utilities	7,200	Est. 10% increase due in utility rates
21.	Insurance	1,600	
22.	Interest	0	
23.	Miscellaneous Expenses	1,450	Est. 10% increase in dues & subscription prices
24.	Equipment Leases	2,460	
25.	Computer/Software Maint. Fees	750	
26.	Fixed Asset Purchase	10,000	Candlemaking equipment
27.	Leasehold Improvements	3,000	Remodeling/candlemaking on owner's property
28.	Owner's Withdrawal	48,000	
29.	Novus Credit Card Fees	9,300	Increase due to higher gift/decor sales and new candle line
30.	Fees, Licenses, Certificates	2,500	Bus. license fee + misc. certificates/licenses for candlemaking
	Total Cash Disbursements (B)	\$533,263	
	Net Cash Flow (A -B)	\$141,737	
	Adjustments to Net Cash Flow (none other than depreciation)		
31.	Depreciation (-)	7,000	
	Adjusted Net Cash Flow	\$134,737	
	Ending Cash Balance	\$346,382	

Note: All candles will be made offsite on owner's property.

C. Financial Statements

COLONIAL HOME - Projected Income Statement - For The Year Ended March 31, 2003

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Operating Income												
Sales	40,000	35,000	30,000	30,000	40,000	30,000	35,000	55,000	115,000	25,000	35,000	30,000
Cost of Product Units Sold	20,000	17,500	15,000	15,000	20,000	15,000	17,500	27,500	57,500	12,500	17,500	15,000
Gross Profit	20,000	17,500	15,000	15,000	20,000	15,000	17,500	27,500	57,500	12,500	17,500	15,000
Expenses												
Salaries/Wages & Benefits *	1,610	2,406	1,610	1,610	1,610	1,610	1,610	2,406	1,610	1,590	1,590	1,742
Non-Labor Expenses:												
Outside Services	225	225	355	225	225	355	225	225	355	225	225	705
Supplies	150	150	150	150	150	150	150	300	300	150	150	150
Insurance	105	105	105	105	105	105	105	105	105	105	105	105
Advertising	3,693	1,525	1,186	1,314	2,764	886	4,004	1,582	4,854	1,175	1,325	886
Occupancy Expense	2,548	2,448	2,448	2,448	2,448	2,448	2,448	2,448	2,448	2,448	2,448	2,448
Miscellaneous Expense	985	30	30	30	30	30	30	30	30	30	30	30
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Travel Expense	50	300	50	600	50	50	300	50	50	50	600	50
Equipment Leases	205	205	205	205	205	205	205	205	205	205	205	205
Computer/Software Maint. Fees	750	0	0	0	0	0	0	0	0	0	0	0
Novus Credit Card Fees	600	525	450	450	600	450	525	825	1,725	375	525	450
Interest - Old Debt	0	0	0	0	0	0	0	0	0	0	0	0
Interest - New Debt	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	10,921	7,919	6,589	7,137	8,187	6,289	9,602	8,176	11,682	6,353	7,203	6,771
Net Operating Profit (or Loss)	\$9,079	\$9,581	\$8,411	\$7,863	11,813	8,711	7,898	19,324	45,818	6,147	10,297	8,229
Other Gains/Losses												
Interest Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit (or Loss)	9,079	9,581	8,411	7,863	11,813	8,711	7,898	19,324	45,818	6,147	10,297	8,229
Owner Withdrawals	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

Note: Salaries/Wages amount for March includes the \$160 annual workers comp expenditure charge.

COLONIAL HOME - Projected Balance Sheet
As of March 31, 2003

ASSETS	
Current Assets	
Cash	113,300
Accounts Receivable	0
Inventory	50,000
Other Current Assets	0
Total Current Assets:	\$163,300
Fixed Assets:	
Land	0
Buildings (Less Accum. Depr.)	0
Equipment (Less Accum. Depr.)	0
Other Fixed Assets (Less Accumulated Depreciation)	0
Total Fixed Assets	0
TOTAL ASSETS (A)	\$163,300
LIABILITIES	
Current Liabilities:	
Accounts Payable	0
Other current Liabilities	0
Total Current Liabilities	\$0
Long-term Liabilities:	
Debt	0
Other Long-term Liabilities	0
Total Long-term Liabilities	\$0
TOTAL LIABILITIES (B)	\$0
OWNER'S EEQUITY (C)	
Beginning Equity	58,124
Net Income (Loss)	105,176
Owner Withdrawals	
Ending Equity (must equal A - B)	
TOTAL OWNER'S EQUITY	163,300

Liquidity Ratios: Because Colonial Home is operating without any debt, all ratios will reflect 100% liquidity.

C. Financial Statements

Colonial Home's projected income statement and balance sheet are detailed on pages 69 and 70. The income statement clearly shows that the business is quite capable of sustaining its expense level and allowing a moderate income to the owner providing the projections and assumptions used reflect actual operations. The balance sheet shows that Colonial Home is operating in a very liquid position. This liquidity is due partly to the fact that the owner has chosen to inject a considerable amount of personal funds into the business, thus avoiding long-term debt that tends to lower the liquidity ratios considerably.

Conclusion

I would like to take this opportunity to thank Helen Sumner for her invaluable assistance in helping me turn my dream into a reality. The NxLevel Entrepreneurial Business Training course has provided me with the tools necessary to build a solid foundation for my business. This course has given me a road map to take over 30 years of education, training and experience and build a working product from which to build and grow a successful retail operation. Kudos to Helen and NxLevel!!!

APPENDIX CONTENTS

Appendix A..... Resume

Appendix B..... Policies & Procedures Manuals

Appendix C..... Product Examples

Appendix D..... Printed Stationary Examples

Appendix E..... Personal Financial Information

(NOTE: Due to the proprietary nature of the above information, actual Appendix items were excluded from this sample plan.)