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Sample Business Plan

IT ADVISERS (EXAMPLE IT BUSINESS PLAN)

2012 - 2014

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Executive Summary	3
Company Overview	4
Products and Services	5
Pricing and Sales	6
Marketing Strategy	7
Competition	8
Management and Staffing	8
Implementation.....	9
Financial Projections	10

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Executive Summary

IT-Advisers will be formed as a consulting company specializing in marketing of information technology and hi-tech products in international markets. Its founders are former marketers of consulting services, cloud-based software and market research, all in international markets. They are founding IT-Advisers to formalize the consulting services they offer.

Mission

IT Advisers (ITA) offers high-tech manufacturers and IT-companies a reliable, high quality alternative to in-house resources for business development, market research and channel development on an international scale.

A true alternative to in house resources offers a very high level of practical experience, know how, contacts and confidentiality. Clients must know that working with ITA is a more professional, less risky way to develop new areas even than working completely in house with their own people. ITA must also be able to maintain financial balance, charging a high value for its services and delivering an even higher value to its clients. Initial focus will be development in the European and Latin American markets, or for European clients in the United States market.

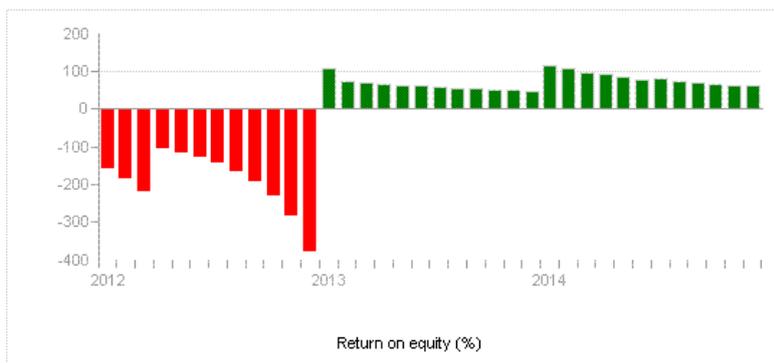
Keys to Success

1. Excellence in fulfilling the promise completely confidential, reliable, trustworthy expertise and information.
2. Developing visibility to generate new business leads.
3. Leveraging from a single pool of expertise into multiple revenue generation opportunities: retainer consulting, project consulting, market research, and market research published reports.

This is a sample business plan created with iPlanner.NET business planning software application.

Main financial measures

	2012	2013	2014
Cash	3,422	52,939	114,404
Sales revenue	1,175,000	1,800,000	2,450,000
Net profit for financial year	-112,509	76,547	210,178
Operating margin	-9.58%	4.25%	8.58%
Owners' equity	22,491	159,038	349,216
Return on equity (per year)	-500%	48.1%	60.2%



Company Overview

IT Advisers (ITA) is a new company providing high-level expertise in international high-tech business development, channel development, distribution strategies and marketing of high tech products. It will focus initially on providing two kinds of international triangles:

1. Providing United States clients with development for European and Latin American markets.
2. Providing United Kingdom and European clients with development for the US and Latin American markets.

As it grows it will take on people and consulting work in related markets, such as the rest of Latin America and the Far East, also similar markets. As it grows it will look for additional leverage by taking brokerage positions and representation positions to create percentage holdings in product results.

ITA will be created as a California C corporation based in San Jose, owned by its principal investors and principal operators. As of this writing it has not been chartered yet and is still considering alternatives of legal formation. The initial office will be established in a quality office space in the "Silicon Valley" area of California, the heart of the U.S. high tech and software industry.

ITA offers expertise in channel distribution, channel development, software and market development, sold and packaged in various ways that allow clients to choose their preferred relationship: these include small business consulting relationships, project based consulting, relationship and alliance brokering, sales representation and market representation, project-based market research, published market research and information forum events.

Pic 1. ITA Headquarters



Products and Services

ITA offers the expertise a IT-company needs to develop new product distribution and new market segments in new markets. This can be taken as high-level retainer consulting, market research reports, software applications and/or project-based consulting.

Retainer consulting - we represent a client company as an extension of its business development and market development functions. This begins with complete understanding of the client company's situation, objectives, business plan, and constraints. We then represent the client company quietly and confidentially, sifting through new market developments and new opportunities as is appropriate to the client, representing the client in initial talks with possible allies, vendors and channels.

Project consulting - Proposed and billed on a per-project and per- milestone basis, project consulting offers a client company a way to harness our specific qualities and use our expertise to solve specific problems, develop and write business plans, develop specific information, software.

Market research - group studies available to selected clients at \$5,000 per unit. A group study is packaged and published, a complete study of a specific market, channel, or topic. Examples might be studies of developing consumer channels in Brazil or Mexico, or implications of changing margins in software.

In the future ITA will broaden the coverage by expanding into coverage of additional markets (e.g. all of Latin America, Far East, Western Europe) and additional product areas (e.g. telecommunications, web-based software and technology integration). We are also studying the possibility of newsletter or electronic newsletter services, or perhaps special on- topic reports.

Pricing and Sales

ITA (IT-Advisers) will be priced at the upper edge of what the market will bear, competing with the name brand consultants.

Consulting should be based on \$5,000 per day for project consulting, \$2,000 per day for market research, and \$10,000 per month and up for retainer consulting. Market research reports should be priced at \$5,000 per report, which will of course require that reports be very well planned, focused on very important topics very well presented.

The annual sales projections, gross margins and cost of sales are included here in the following tables.

Sales revenue (USD)

Products and services	2012	2013	2014
Retainer Consulting	400,000	650,000	1,000,000
Project Consulting	500,000	750,000	900,000
Market Research	200,000	300,000	400,000
Strategic Reports and Software	75,000	100,000	150,000
	1,175,000	1,800,000	2,450,000

Gross margin (%)

Products and services	2012	2013	2014
Retainer Consulting	85	85	85
Project Consulting	85	85	85
Market Research	30	30	30
Strategic Reports and Software	70	70	70

Cost of sales (USD)

Products and services	2012	2013	2014
Retainer Consulting	60,000	97,500	150,000
Project Consulting	75,000	112,500	135,000
Market Research	140,000	210,000	280,000
Strategic Reports and Software	22,500	30,000	45,000
	297,500	450,000	610,000

Break-even analysis (USD)

	2012	2013	2014
Sales revenue	1,175,000	1,800,000	2,450,000
Cost of sales	297,500	450,000	610,000
Variable expenses, total	297,500	450,000	610,000
Labour cost	727,260	897,000	1,110,900
Other operating expenses	265,000	322,500	455,000
Depreciation of fixed assets	5,000	15,000	15,000
Financial expenses	5,250	30,448	25,569
Fixed expenses, total	1,002,510	1,264,948	1,606,469
Gross margin	74.7%	75%	75.1%
Break-even sales revenue	1,342,391	1,686,597	2,139,049
Sales revenue above break-even	0	113,403	310,951

Marketing Strategy

ITA will be focusing on information technology manufacturers of computer hardware and software, services, networking, who want to sell into markets in the United States, United Kingdom, Europe, and Latin America. These are mostly larger companies, and occasionally medium-sized companies.

Our most important group of potential customers are executives in larger corporations. These are marketing managers, general managers, sales managers, sometimes charged with international focus and sometimes charged with market or even specific channel focus. They do not want to waste their time or risk their money looking for bargain information or questionable expertise. As they go into markets looking at new opportunities, they are very sensitive to risking their company's name and reputation.

The consulting industry is pulverized and disorganized, thousands of smaller consulting organizations and individual consultants for every one of the few dozen well-known companies. Consulting is a disorganized industry, with participants ranging from major international name brand consultants to tens of thousands of individuals. One of ITA's challenges will be establishing itself as a "real" consulting company, positioned as a relatively risk free corporate purchase.

At the highest level are the few well established major names in management consulting. Most of these are organized as partnerships established in major markets around the world, linked together by interconnecting directors and sharing the name and corporate wisdom. Some evolved from accounting companies and some from management consulting. These companies charge very high rates for consulting and maintain relatively high overhead structures and fulfillment structures based on partners selling and junior associates fulfilling. At the intermediate level are some function specific or market specific consultants, such as the market research firms or channel development firms.

Market segmentation

- Large manufacturer corporations - our most important market segment is the large manufacturer of high-technology products, such as Apple, Hewlett-Packard, IBM, Microsoft. These companies will be calling on ITA for development functions that are better spun off than managed in-house, and for market research, and for market forums.
- Medium sized growth companies: particularly in software, multimedia, and some related high growth fields, ITA will be able to offer an attractive development alternative to the company that is management constrained and unable to address opportunities in new markets and new market segments.

Competition

The competition comes in several forms:

1. The most significant competition is no consulting at all, companies choosing to do business development, planning and channel development and market research in-house. Their own managers do this on their own, as part of their regular business functions. Our key advantage in competition with in-house development is that managers are already overloaded with responsibilities, they don't have time for additional responsibilities in new market development or new channel development. Also, ITA can approach alliances, vendors, and channels on a confidential basis, gathering information and making initial contacts in ways that the corporate managers can't.
2. The high-level prestige management consulting: McKinsey, Boston Consulting Group, etc. These are essentially generalists who take their name-brand management consulting into specialty areas. Their other very important weakness is the management structure that has the partners selling new jobs, and inexperienced associates delivering the work. We compete against them as experts in our specific fields, and with the guarantee that our clients will have the top-level people doing the actual work.
3. The third general kind of competitor is the international market research company: Dataquest, Stanford Research Institute, etc. These companies are formidable competitors for published market research and market forums, but cannot provide the kind of high-level consulting that ITA will provide.
4. The fourth kind of competition is the market-specific smaller house. For example: Nomura Research in Japan.
5. Sales representation, brokering and deal catalysts are an ad-hoc business form that will be defined in detail by the specific nature of each individual case.

Management and Staffing

The initial management team depends on the founders themselves, with little back-up. As we grow we will take on additional consulting help, plus graphic/editorial, sales, and marketing. ITA should be mainly managed by working partners. In the beginning we assume 3-5 partners. We will invite one international partner from Europe. The organization has to be

very flat in the beginning, with each of the founders responsible for his or her own work and management.

The ITA business requires a very high level of international experience and expertise, which means that it will not be easily leveraged in the common consulting company mode in which partners run the business and make sales, while associates fulfill. Partners will necessarily be involved in the fulfillment of the core business proposition, providing the expertise to the clients.

The initial personnel plan is still tentative. It should involve 3-5 partners, 1-3 consultants, 1 strong marketing person, an office manager. Later we add more partners, consultants and sales staff.

The annual personal estimates are included in the tables presented below.

Headcount

Personnel	2012	2013	2014
Partners	4	5	7
Consultants	4	4	4
Marketing manager	0	1	1
Sales reps	2	2	2
Office manager	1	1	1
	11	13	15

Average monthly salary (USD)

Personnel	2012	2013	2014
Partners	5,200	5,500	6,000
Consultants	5,100	5,200	5,300
Marketing manager	4,600	4,700	4,800
Sales reps	4,200	4,400	4,600
Office manager	3,100	3,200	3,300

Labour cost (USD)

	2012	2013	2014
Wages and salaries	632,400	780,000	966,000
Social security costs	94,860	117,000	144,900
Labour cost	727,260	897,000	1,110,900
REVENUES	1,175,000	1,800,000	2,450,000
Labour cost to revenues	61.9%	49.8%	45.3%

Implementation

Total start-up expense (including legal costs, branding, stationery, other one time expenses) come to \$30,000. The annual overhead expense estimates are presented in the table below. Start-up assets required include \$50,000 in fixed assets like office furniture, computers, software and other equipment and tools.

Other operating expenses (USD)

Other operating expenses	2012	2013	2014
Startup expenses	30,000	0	0
Marketing	50,000	60,000	70,000
Travel	100,000	150,000	250,000
Office expenses and software costs	75,000	100,000	120,000
Insurance	5,000	5,000	5,000
Other fixed expenses	5,000	7,500	10,000
	265,000	322,500	455,000

Assets purchase value (USD)

Fixed assets	2012	2013	2014
Startup fixed assets (equipment)	50,000	0	0
New office	0	500,000	0
	50,000	500,000	0

Financial Projections

The paid-in capital from partners and other investors will be \$135,000.

An annuity loan will be taken from a bank in amount of \$500,000 for 60 months.

The performance measures, business plan financial projections and break-even analysis are presented below.

Performance measures (USD)

	2012	2013	2014
Sales revenue	1,175,000	1,800,000	2,450,000
Cost of sales	297,500	450,000	610,000
Gross profit	877,500	1,350,000	1,840,000
Other operating expenses	265,000	322,500	455,000
Labour cost	727,260	897,000	1,110,900
Depreciation of fixed assets	5,000	15,000	15,000
Operating profit	-119,760	115,500	259,100
EBITDA	-114,760	130,500	274,100
Financial income and expenses	-5,250	-30,448	-25,569
Profit before income tax	-125,010	85,052	233,531
Income tax expense	-12,501	8,505	23,353
Profit	-112,509	76,547	210,178
Operating margin	-9.58%	4.25%	8.58%
Gross margin	74.7%	75%	75.1%
Sales per employee	106,818	138,462	163,333
Value added	612,500	1,027,500	1,385,000
Value added per employee	55,682	79,038	92,333
Return on equity (per year)	-500%	48.1%	60.2%
Quick ratio	1.04	0.90	8.52
Current ratio	1.04	0.90	8.52
ISCR	-21.9	4.29	10.7
DSCR	0	1.08	1.79
Debt to equity ratio	3.33	3.04	1.02
Debt to capital ratio	76.9%	75.3%	50.5%

Receivables collection period, days	15.0	15.0	15.0
Payable period, days	15.0	15.0	15.0

Income statements (USD)

	2012	2013	2014
Sales revenue	1,175,000	1,800,000	2,450,000
Cost of sales	297,500	450,000	610,000
Other operating expenses	265,000	322,500	455,000
Labour cost			
Wages and salaries	632,400	780,000	966,000
Social security costs	94,860	117,000	144,900
Total labour cost	727,260	897,000	1,110,900
Depreciation of fixed assets	5,000	15,000	15,000
Operating profit	-119,760	115,500	259,100
Financial expenses			
Interest expense	5,250	30,448	25,569
Total financial expenses	5,250	30,448	25,569
Profit before income tax	-125,010	85,052	233,531
Income tax expense	-12,501	8,505	23,353
Net profit for financial year	-112,509	76,547	210,178

Balance sheets (USD)

	2012	2013	2014
ASSETS			
Current assets			
Cash	3,422	52,939	114,404
Receivables and prepayments			
Trade receivables	48,968	75,006	102,087
Prepaid and deferred taxes	12,501	3,996	0.00
Inventories			
Inventories	0	0	0
Total current assets	64,890	131,940	216,491
Fixed assets			
Tangible assets			
Machinery and equipment	50,000	550,000	550,000
Less: Accumulated depreciation	-5,000	-20,000	-35,000
Total	45,000	530,000	515,000
Total fixed assets	45,000	530,000	515,000
Total assets	109,890	661,940	731,491
LIABILITIES and OWNERS' EQUITY			
Liabilities			
Current liabilities			
Loan liabilities			
Short-term loans and notes	0	0	0
Current portion of long-term loan liabilities	50,000	127,295	0
Total	50,000	127,295	0
Debts and prepayments			
Trade creditors, goods	12,399	18,751	25,418
Trade creditors, other	0	0	0
Employee-related liabilities	0	0	0
Total	12,399	18,751	25,418
Total current liabilities	62,399	146,046	25,418
Long-term liabilities			
Long-term loan liabilities			
Loans, notes and financial lease payables	25,000	356,857	356,857
Total long-term liabilities	25,000	356,857	356,857

Total liabilities	87,399	502,902	382,275
Owners' equity			
Share capital in nominal value	135,000	195,000	195,000
Share premium	0	0	0
Retained profit/loss	0	-112,509	-55,962
Current year profit	-112,509	76,547	210,178
Total owners' equity	22,491	159,038	349,216
Total liabilities and owners' equity	109,890	661,940	731,491

Cash flow statement (1-6 month) (USD)

	Jan-2012	Feb-2012	Mar-2012	Apr-2012	May-2012	Jun-2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Inflows						
Payments from customers	48,958	97,915	97,915	97,915	97,915	97,915
Total	48,958	97,915	97,915	97,915	97,915	97,915
Outflows						
Payments to vendors (goods)	12,396	24,791	24,791	24,791	24,791	24,791
Payment of salaries and wages	52,700	52,700	52,700	52,700	52,700	52,700
Social security costs	7,905	7,905	7,905	7,905	7,905	7,905
Payments to vendors (operating expenses)	29,581	29,581	29,581	19,581	19,581	19,581
Total	102,582	114,977	114,977	104,977	104,977	104,977
Net cash flow from operating activities	-53,624	-17,062	-17,062	-7,062	-7,062	-7,062
CASH FLOWS FROM INVESTING ACTIVITIES						
Inflows						
Outflows						
Payments to vendors (assets)	50,000	0	0	0	0	0
Total	50,000	0	0	0	0	0
Net cash flow from investing activities	-50,000	0	0	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES						
Inflows						
Payments from shareholders	135,000	0	0	0	0	0
Loan amounts received	75,000	0	0	0	0	0
Total	210,000	0	0	0	0	0
Outflows						
Principal repayments	0	0	0	0	0	0
Interest expense	438	438	438	438	438	438
Dividends (net to shareholders)	0	0	0	0	0	0
Payment of corporate income tax	0	0	0	0	0	0
Corporate income tax on dividends	0	0	0	0	0	0
Total	438	438	438	438	438	438
Net cash flow from financing activities	209,563	-438	-438	-438	-438	-438
Net change in cash	105,938	-17,500	-17,500	-7,500	-7,500	-7,500
Cash at the beginning	0	105,938	88,439	70,939	63,440	55,940
Cash at the end	105,938	88,439	70,939	63,440	55,940	48,441

Cash flow statement (3-6 quarter) (USD)

	Q3-2012	Q4-2012	Q1-2013	Q2-2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows				
Payments from customers	293,745	293,755	423,965	449,997
Total	293,745	293,755	423,965	449,997
Outflows				
Payments to vendors (goods)	74,373	74,377	106,149	112,499
Payment of salaries and wages	158,100	158,100	195,000	195,000
Social security costs	23,715	23,715	29,250	29,250
Payments to vendors (operating expenses)	58,743	58,771	80,622	80,622
Total	314,931	314,963	411,021	417,371
Net cash flow from operating activities	-21,186	-21,208	12,944	32,626

CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows				
Outflows				
Payments to vendors (assets)	0	0	500,000	0
Total	0	0	500,000	0
Net cash flow from investing activities	0	0	-500,000	0
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows				
Payments from shareholders	0	0	60,000	0
Loan amounts received	0	0	500,000	0
Total	0	0	560,000	0
Outflows				
Principal repayments	0	0	12,498	12,498
Interest expense	1,313	1,313	6,167	8,448
Dividends (net to shareholders)	0	0	0	0
Payment of corporate income tax	0	0	0	0
Corporate income tax on dividends	0	0	0	0
Total	1,313	1,313	18,665	20,946
Net cash flow from financing activities	-1,313	-1,313	541,335	-20,946
Net change in cash	-22,499	-22,520	54,280	11,680
Cash at the beginning	48,441	25,942	3,422	57,701
Cash at the end	25,942	3,422	57,701	69,381

Cash flow statement (1-4 year) (USD)

	2012	2013	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Payments from customers	1,126,033	1,773,962	2,422,919
Total	1,126,033	1,773,962	2,422,919
Outflows			
Payments to vendors (goods)	285,101	443,648	603,333
Payment of salaries and wages	632,400	780,000	966,000
Social security costs	94,860	117,000	144,900
Payments to vendors (operating expenses)	265,000	322,500	455,000
Total	1,277,361	1,663,148	2,169,233
Net cash flow from operating activities	-151,328	110,814	253,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows			
Outflows			
Payments to vendors (assets)	50,000	500,000	0
Total	50,000	500,000	0
Net cash flow from investing activities	-50,000	-500,000	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Inflows			
Payments from shareholders	135,000	60,000	0
Loan amounts received	75,000	500,000	0
Total	210,000	560,000	0
Outflows			
Principal repayments	0	90,849	127,295
Interest expense	5,250	30,448	25,569
Dividends (net to shareholders)	0	0	20,000
Payment of corporate income tax	0	0	19,357
Corporate income tax on dividends	0	0	0
Total	5,250	121,297	192,221

Net cash flow from financing activities	204,750	438,703	-192,221
Net change in cash	3,422	49,517	61,465
Cash at the beginning	0	3,422	52,939
Cash at the end	3,422	52,939	114,404

Capital structure (USD)

	2012	2013	2014
Current assets	64,890	131,940	216,491
Fixed assets	45,000	530,000	515,000
Current liabilities	62,399	146,046	25,418
Long-term liabilities	25,000	356,857	356,857
Owners' equity	22,491	159,038	349,216

Funding needs analysis (USD)

	2012	2013	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Payments from customers	1,126,033	1,773,962	2,422,919
Total	1,126,033	1,773,962	2,422,919
Outflows			
Payments to vendors (goods)	285,101	443,648	603,333
Payment of salaries and wages	632,400	780,000	966,000
Social security costs	94,860	117,000	144,900
Payments to vendors (operating expenses)	265,000	322,500	455,000
Total	1,277,361	1,663,148	2,169,233
Net cash flow from operating activities	-151,328	110,814	253,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Inflows			
Outflows			
Payments to vendors (assets)	50,000	500,000	0
Total	50,000	500,000	0
Net cash flow from investing activities	-50,000	-500,000	0
Net change in cash	-201,328	-389,186	253,686
Cash at the beginning	0	-201,328	-590,514
Cash at the end	-201,328	-590,514	-336,829
Amount of funding needed (max)	590,514		