



# *Lawn Care & Landscaping*

by

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# Southern Pride Lawn care Inc.

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## **Executive Summary**

Southern Pride Lawn Care Inc. (i.e., Southern Pride) is a multi-faceted landscape company capable of completing every task in the industry. We offer complete lawn care and landscape services. From cutting lawns weekly, to installing plants and trees, and now even completing hardscapes, Southern Pride is the company for the job. We will be launching our hardscape division in 2019. Beginning with this division, we will install pavers, retaining walls, and patios for residential homeowners. As our reputation grows with residential owners and we gain experience, we will move into the commercial market, broadening our services.

The hardscape residential industry is prime for entry. Over 100,000 houses were built in Georgia in the year 2017, and the housing market is expected to continue growing (US Census). The growth of the Georgia housing market provides the perfect opportunity to launch our hardscape division. Our promotion and advertising will target new homeowners. We have an existing company website where we will upload pictures of our finished services. We will also create a social media presence, especially on Facebook. The average person spends at least two hours a day on social media (Asano). Thus, we will create accounts for our company and post pictures, along with videos of our services. As people see the quality and excellence we provide, our reputation will spread across the state.

There are many competitors in the landscaping industry. The competitors for the hardscapes division are expected to grow at a rate of 2.3% over the next five years (Bureau). Although there are many competitors, we will be the only company in the

*Southern Pride Lawn Care, Inc.*

Savannah area that offers landscape design and installation, lawn maintenance, chemical application, irrigation design, installation and maintenance, and hardscape installation.

The fact that we offer all of these services will be a great competitive advantage.

Southern Pride is an S-Corporation with the owner owning all shares. S-Corporations have many advantages over other formations, such as limited liability and no double taxations. Because we will own all the shares of our own company, we do not have to worry about a board of directors and other shareholders. The S-Corporation will create a separate legal entity for the company and provide us with limited liability.

The launch of our hardscape division will require a start-up cost of \$72,300. The start-up budget for Southern Pride's hardscapes division is relatively low because it does not require technology or extensive equipment. This budget will pay for everything upfront and, therefore, free the business from monthly payments. Financing for our new hardscape's division is another plus of our start-up. Because Southern Pride has already been in business for twenty-four years, we have capital built and ready to invest in the launch of our new division.

We are extremely excited for the opening of our new hardscapes division and believe that we have all the keys for success. We will have good advertising, great employees, and offer premier quality in all our services. Southern Pride is on the path to be the most distinct and diverse landscape company in the coastal empire of Savannah.

## **1.0 Current and Future Business Operations**

Southern Pride is in its twenty-sixth year in the landscaping and lawn care business. Southern Pride is a very diversified company offering the following services:

- Landscape Design and Installation
- Irrigation Design and Installation
- Commercial Lawn Maintenance
- Commercial and Residential Lawn Pest Control
- Commercial and Residential Fertilization Application
- Commercial and Residential Herbicide Application

Southern Pride offers a complete lawn care and landscape service. There is no lawn or landscape situation that we cannot manage. We opened for business in January 1993. For the past twenty-five years, we have had the opportunity to work with, and provide service to, a diverse group of entities including business organizations, colleges, universities, and school districts. Southern Pride was incorporated in 1994 and has been an active business in southeastern Georgia from that time forward. Southern Pride owns all equipment that is necessary to complete each day's workload and has backup equipment if any need arises. We maintain working relationships with local suppliers to assure completion of each day's work requirements. Southern Pride carries all automotive, general liability, and worker's compensation insurance policies.

At Southern Pride, we believe in looking for new ways to fulfill the needs of our customers. Therefore, Southern Pride will add hardscape installation as a new service and division of landscaping. Hardscapes are hard landscape materials in the built-in environment that are incorporated in landscape. Some examples include paved areas, driveways, retaining walls, and any other hard materials, such as stone, concrete, pavers, and more. The hardscape division will begin as a small division, primarily serving

residential homeowners, installing pavers, retaining walls, and patios. As our reputation grows with residential owners, and we gain experience, we will move into the commercial market and broaden our services. Our purpose of catering to both market sectors allows us to work year-round. Commercial projects are typically larger, more time-consuming jobs with higher profit margins, but slower payment; whereas homeowner projects are a quicker completion and payment. Our commercial jobs are typically weeks to months with delays as phases are prepared. During these delays or in between jobs, residential jobs can be completed.

### **1.1 Company Description**

Southern Pride has prided itself on landscaping and lawn maintenance for twenty-five years. It will now add a new dimension with the addition of a hardscapes division. The hardscape division will provide the final service necessary to round out Southern Pride. The landscaping division works on the physical horticultural elements of the land, while the hardscapes division works on hard landscape materials, such as concrete walkways, pavers, and retaining walls that are built-in and incorporated into the landscape.

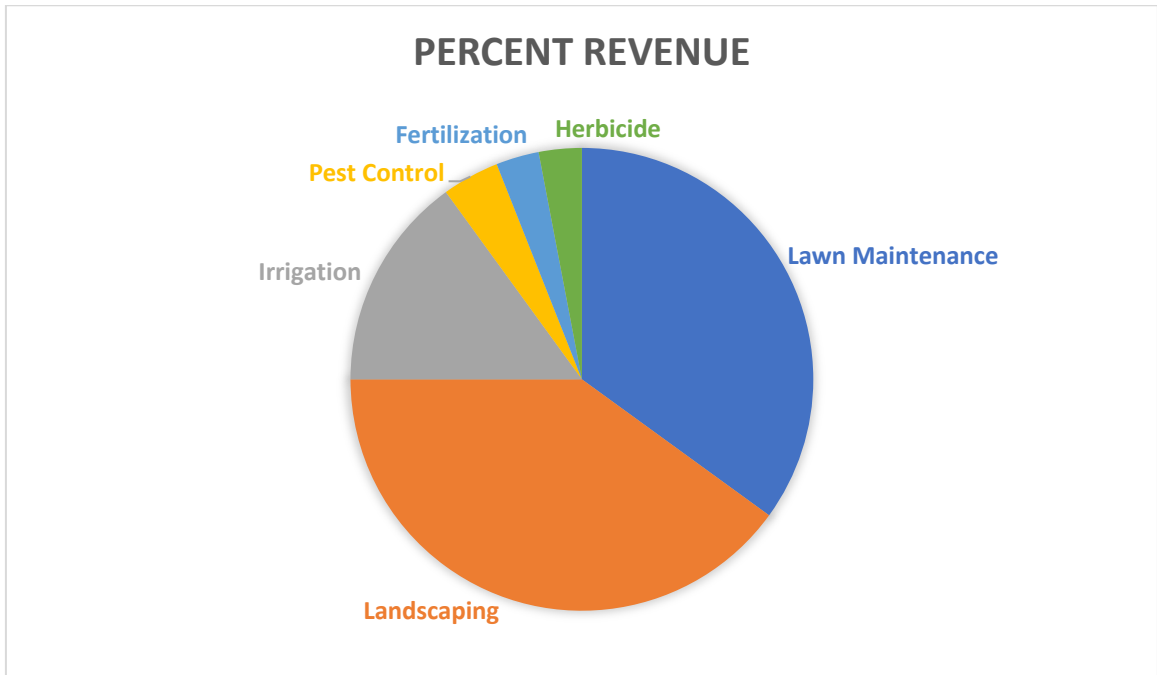
The addition of hardscapes will attract a large volume of customers because Southern Pride can complete all facets of the landscape job. Customers will no longer have to hire multiple companies to complete their projects. Southern Pride will start and finish with an excellent service.

***Competitive Advantage***

Southern Pride's most competitive advantage is quality. Quality has many different definitions, but the definition our company aligns with is "a general standard or level of excellence" (Webster). Our excellence is seen in how we conduct ourselves from the bid meeting through the entire job, in the presentation of our bid, the well-manicured uniforms and equipment, to the total, accurate completion of our scope of work. We believe that our reputation is based not only on the quality of work we perform, but on all aspects of our business, especially the integrity of our company. We provide an exceptional service that sets us above all other companies in the industry. We also offer multiple services that complement one another. For example, if we landscape a house, we can continue working for the owner. We can mow and fertilize their grass, replace mulch as needed, or provide lawn pest control. More specific to the hardscape division, if we provide a hardscape service for a client, we can complete the horticultural elements of landscaping as well. Our variety of services gives us a competitive advantage over other companies because we alone can provide it all for a single customer. Lastly, we, as owners, have the drive to see our company succeed. I have worked in the industry for eight years, and I have always been a hard worker, a leader, and a competitor. This experience and these qualities will drive our company to become the best in the business.



***Products and Services***



Landscape design and installation is an important source of revenue for Southern Pride, and we are highly skilled in this area. This service offers the highest profit margins and the largest portion of work to date. We usually make a profit of 25-30% per landscaping job. Additionally, many landscape jobs also require irrigation installation. The combination of providing this service commercially and residentially, as well as installing irrigation on 80-90% of these jobs, helps boost our revenues. Irrigation offers another high revenue, averaging 20-25% profit per job. Because we will not offer warranties on our landscape unless there is an irrigation system intact, the vast majority

of jobs consist of both services.

Hardscape design and installation will be another service provided. Our quality level will be the highest in the area and thus give us a competitive advantage over others. The one disadvantage of our hardscape service is the fact that we are new. Initially, we will not be capable of large-scale jobs. However, we anticipate that hardscapes will quickly become one of the top sources of revenue. We estimate our hardscape division to have similar proceeds as our landscaping and irrigation services. Bidding based on unit prices and according to the design material the customer chooses, we anticipate linear footage prices to range from \$25-38 per linear foot with a net profit of \$8.40-11.40.

Commercial lawn maintenance is our constant revenue stream. Maintenance contracts are contracts that last for a one-year minimum, but often are five years. These contracts have monthly payments as we complete our services. Thus, maintaining several large maintenance contracts helps us to always have a steady revenue stream. All companies need one constant revenue stream to survive when others are slow. As we quote maintenance contracts, we estimate the time needed to complete the project and base our time at \$45 per man hour.

Commercial and residential lawn pest control is a small portion of our revenue, and we often offer it as a complementary service. For example, if we have a maintenance contract with a client, we offer pest control as part of the contract. Pest control is only needed a few times per year. Thus, the demand is small, yet the profit margins are good. We bid most chemical applications at \$0.02-0.03 per square foot.

Commercial and residential fertilization and herbicide application are two other

small services that we offer for our lawn maintenance contracts. These are both very similar to pest control because these services are only needed a few times a year. Yet, they give us diversification and also have high profit margins. We quote applications at \$0.0175 per square foot.

### ***Legal form of ownership***

Southern Pride is an S-Corporation with the owner owning all the shares. S-Corporations have many advantages. The biggest advantage is that it is a separate, legal entity, and the owners have limited liability. An LLC is also a popular choice for small businesses, and it also offers limited liability. However, an S-Corp is better suited for our company, which is incorporated, because there is no double taxation. This means that the corporation does not pay corporate income taxes. Rather, the owners pay income tax according to their percentage of shares. Also, there are no self-employment taxes due until the profits of the company exceed reasonable compensation for employees and officers.

### **1.2 Market Analysis Summary**

The landscape industry is very enticing for a variety of reasons: 1) there are no major players in this industry, which means it has low entry barriers, 2) it is growing annually, and 3) it has a great profit margin. Landscaping is an 88 billion-dollar industry with an annual growth rate of 4.7% (Landscaping Services). Specifically, the hardscape

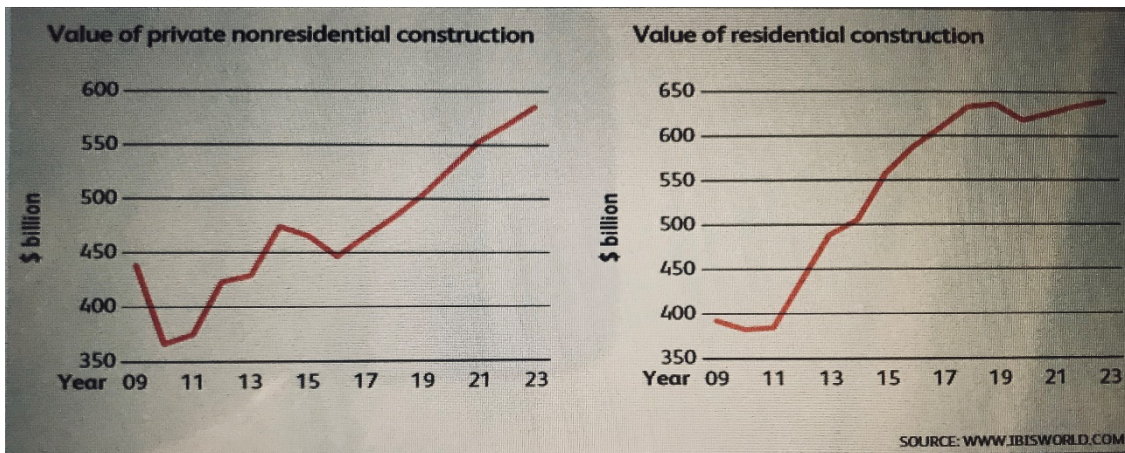
division of landscaping increased by 7.7% during 2017, and business owners are expecting continued increases (Strong Sales). “The residential market remains strong representing 69.5% of sales, while commercial/ government projects are surging with 30.5% of sales (an increase of 6.5% from the previous year)” (Strong Sales). The landscaping industry is in the mature phase of its life cycle, meaning it has stable market segments and a low level of technological change (Amir). With a stable market and the societal view that landscaping is an important means of adding property value, the landscape industry is prime for entry and growth.

### **1.2.1 Industry Analysis**

#### ***Trends***

The landscape industry is experiencing promising trends. Specifically, the hardscape industry has seen significant improvement over the past few years, and business owners are expecting continued increases. Kendall Anderegg, International Concrete Pavement Institute Board Chair, stated in April 2018, “There is a large and growing demand among residential and commercial consumers for our industry’s products” (Strong Sales). A survey conducted by FMW Fasteners shows the optimism of business owners: fifty-six percent of owners say they have seen improvements in economic conditions, thirty-one percent say it has remained the same, and only thirteen percent of business owners have experienced a decrease in their workload (Hardscape Today). Specifically, the residential market is growing rapidly and accounted for 43.9% of landscape revenue in

2017 (Hardscape Today). The growth of residential revenue is promising for Southern Pride because the hardscapes division will start out focusing on residential customers. The commercial industry is currently not growing as fast as the residential market, but over the next five years, it is expected to grow yearly by 1.9% and make landscaping a 90.4-billion-dollar industry (Amir). The current growth of the residential industry and the projected future growth of the commercial industry fit perfectly with the plan for Southern Pride. The growth of both industries can be seen in this graph.



The graphs demonstrate our potential success because the residential market is growing and projected to continue growing into 2019. Also, the commercial market is growing steadily and is expected to reach a high in 2023. Thus, our 2019 division opening will be a prime opportunity with plenty of work in the residential industry. As jobs arise in the commercial sector, we will be prepared from our experience in the residential market.

Product development in the landscape industry is low (Amir). Landscaping sees minimal changes in technology and new products because all work is primarily manual. This is a great benefit for Southern Pride because we do not have to worry about competition from new companies with new products and services. The landscape industry is controlled by the company that offers the best service and installation of the product at an affordable price. Thus, Southern Pride thrives on the excellent service we provide. Hence our logo, “We don’t strive for excellence, we start with it.” Southern Pride’s professionalism affords us a competitive advantage.

### ***Barriers to Entry***

There are many competitors in the landscaping industry. The competitors for the hardscapes division are expected to grow at a rate of 2.3% over the next five years (Bureau). Because the barriers to entry are so low for the industry (IBISWorld), Southern Pride will have to be a company that provides the best service of the highest quality. We will have many competitors due to the low barriers of entry, but our broad service offerings will put us ahead of the competition.

### ***Changing Forces***

#### **Change in technology**

The landscape industry is prime for small companies because there are few to no new developments or changes in technology causing companies to acquire new machinery or products (IBISWorld). This means that we are able to hire manual laborers, with little to

no education, which translates to low labor costs. The industry is comprised primarily of manual labor conducted daily. Thus, our workers must be able to work hard and efficiently, endure the heat of the summer, and learn simple tasks of manual labor. There are also less risks and instability in an industry without technology changes (Reeves). According to Reeves and Deimler, companies in technological industries have to be able to adapt quickly to the industry (Reeves). They are not able to set a constant strategy because their industry is always changing (Reeves). Because we do not have to worry about technology, we can determine the best strategy for growth and remain committed to it.

### **Government regulations**

Government spending is important for the commercial market of landscaping. In our experience, the more that government spends on building and maintaining public works and centers, the more work there is available in the landscape commercial industry. The only government expenses we will experience will be new license requirements. One example of our interaction with the government can be seen in our use of foreign workers. When working on military bases for the government, we must have all our workers approved through E-Verify. Thus, we are challenged to obtain workers through an H2B visa program that changes yearly. We must continue to have access to these workers while heeding government regulations.

### **Changing economy**

Economic changes are more important than anything else in the landscape industry. If the economy is thriving, more buildings and houses are built, which creates landscape

jobs (Amir). Also, disposable income of each household directly influences the landscape industry (Amir). The more disposable income a household has, the more willing they are to spend money on home improvements, such as landscaping (Amir). Government spending is another important factor. As the government builds schools, parks, hospitals, etc., more jobs are created for landscape companies.

Although the landscape industry is directly affected by the economy, our company exists and thrives on our diversification. Having experienced the recession of 2008, Southern Pride has learned to adapt to the economy and continued to turn a profit. Typical commercial landscape contracts are bid a year in advance, and our lawn maintenance contracts are 5 years. Because these contracts were in place during the recession, our company was sustained. Southern Pride also is qualified and performs many government projects, which continue to grow during recessions, though at a slower rate. During this time, our company diversified into small concrete projects, asphalt repair jobs, renovations, and any needed services for our current contracts. The recession closed many smaller companies, which was advantageous to our bidding process as jobs were posted. In the good times and in the bad, Southern Pride is the landscape company for the job.

### **1.2.2 Market Analysis**

The location of our landscape business is in a prime spot. The southeast accounts for 24.7% of the landscape industry, which is the largest share of industry establishments, corresponding with its share of US population (Bureau). The landscaping market has two main markets, residential and commercial. As of now, Southern Pride provides services for



both residential and commercial markets, but the launch of the hardscapes division will first focus on the residential market. We will first focus on the residential market because it is growing rapidly. According to the US Department of Housing and Urban Development and Census Bureau, single-family building permits through August 2017 increased 7.7% from the same time the previous year (Bureau). As more homes are built, more residential clients are looking for landscape services. The residential revenue for landscaping is expected to grow by 2.7% this year (Bureau). Thus, Southern Pride will focus on the residential market in the beginning, and then move into the commercial market in the following years. Although the residential market is growing faster right now, over the next five years, the commercial industry is expected to grow by 1.9% and make landscaping a 90.4-billion-dollar industry (Rivera). The industry is prime for entry, and we will first focus on residential, and then move into the commercial industry as it becomes the major profit maker.

### **1.2.3 Customer Analysis**

The new hardscapes division will focus on Georgia residential home builders who have an average to high income. Households with an above average disposable income are more likely to spend money on landscaping for the improvements of their home. Thus, the target market for Southern Pride is the upper end household owners in suburban areas. These household owners will primarily be from the millennial generation because they are building the most houses. According to the U.S. Census Bureau, there are 10 houses being built per 1,000 people living in Georgia. Thus, there have been roughly 104,000 homes

built in Georgia in 2017 (Bureau). The hardscape residential industry is a prime industry for entry, and we believe that Southern Pride will experience great success.

#### **1.2.4 Competitor Analysis**

Southern Pride will have a lot of competition in the industry. The number of companies is expected to rise at an annual rate of 2.3% over the next 5 years (Bureau). Although there are many companies in the industry, our top five competitors in our area are: Tidewater, The Groundsmen, Best Landscape, Southern Landscape Curbing, and Savannah Hardscapes.

Tidewater is a landscape company based out of Savannah. They primarily focus on landscape and maintenance. They have a good marketing team for promotion and advertising that allows them to be one of the top names in the area. Their prices are very competitive, and they offer an overall decent quality. However, they are a large company, and lack the attention to detail that we have due to the size of their company. They also only offer landscape and lawn maintenance; thus, we have the hardscapes competitive advantage over them.

The Groundsmen are based out of Brooklet, Georgia. They are a relatively new company and are still in their growing stages. They cannot complete the large jobs that we can complete. They offer good quality work, but mainly focus on residential and small commercial jobs. Their size gives us a competitive advantage because we are a larger company who has been in landscape and maintenance business for twenty-four years. Also, like Tidewater, they do not offer hardscape installation.

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Best Landscape is based out of Richmond Hill, Georgia. They are also a small company that cannot compete with us on the large commercial side of maintenance and landscape. They have good quality work and competitive prices. However, they only offer landscape and maintenance, they do not have a hardscape division.

Southern Landscape Curbing and Resurfacing is based out of Statesboro, Georgia. They are solely a concrete company. They will be tough competition for our hardscape division because they are a specialty company in concrete services. However, they do not offer landscape and maintenance. Thus, we will capitalize on the fact that we offer landscaping, maintenance, and hardscapes. We will be able to complete the entire job (e.g., landscaped patio).

Savannah Hardscapes is based out of Savannah Georgia. They are solely a hardscape company. They do not offer maintenance or landscaping. They are our biggest competitor for the launch of our hardscapes division. They have competitive prices and offer good quality. We will compete against them by offering all three services instead of just hardscapes.

Southern Pride will also face a few indirect competitors, such as Lowes and weekend warriors. Lowes is an option for people who want to do it themselves. Therefore, we will compete against them by offering the best quality with competitive prices. Weekend warriors are people who have weekday jobs, but buy the minimum equipment needed to complete projects for customers on the weekends. These companies cannot compete with us on any large jobs. They mainly focus on small residential houses. They offer cheap prices, but low quality. We will beat these companies by offering higher quality work and finding larger jobs.

There are no commercial companies in the coastal empire of Savannah that offer all three services: landscape, maintenance, and hardscapes. We will be the only company in the area that offers competitive prices of the utmost quality. We will strive to beat every one of our competitors and be the best in the business.

### **1.2.5 Critical Success Factors**

The critical success factors for Southern Pride are: quality, multi-faceted service offerings, advertising, good employees, and efficiency. We must be the premier company and offer the best quality to compete on a value-based pricing system. We must be able to complete multiple aspects of certain jobs so that we are a single company hired for multiple jobs. We must create an advertising base that draws customers in and causes word of mouth to spread. We must be able to hire and retain good employees. A key to our business is the temporary, non-agricultural H2B workers that come from Mexico to work for us. We must continue to retain these workers year after year. Lastly, we must be efficient and timely when finishing our jobs to generate maximum profit. These five factors are key to the success of our company.

### **1.3 Business Risk Assessment**

Southern Pride must examine all the potential risks of opening a hardscape company. The risk assessment identifies all potential hazards that could have a

detrimental affect on the business. Environmental risks, process risks, and information for decision making are three risks that could affect our company. Environmental risks will include the state of the economy and government regulations on foreign workers. Process risks will include meeting schedules and deadlines, delivery and payment of rental equipment, driving accidents, and bid bonding. Lastly, we must be sure to have the information necessary for making the right decisions for our company, such as customer feedback and employee relations. These risks will be outlined and resolved to ensure the efficient running of the company.

### **1.3.1 Environmental Risks:**

The business environment of Southern Pride is based on a hard work ethic and a drive to be successful. The economy of Savannah, Georgia is continuing to thrive. “The regional economy, which includes Chatham, Bryan and Effingham counties, has added about 32,000 jobs since 2010” (Nussbaum). All these workers are spending money and putting it back into the local economy. Katie Nussbaum, in her article “Experts Predict Local, State Economy to Stay Strong in 2018,” explains that these workers are investing \$2.5 to \$3 billion in capital investment in the regional economy (Nussbaum). The hardscape industry is dependent on the economic state of the area. The more money people are bringing in, the more money they have to make upgrades to their landscaping, such as the installation of hardscapes. In the article, “The Risks of a Landscape Business,” John Garret completed a study that showed “a shaky economy typically results in reduced consumer purchases of luxury goods, including lawn care services”

(Greene). However, the success of our business is not solely dependent on the economy. Hardscapes are used in so many different ways that there are always repair jobs, commercial jobs, or residential jobs to keep a steady income. Because Southern Pride is a landscape company that provides many services, we will be able to withstand an economic downturn by performing whatever service necessary.

In addition to economic risks, we are also subject to risks that result from changing government regulations. All companies that rely on manual laborers are subject to the economic state and the workers available. It is hard to find American citizens who are willing to work for the wages offered for manual laborers. “Americans shun pretty much any unskilled labor that requires them to get their hands dirty: landscaping, entry-level construction, picking fruits and vegetables...” (Gross). Therefore, we rely on temporary, non-agricultural H2B workers who come from Mexico to work for us. The H2B visa nonimmigrant program enables us to employ foreign workers to temporarily come to the United States for seasonal work. This program enables us to employ hard workers who are happy to work for their wages. The risk of using these workers is the fact that the government regulations change every year, thus, it is not a guarantee to get them every year. When unable to employ H2B workers, we must hire American workers who are not accustomed to the long hours in the heat of South Georgia. The last summer that Southern Pride could not obtain H2B workers, we had to hire nearly 50 different workers to only fill 10 positions. Many of the workers quit, not wanting to work hard, or just not being able to withstand the heat.

### **1.3.2 Process Risks:**

Schedules and job completion dates are important for reputable companies. Hardscape jobs are mostly outdoor jobs that require good weather in order to stay on schedule and finish each job. Rain and bad weather can cause job sites to be too wet to work. Therefore, if a job site encounters heavy rain, we could fall behind schedule not only for the current job site but also for upcoming jobs (Greene). Weather is an uncontrollable factor that must be accounted for when completing a bid for a job. Bad weather can also cause higher rental costs. If rained out for two days, we will have to pay the rental fee for an extra two days, thus decreasing our profit. We must always keep a check on the weather to ensure that we are able to stay on schedule. If we are not able to stay on schedule, we must inform the customer immediately so that they understand what caused the delay and that we will do everything in our power to finish as soon as possible.

Rental equipment will be used almost every day in our hardscape company. Every job has different circumstances and needs different equipment to complete the job. Southern Pride already owns a skidsteer used for the landscaping industry. Thus, we will be able to use the skidsteer for as many jobs as possible without a rental charge. However, each job will be different in size and machinery needed. If it is a small space, we will not be able to use a skidsteer but will need to rent a mini excavator. If it is a large space, we will need bigger machinery. Therefore, it will be easier and more profitable to rent the machinery needed for each job. A risk that we face by using rental equipment is

not having immediate access to the equipment needed to finish a job. In order to finish jobs efficiently and on schedule, we must have all rental equipment scheduled in advance.

Driving accidents are process risks that must be addressed. Driving is a part of everyday business in hardscapes because we will be hauling equipment to jobsites daily. An accident could cause a delay in the job schedule and also any at-fault liability could cost the company. Southern Pride has the appropriate insurances to ensure that clients, employees, and the company itself are well protected. Southern Pride has auto insurance, general liability, workers' compensation, and also an umbrella policy that covers up to \$5 million. Inland marine insurance also covers all our equipment in transit and on site.

Bid bonds and performance bonds are required on some of the bigger commercial jobs. "A bid bond is a debt secured by a bidder for a construction job, or similar type of bid-based selection process, for the purpose of providing a guarantee to the project owner that the bidder will take on the job if selected" (Momoh). The "performance bond is issued to one party of a contract as a guarantee against the failure of the other party to meet obligations specified in the contract" (Staff). Thus, when bidding a large commercial job that requires a bond, we will have to obtain a bond from our bonding agent. If we were to not finish a job that had a performance bond in-tact, the bond agency would have to pay to finish the job. Thus, the next time we needed a bond, the bond percentage would go up.



### **1.3.3 Information for Decision Making Risks:**

Southern Pride is a small company that does not require a vast amount of information for decision making. Southern Pride's necessary information includes customer feedback, job opportunities, and employee relations. In order to be a leading business in the landscape industry of Savannah, we must improve continuously. We must have customer feedback to ensure that we are completing jobs correctly and leaving a satisfied customer. If the customer is not satisfied, we must identify the problem and fix it. Job opportunities are important decisions for any company. Our jobs could be commercial or residential. Commercial jobs often offer higher profits and fewer headaches because we are dealing with a single general contractor. Residential jobs are mostly smaller jobs performed for a family home. These jobs are more abundant and therefore will be our target in the beginning. As our company grows, we will have to determine the equal balance necessary for the highest profitability. Employee relations will also be important information. If we are not on the same page as our employees, the company will not run efficiently.

### **1.3.4. Strategies and Plans for Managing Major Risks**

All of the outlined risks can be overcome with planning. The Savannah economy is projected to continue thriving (Savannah). Future job growth over the next ten years is predicted to be 39.8%, which is higher than the US average of 38.0% (Savannah). The recent job growth in Savannah is 2.9% compared to the US average of 1.6% (Savannah).

Also, the location of Savannah is key for battling a slow economy because it is home of the largest single container terminal in the United States (Savannah). They employ 369,000 people and pay \$20.4 billion in salaries each year that are returned to the local economy (Savannah). All these jobs and money help keep the economy from fully tanking. This will help keep our hardscape company turning profit even when the economy is not booming.

Government regulation on visas is also important. If foreign workers are not available, we will work as many American workers that are willing to work. We will also be able to hire workers from U.S. territories such as Puerto Rico. There are plenty of workers in Puerto Rico who will come and fill our labor pool if we are in need (Campo-Flores).

Bid bonds will be important in the future of the company when we begin doing large commercial jobs. Southern Pride is known for its hard workers and finishing jobs with excellence. The hardscape company must have these same qualities to ensure that the bid bonding process is always successful.

Having the right information to make the right decisions is a key component of any business. We must know the job opportunities available to ensure we choose jobs that are right for our company. We will be on many bid lists; these bid lists will send us jobs in our area that are available to bid. Choosing the right jobs and having satisfied employees will make the hardscape company a success.

## **2.0 Mission**

Southern Pride's mission statement is summed up in our logo, "We don't strive for excellence, we start with it." In all aspects of our business, we strive to provide an excellent service and be a company that everyone trusts. Our customers know that when Southern Pride arrives on the job, we will work hard, efficiently, and effectively to complete the service. Upon leaving, there is no doubt that we were the best company for the job. We strive to have the reputation of being the best landscape company in the area.

## **3.0 Action Plan**

The action Southern Pride has taken, and will start making, is important to the success of the new hardscapes division. To date, word of mouth is the most important advertising we have. However, the addition of new content marketing and creating a presence on social media will be the key to promotion success for hardscaping. Our content marketing will keep the costs low, but still convey the message we are promoting. Southern Pride hardscape's division will provide an excellent product for all customers.

## **3.1 Promotion**

Promotion and advertising of our business is very important. As of today, Southern Pride's primary form of advertising is word of mouth and our company name on equipment. All our trucks and trailers are red, immediately catching the eyes of people

passing by. We have our company name and phone number on all equipment and uniforms. Numerous customers call just because they have seen our equipment. Over twenty-five years, we have built a reputation for being the best landscape company for many of the contractors who need our services. We have traveled hundreds of miles to work for contractors who prefer our company above all others. Our company is a member of the local Chamber of Commerce. When new people move into the area and receive a packet from the Chamber of Commerce, our company is listed in the directory of companies. Southern Pride has also sponsored local athletic teams as a use of advertising.

The opening of a hardscape division will be a new challenge. We will have to start building our reputation as a great hardscape company. In order to do this, we will use a great deal of content marketing. Content marketing is the strategic marketing approach of creating and distributing valuable, relevant, and consistent content to attract and acquire a clearly defined audience – with the objective of driving profitable customer action (Content Marketing). Pictures of our finished products and videos of our process displayed on our website, social media, and via word of mouth will drive our profitable customer action. As customers see our services and the excellence we provide, we will gain the reputation of being the best hardscape company in Savannah. An added benefit of this form of advertising is its low cost.

A key marketing aspect for our hardscape company will be local trade shows. We can set up a booth at a trade show with samples of our products, pictures, and videos of our finished products. Another type of trade show we will do will be more neighborhood specific. For example, when a new neighborhood is being built, or even a finished neighborhood, we will go in and set up an advertising tent. This will put us at the heart of

our target customers. They will not have to come find us, we will be right in front of them in their own neighborhood.

Paid referrals will also be a part of our hardscape marketing. A paid referral program offers an incentive for customers who tell other people about our company. Referrals will be essential when entering a neighborhood and obtaining multiple houses with hardscapes jobs. Paid referrals will boost the word of mouth advertising for our hardscape division. We will also encourage our customers to go on our website and give our company a review of the job we did for them. The more reviews a customer sees on a website, the more confident they will be in our services.

Content marketing will be our primary advertising for our residential customers. However, our commercial customer advertising will be based on word of mouth and the network of professionals we have already developed. Southern Pride has developed a network of professionals across the southeastern United States for the past twenty-five years. This network will be key in our launching of the hardscapes division in its third and fourth year as we grow and move into the commercial market.

Southern Pride will strive to project the image of excellence. We will not try to be the cheapest or fastest, we will be the company that gets the job done with the highest quality available. We want customers to see us as the best in the business and know that when we leave, they will have a job that looks great and is well done.

In addition to our advertising, Southern Pride has the business name and state of Georgia logos on the trucks, trailers, and equipment, which is all very visible to even passerby motorists while we are on site. All trucks, trailers, and uniforms are red, which makes us stand out. We are a member of Chamber of Commerce, and they recommend us

as a local landscaper. We are listed on several contractors' referral sheets and on bid release websites where we get referrals for upcoming bids. We also send letters of introduction to potential customers. All these aspects will help the hardscape division gain a promising name and reputation.

Our system of identifying repeat customers is based primarily on our reputation with contractors. As they complete new jobs, they call us to bid the projects. We keep good working relationships with these contractors in order to continue receiving their support and business.

### **3.2 Pricing**

Our hardscape division will plan to install 2,000 to 3,000 square feet each week at a cost of \$12 a square foot. We continually maintain weekly reports with job completion information to keep up with our production rates. We stress to our employees that we are a company that delivers only the best workmanship. Thus, we are not a company based on the lowest price, we are a company based on quality. Our old motto was, "Quality doesn't cost, it pays." Due to our pricing based on each unit and quality, our services may cost more than other companies. However, our customers know that they get what they pay for and more, which makes Southern Pride a premier landscape company.

Most of our customers are word of mouth referrals. Therefore, they are more concerned with quality and getting more than they are paying for than they are an economic product that does not meet or exceed their expectations. We pride ourselves on delivering the highest quality and this in turn brings us our customers. Customers who

don't want a cheap, halfway job. Customers that want a landscape job that makes them a proud owner.

### **3.3 After-sale customer service**

Customer satisfaction is an important aspect for Southern Pride. In order to have the reputation of being the best in the business, we must ensure each customer is satisfied with our services. All our landscape services are provided with limited warranties based on the job. For example, if we are planting, and our customer does not have an irrigation system to keep the plants watered, our warranty will only be three months. In the hardscapes division, we will provide a one-year warranty to ensure that our customers are satisfied. The warranty will include all of our material and labor, and also any cracks, settling, or discoloration that may occur. Providing a warranty not only creates customer satisfaction, it also creates trust. Our customers will know that we are willing to provide the warranty because we believe our services will last. However, there are always exceptions, and sometimes a customer will not be happy with our services. Any complaints or warranty work will be handled immediately so that our customers realize the care we have for each and every one of them.

### **4.0 Resource Requirements**

The resource requirements for Southern Pride are management, facilities and equipment/vehicles, technology, and manual labor H2B workers. These five resources are

important to the success of the company. The management personnel will help the company run efficiently and effectively on a day-to-day basis. The facilities and equipment/vehicles will help us to meet any need that is required. Technology will help our operations work smoothly and provide valuable communication, as well as being a key factor in our advertising. Lastly, we will need to continue to employ our H2B workers from Mexico. The H2B visa nonimmigrant program enables us to employ foreign workers to temporarily come to the United States for seasonal work. To date, we employ nine Mexican employees through the H2B visa program. This is a yearly visa, and we must continuously reapply. Our workers come in February and go back to Mexico at the end of October. They are an important resource because they work hard and are happy to do manual labor for the profit they receive. Our Mexican workers are happy to come here despite the fact they have to leave their families. They can earn the same money here in one week that they would in a month's work in Mexico. We house our own workers so they have minimal expenses while here. They send the majority of their earnings back to support their families in Mexico. We depend on these workers greatly because it is very hard to find American workers who want to do manual labor. John Calle, owner of Turpin Landscape and Design, states "I don't want to disparage the American worker, but U.S. citizens are not willing to do the work needed. The new modern work ethic for (American) kids today is sitting in front of a computer. Somebody has to do this work, in all kinds of weather conditions" (Maye). For example, we were unable to use Mexican workers for a five-year period. In one summer, we had to hire fifty American workers while trying to fill just ten positions. They would either quit or we would have to fire them for not working. Thus, our Mexican workers are a key resource.



We are also in the process of finding Puerto Rican workers to come and fill our labor pool. Puerto Ricans are already US citizens, so they will not require visas and we will not have to rely on obtaining visas.

#### **4.1 Value Chain**

The value chain is a set of the interrelated tasks or processes that companies use to achieve their business strategy (Porter). It's helpful to periodically review the value chain because we can then identify possible inefficiencies in our processes. Southern Pride's value chain will be very important for the hardscapes division. Porter's value chain includes the five following areas of the chain: inbound logistics, operations, outbound logistics, marketing and sales, and service (Porter).

Inbound logistics for Southern Pride will be rather simple compared to some larger companies. We will use a just-in-time delivery technique. All of the products used to complete a job will be delivered to the job site directly from the supplier at the time we need the supplies. Thus, we will not have to pay for transportation twice (i.e., supplier to office to job site). We will only pay for transportation once, directly from the supplier to job site. We will be able to save on costs by eliminating the need for hardscape material storage space.

Outputs involve all activities that change an input into a finished product. Our operations will be the installation of the hardscape material. We must ensure correct timing for deliveries after we have the site prepped for installation. We must have workers there to unload and begin installation immediately to ensure efficient operations.

Outbound logistics will be transporting our equipment and workers from the office to the job site. Outbound logistics will also entail ordering the supplies and scheduling delivery times. Once we have received a new job, we will plan the time we will do it and then call a supplier to order the material. We will not be limited to one supplier, there are many suppliers in the area. Thus, we will have to find the supplier with the best price, order the material, and schedule a delivery date.

Marketing and sales are “the processes you use to persuade clients to purchase from you instead of your competitors” (Porter). One of the most important ways we will accomplish this is to market our products in new neighborhoods that are under construction. We will set up a tent, informing the new homeowners of the services we offer. We will have samples of pavers and bricks, pictures of finished jobs, and be there to describe the benefits of hardscapes in their landscape.

Services are the “activities related to maintaining the value of your product or service to your customer, once it has been purchased” (Porter). We will offer warranties with our services that will cover any cracks, settling, or discoloration that may occur. We will be able to offer these warranties to assure customers that we are confident in the durability of our services.

These five parts of our value chain will help elevate the status of our company. An efficient and effective value chain is key to any business. Therefore, Southern Pride will educate employees on the importance of understanding the value chain to ensure efficiency and productivity.

## **4.2 Management and Personnel Plan**

The management of our company is relatively simple due to the size of our business. We have two owners who will work in the office and on the job site. As owners, they have a variety of tasks from creating networks, finding jobs, managing the jobs, and visiting the job sites to ensure proper work is being conducted. We then have three foremen who manage each of our divisions: landscape, lawn care, and hardscapes. All of our foreman receive insurance and telephones. The landscape foreman has been in the industry for twenty years and brings all the experience needed to conduct day-to-day tasks on the job site. He is paid \$27 an hour. The lawn care foreman has only been in the industry for two years, but he brought with him many years of prior work experience as a manager in a manufacturing plant. He is also bilingual, speaking English and Spanish. A bilingual foreman is a great asset to our business because we have many Mexican employees. He receives a salary of \$17 per hour. The hardscape division will be a new division, and thus we will need to find a foreman with prior industry experience. He must be capable of running a crew and completing jobs daily. His salary will be \$20 per hour. In each division, we will have five laborers who perform the majority of the manual labor. These employees are composed of skilled and general laborers. Our general laborers are paid anywhere from \$10-15 an hour, and our skilled laborers are paid \$15-20 an hour. All of our employees receive two-week paid vacations and we cover any medical expenses that may arise. Each employee earns a quarterly bonus based on performance and jobs completed. The employees in each division cannot be limited to

working only in their division. They must be able to transfer to any division according to the need of each job. However, this is not a problem because the labor is manual and is easily learned. The owners, foremen, and employees will help Southern Pride become an excellent landscape company.

#### **4.3 Location, Equipment, Inventory, and Facilities**

Our location is in Savannah, Georgia. Savannah is in the southeast, which is the largest market share in the landscape industry. Our shop is located 30 miles north of Savannah. We have a large covered shelter with plenty of space to store all equipment. A benefit in the landscaping industry is the fact that we do not have to house all our inventory at our shop. Our inventory is delivered to the jobsite directly from the supplier. In order to travel to our job sites, we have six trucks: one for the lawn maintenance crew, one for the landscape crew, one for the hardscape crew, and one spare truck. The remaining two trucks are used by the two owners to travel to job sites. Our budget for truck maintenance and cost with replacement built in is 60-cent per mile traveled to and from the job site. Our average truck has 25,000 miles a year. The 60-cent charge covers replacement, gas, maintenance, and tires. We also have eight trailers for transporting our equipment to the jobs. Our office is located at the shop, which the owners and secretary use. As I join my dad in the company and launch the hardscape division, we will have to acquire a new location or expand. Renting will be our avenue for obtaining a new office. We will need a building with three offices and an estimated shop size of 8,000-10,000 square feet. Rent for a building that provides adequate parking and space will be \$1,500-

2,500 per month depending on the exact location. However, for the first few years, we will remain in our existing office because I will not be in the office. I will be on the job site the majority of the time. In the future, we hope to buy an office in town that we can use for our owners, secretary, and our shop.

#### **4.4 Use of Technology**

Technology is important for us with communication and advertising. Smart phones allow all our employees to communicate with each other, suppliers, and contractors. We can also use them for directions to job sites and checking weather conditions while working. The advances technology has made with the creation of social media and online advertising will help us tremendously with advertising. Online advertising will help us cut costs, yet still provide valuable information and marketing to our customers. We also use a technology called Gradebeam that helps with the bidding process. We use QuickBooks Pro for all our accounting, invoices, estimates, payroll, job tracking, etc. The new technology for hardscaping is called Greenscapes. Greenscapes is an imaging program that shows a completed job with hardscapes and softscapes, so that the customer can view the completed project before it has even begun.

#### **5.0 Financial Plan**

Southern Pride hardscape division will have a start-up cost of \$70,700. Our hardscape division will plan to install 2,000 to 3,000 square feet each week at a cost of

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\$12 a square foot. Material cost will be \$4 a square foot. Labor cost at \$3 a square foot. Miscellaneous costs, such as gas, operating expense, and taxes will be \$2 to \$3 a square foot. This leaves a \$2 to \$3 a square foot profit margin. Southern Pride’s goal will be to work at least 40 full weeks out of the year. Thus, making a profit in the first year of \$160,000 on the lowest side, to 300,000 on the high side.

**5.1. Start-up Costs**

See **Start-up Capital Estimate in BPM Excel Template**

Start Up Costs for Hardscape Division		
Items Required	Cash to Start Up	Percentage of Total Cost
Truck	\$28,500	38.9%
Concrete Saw	\$500	.7%
Miscellaneous Tools	\$2,500	3.4%
Rental Budget	\$15,000	20.5%
Extra Cash for Contingencies	\$2,500	3.4%
Material Purchases	\$10,000	13.7%
Trailer	\$6,500	8.9%
Education Budget	\$4,000	5.5%
Licenses Fees	\$1,200	1.6%
Insurance	\$1,500	2.0%
Accountant Fees	\$1,000	1.4%
<b>Total</b>	<b>73,200</b>	<b>100%</b>

The start-up budget for our hardscapes division is relatively low because it does not require technology or a lot of equipment. This division’s expense is primarily spent on material and labor, which is then reimbursed upon finishing the job. Many times, we will receive 25% upfront from the customer to buy the material necessary for the job. This keeps our start-up budget for materials low. Therefore, our hardscape division can be

launched for \$70,700. This price is very good because it will pay for everything upfront and therefore free the business from monthly payments. Our yearly expenses are not factored into our start-up budget because those expenses will be based off the jobs completed each year.

## **5.2 Sources of Financing**

Financing for our new hardscapes division is another plus of our start-up. Because Southern Pride has already been in business for twenty-four years, we have capital built up and ready to invest and launch our new division. We also have a line of credit already open at the bank. This is helpful because if we need a loan, we will not have to go and find a bank or investor. As of now, we are unsure as to how much we will invest directly on our own and how big of loan we will need to acquire.

## **6.0 Financial Statements**

The following sections provide summaries of the seven financial statements provided in the appendix. The sales forecast and profit and loss statements entail the forecast of the first year of business for Southern Pride. The income statements are listed in the three-year profit projection for our company, showing the growth projected over the first three years. The balance sheet is a statement of our company's assets, liabilities, and equity over the first three years. The statement of cash flow shows the inflows and

outflows of cash for the month of January. The final statement is the break-even analysis, which explains the sales needed to cover all our costs. These statements will prove the strength of Southern Pride.

## **6.1 Sensitivity Analysis**

### **See Twelve Month Sales Forecast and Twelve Month Profit and Loss Projection**

The sales forecast for Southern Pride provides a projection of sales over the first year. This projection and the up and down months will be constant throughout the years. The colder months such as December, January, and February will not be as profitable because it will be colder and work outside is not as prominent. During these slower months, we will be working at the shop and doing maintenance necessary to be ready for the busy months. During this time, we will typically work only two employees. Our H2B visa workers will be in Mexico for four months during the winter. Thus, our workload will be less and, therefore, our payroll will be less. However, in the warmer months such as June and July, we plan to turn roughly \$70,000 in revenue each month. We will be working three employees each day in order to complete all our jobs. During the first year we want to aim for a 28-32% profit margin. The colder months will have a lower profit margin because of the shop work and maintenance. The warmer months will have profit margins around 30-34%. Overall, we plan to be able to turn a profit the first year and be a success immediately.



## **6.2 Pro Forma Financial Statements**

The pro forma financial statements combine three financial statements to provide a projection for our company. Through my research of other hardscape companies and my prior knowledge of the landscape industry, I have developed these three financial statements to forecast the first years of my hardscape company. We will use income statements, balance sheets, and a statement of cash flows. These three statements will explain why Southern Pride's new hardscape company will be an immediate success.

### **6.2.1. Income Statements**

See **Three-Year Profits Projection Worksheet in BPM Excel Template.**

Southern Pride boasts a very promising three-year projection. The first year, we are projecting to sale \$692,000 in hardscape jobs with a \$162,393 net profit after tax. In the second year, we plan to boost sales by \$57,100 and earn \$176,244 in net profit. The third year, we plan to really explode. After the first two, we plan to move into the commercial industry and hire a full-time hardscape supervisor on salary. By the third year, our company name will be well-known, and we expect to increase sales by \$150,000. Although it will be a large increase in sales, our profit will only increase to \$183,160 because we will hire a manager who will be paid more than our general laborers. As we move into the commercial industry in the third year, our profit margins

will increase because we will be able to charge more on commercial jobs. The first two years, we will aim for a 30% profit margin; the third year we will aim for a 35% profit margin. In the first three years as a hardscapes company, we expect to grow and learn the industry. This will enable us to become a strong profitable company.

### **6.2.2 Balance Sheets**

See **Balance Sheet Worksheet in BPM Excel Template.**

A balance sheet is a statement of our company's assets, liabilities, and equity over a given period of time. This balance sheet is based on a yearly period and contains the next three years. The majority of Southern Pride's assets will be the accounts receivable since we are a service business. We will provide a service and receive a payment without having to obtain other assets, such as storage space, delivery trucks, office space, and other assets that many companies have to use profits to obtain. The liabilities of our company are large because this statement is based on a year-long period. If we broke it down monthly, the amounts would be smaller because these will be paid off regularly. For example, when we complete a \$10,000 job, we would receive the payment in cash when finished. We would then pay our employers, suppliers, and all other expenses. This efficient movement of money leads into our next final statement, the statement of cash flows.

### **6.2.3 Statements of Cash Flows**

**See Cash Flows Worksheet in BPM Excel Template.**

The statement of cash flows displays all the incoming and outgoing cash of the business. It shows the outputs from a job finished, and the inputs we expended to finish the job. A good cash flow occurs when we are paid regularly for completing jobs and allows us to have cash on hand to begin the next job. The statement of cash flows is broken down monthly for the first year of business. Each month shows the revenue earned and expenses incurred. At the bottom of each monthly column, one can see the earnings during the month and the cash used to complete the job. As the months progress, we will accrue cash consistently and finish with a solid first year cash balance of approximately \$240,000.

### **6.3 Breakeven Analysis**

**See Breakeven Analysis Worksheet in BPM Excel Template.**

Southern Pride will use break-even analysis as a key performance indicator (KPI) figured monthly. Using break-even analysis as a KPI will ensure we are completing

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enough jobs and earning profits to, at minimum, cover all our costs. We will not aim to break-even, we will aim to succeed our break-even point every month to ensure we are a profitable company.

Southern Pride will incur very few fixed costs, our fixed cost each month will include such costs as insurance, phone bills, utilities, taxes, and travel expenses. For the month of January, our fixed costs are only \$8,125. So, if we completely shut down for a month, we could make it through the month with roughly \$8,000-\$10,000 cash reserves. The majority of our costs are variable costs. Our variable costs are the costs to complete a job, such as purchasing the material and paying our laborers. For the month of January, our variable costs will be \$16,400.

Southern Pride plans to have sales of \$37,100 for the month of January. Our total expenses as a percentage of sales will be 66.1%. Therefore, our expenses for the month will be \$24,525. Our contribution margin is the sales minus the cost per job. Southern Pride will boast an impressive contribution margin of 55.8%.

The break-even analysis' primary goal is to create a break-even point where our sales will cover our expenses. Southern Pride's break-even sales level is \$14,562.20 for the month of January. These sales will allow us to cover all our costs and then generate additional sales in order to earn a profit each month.

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# **BPM Excel Template**

*Southern Pride Lawn Care, Inc.*

## Twelve Month Sales Forecast

Southern Pride Lawncare Inc.

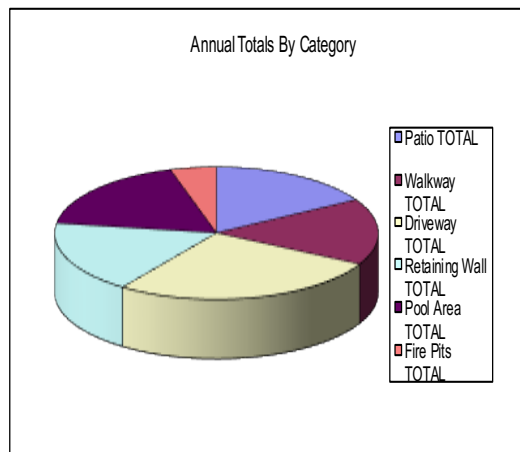
Fiscal Year Begins

Jan-20

**12-month Sales Forecast**

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Annual Totals
Patio units sold	1	2	3	3	4	4	3	4	4	3	3	2	36
Sale price @ unit	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	
<b>Patio TOTAL</b>	3,200	6,400	9,600	9,600	12,800	12,800	9,600	12,800	12,800	9,600	9,600	6,400	115,200
Walkway units sold	2	3	3	2	3	3	3	3	4	4	3	2	35
Sale price @ unit	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	3,200.00	
<b>Walkway TOTAL</b>	6,400	9,600	9,600	6,400	9,600	9,600	9,600	9,600	12,800	12,800	9,600	6,400	112,000
Driveway units sold	1	1	1	1	1	1	1	1	2	1	1	1	13
Sale price @ unit	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	14,400.00	
<b>Driveway TOTAL</b>	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	28,800	14,400	14,400	14,400	187,200
Retaining Wall units	1	0	0	1	2	2	2	2	2	2	1	0	15
Sale price @ unit	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	8,100.00	
<b>Retaining Wall</b>	8,100	0	0	8,100	16,200	16,200	16,200	16,200	16,200	16,200	8,100	0	121,500
Pool Area units sold	0	0	0	1	1	1	1	1	0	0	0	0	5
Sale price @ unit	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	
<b>Pool Area TOTAL</b>	0	0	0	25,000	25,000	25,000	25,000	25,000	0	0	0	0	125,000
Fire Pits units sold	5	6	3	1	0	0	1	1	3	4	5	3	32
Sale price @ unit	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	
<b>Fire Pits TOTAL</b>	5,000	6,000	3,000	1,000	0	0	1,000	1,000	3,000	4,000	5,000	3,000	32,000
<b>Monthly totals: All</b>	37,100	36,400	36,600	64,500	78,000	78,000	75,800	79,000	73,600	57,000	46,700	30,200	692,900

<b>Patio TOTAL</b>	115,200
<b>Walkway TOTAL</b>	112,000
<b>Driveway TOTAL</b>	187,200
<b>Retaining Wall TOTAL</b>	121,500
<b>Pool Area TOTAL</b>	125,000
<b>Fire Pits TOTAL</b>	32,000





**Twelve Month Profit and Loss Projection**  
Southern Pride Lawncare Inc.

Fiscal Year Begins Jan-05

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	YEARLY													
	%	%	%	%	%	%	%	%	%	%	%	%	%													
<b>Revenue (Sales)</b>																										
Patio	3,200	8.6	6,400	17.6	9,600	26.2	9,600	14.9	12,800	16.4	12,800	17.4	9,600	16.8	9,600	20.6	6,400	21.2	112,000	16.6						
Walkways	6,400	17.3	9,600	26.4	9,600	26.2	6,400	9.9	9,600	12.3	9,600	12.7	9,600	12.2	12,800	17.4	12,800	22.5	9,600	20.6	6,400	21.2	112,000	16.2		
Driveways	14,400	38.8	14,400	39.6	14,400	39.3	14,400	22.3	14,400	18.5	14,400	19.0	14,400	18.2	28,800	39.1	14,400	25.3	14,400	30.8	14,400	47.7	187,200	27.0		
Retaining Walls	8,100	21.8	0	0.0	0	0.0	8,100	12.6	16,200	20.8	16,200	21.4	16,200	20.5	16,200	22.0	16,200	28.4	8,100	17.3	0	0.0	121,500	17.5		
Pool Areas	0	0.0	0	0.0	0	0.0	25,000	38.8	25,000	32.1	25,000	33.0	25,000	31.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	125,000	18.0
Fire Pits	5,000	13.5	6,000	16.5	3,000	8.2	1,000	1.6	0	0.0	0	0.0	1,000	1.3	3,000	4.1	4,000	7.0	5,000	10.7	3,000	9.9	32,000	4.6		
<b>Total Revenue (Sales)</b>	37,100	100.0	36,400	100.0	36,600	100.0	64,500	100.0	78,000	100.0	78,000	100.0	75,800	100.0	79,000	100.0	73,600	100.0	57,000	100.0	46,700	100.0	30,200	100.0	692,900	100.0
<b>Supplies and Materials</b>	10,000	27.0	9,700	26.6	9,800	26.8	18,000	27.9	21,500	27.6	21,500	27.7	21,000	27.7	22,000	27.8	20,000	27.2	16,000	28.1	13,000	27.8	8,500	28.1	191,000	27.6
<b>Total Cost of Sales</b>	10,000	27	9,700	27	9,800	27	18,000	28	21,500	28	21,500	28	21,000	28	22,000	28	20,000	27	16,000	28	13,000	28	8,500	28	191,000	28
<b>Gross Profit</b>	27,100	73.0	26,700	73.4	26,800	73.2	46,500	72.1	56,500	72.4	56,500	72.3	54,800	72.3	57,000	72.2	53,600	72.2	41,000	71.9	33,700	72.2	21,700	71.9	501,900	72.4
<b>Expenses</b>																										
Salary expenses	250	0.7	250	0.7	250	0.7	250	0.4	250	0.3	250	0.3	250	0.3	250	0.3	250	0.3	250	0.4	250	0.5	250	0.8	3,000	0.4
Payroll expenses	6,400	17.3	6,400	17.6	6,400	17.5	9,600	14.9	9,600	12.3	9,600	12.0	9,100	12.0	9,600	12.2	9,600	13.0	8,500	14.9	6,400	13.7	6,400	21.2	97,600	14.1
Outside services	3,000	8.1	2,900	8.0	2,950	8.1	5,000	7.8	6,000	7.7	6,000	7.7	5,900	7.8	6,200	7.8	5,500	7.5	4,000	7.0	3,500	7.5	2,300	7.6	53,250	7.7
Repairs and maintenance	700	1.9	700	1.9	700	1.9	1,000	1.6	1,200	1.5	1,200	1.5	1,100	1.5	1,150	1.5	1,100	1.5	850	1.5	700	1.5	450	1.5	10,850	1.6
Advertising	200	0.5	200	0.5	200	0.5	200	0.3	200	0.3	200	0.3	200	0.3	200	0.3	200	0.3	200	0.4	200	0.4	200	0.7	2,400	0.3
Car, delivery and travel	2,000	5.4	2,000	5.5	2,000	5.5	3,500	5.4	4,000	5.1	4,100	5.3	4,000	5.3	4,200	5.3	3,900	5.3	3,000	5.3	2,500	5.4	1,600	5.3	36,800	5.3
Accounting and legal	150	0.4	150	0.4	150	0.4	150	0.2	150	0.2	150	0.2	150	0.2	150	0.2	150	0.2	150	0.3	150	0.3	150	0.5	1,800	0.3
Rental/Replacement	2,000	5.4	2,000	5.5	2,000	5.5	3,500	5.4	4,200	5.4	4,200	5.4	4,100	5.4	4,300	5.4	4,000	5.4	3,100	5.4	2,500	5.4	1,600	5.3	37,500	5.4
Telephone	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.1	50	0.2	600	0.1
Utilities	75	0.2	75	0.2	75	0.2	75	0.1	75	0.1	75	0.1	75	0.1	75	0.1	75	0.1	75	0.1	75	0.2	75	0.2	900	0.1
Insurance	1,000	2.7	1,000	2.7	1,000	2.7	1,000	1.6	1,000	1.3	1,000	1.3	1,000	1.3	1,000	1.3	1,000	1.4	1,000	1.8	1,000	2.1	1,000	3.3	12,000	1.7
Taxes (real estate, etc.)	1,500	4.0	1,500	4.1	1,500	4.1	2,800	4.0	3,100	4.0	3,100	4.0	3,000	4.0	3,200	4.1	3,000	4.1	2,400	4.2	1,900	4.1	1,200	4.0	28,000	4.0
Misc. (unspecified)	200	0.5	200	0.5	200	0.5	300	0.5	400	0.5	400	0.5	375	0.5	400	0.5	350	0.5	300	0.5	250	0.5	150	0.5	3,525	0.5
<b>Total Expenses</b>	17,525	47.2	17,425	47.9	17,475	47.7	27,225	42.2	30,225	38.8	30,325	38.9	29,300	38.7	30,775	39.0	29,175	39.6	23,875	41.9	19,475	41.7	15,425	51.1	286,225	41.6
<b>Net Profit</b>	9,575	25.8	9,275	25.5	9,325	25.5	19,275	29.9	26,275	33.7	26,175	33.6	25,500	33.6	26,225	33.2	24,425	33.2	17,125	30.0	14,225	30.5	6,275	20.8	213,675	30.8

## Breakeven Analysis for January 2020

Southern Pride Lawncare and Landscaping Inc.

Cost Description	Fixed Costs (\$)	% of Fixed Cost	Variable Expenses	% of Variable Expenses
Inventory or Materials	\$ -	0.0%	10,000	27.0%
Salaries and wages	250	0.7%	6,400	17.3%
Other expenses	-	0.0%	0.0	0.0%
Other expenses	-	0.0%	0.0	0.0%
Supplies		0.0%	0.0	0.0%
Repairs & maintenance	700	1.9%	0.0	0.0%
Advertising	200	0.5%	0.0	0.0%
Car, delivery and travel	2,000	5.4%	0.0	0.0%
Accounting and legal	150	0.4%	0.0	0.0%
Rent	2,000	5.4%	0.0	0.0%
Telephone	50	0.1%	0.0	0.0%
Utilities	75	0.2%	0.0	0.0%
Insurance	1,000	2.7%	0.0	0.0%
Taxes (Real estate, etc.)	1,500	4.0%	0.0	0.0%
Miscellaneous expenses	200	0.5%	0.0	0.0%
<b>Total Fixed and Variable Expenses</b>	<b>\$ 8,125</b>	<b>21.9%</b>	<b>\$ 16,400</b>	<b>44.2%</b>
<b>Total Expenses as Percentage of Sales</b>				<b>66.1%</b>
<b>Contribution margin as a percentage of sales</b>				<b>55.8%</b>
<hr/>				
<b>Breakeven Sales level = \$ 14,562.20</b>				

## Three Year Profit Projection

Southern Pride Lawncare Inc.

For the Year ended December 31	2020	%	2021	%	2022	%
<b>Sales</b>	\$ 692,900	100.00%	\$ 750,000	100.00%	\$ 900,000	100.00%
Cost/ Goods Sold (COGS)	191,000	27.57%	208,000	27.73%	250,000	27.78%
<b>Gross Profit</b>	<u>\$ 501,900</u>	<u>72.43%</u>	<u>\$ 542,000</u>	<u>72.27%</u>	<u>\$ 650,000</u>	<u>72.22%</u>
<b>Operating Expenses</b>						
Salary (Office & Overhead)	\$ 3,000	0.43%	\$ 3,000	0.40%	\$ 39,000	4.33%
Payroll (taxes etc.)	97,600	14.09%	106,000	14.13%	130,000	14.44%
Outside Services	53,250	7.69%	58,000	7.73%	70,000	7.78%
Repairs/ Maintenance	10,850	1.57%	11,500	1.53%	14,000	1.56%
Advertising	2,400	0.35%	2,400	0.32%	2,800	0.31%
Car, Delivery and Travel	36,800	5.31%	39,500	5.27%	45,000	5.00%
Accounting and Legal	1,800	0.26%	1,800	0.24%	2,100	0.23%
Rental/Replacement Fees	37,500	5.41%	40,500	5.40%	48,000	5.33%
Telephone	600	0.09%	600	0.08%	1,200	0.13%
Utilities	900	0.13%	1,000	0.13%	1,100	0.12%
Insurance	12,000	1.73%	12,000	1.60%	15,000	1.67%
Taxes (real estate etc.)	28,000	4.04%	30,000	4.00%	36,000	4.00%
Miscellaneous	3,525	0.51%	3,800	0.51%	4,800	0.53%
Depreciation		0.00%	-	0.00%	-	0.00%
<b>Total Expenses</b>	<u>\$ 288,225</u>	<u>41.60%</u>	<u>\$ 310,100</u>	<u>41.35%</u>	<u>\$ 409,000</u>	<u>45.44%</u>
<b>Net Profit Before Tax</b>	213,675		231,900		241,000	
<b>Income Taxes (@ 24%)</b>	51,282		55,656		57,840	
<b>Net Profit After Tax</b>	162,393		176,244		183,160	
<b>Owner Draw/ Dividends</b>	-		-		-	
<b>Adj. to Retained Earnings</b>	<u>\$ 162,393</u>		<u>\$ 176,244</u>		<u>\$ 183,160</u>	

## Start-Up Capital Estimate

**Southern Pride Lawncare Inc.**

**Oct 1, 2018**

	Monthly Expenses	Cash Needed to Start	% of Total
<b>MONTHLY COSTS</b>			
Salary of workers	\$ 200	\$ 400	0.5%
All other salaries and wages	\$ 500	\$ 1,500	2.0%
Rent	\$ 5,000	\$ 15,000	20.5%
Advertising	\$ 150	\$ 450	0.6%
Delivery expense (to customers)	\$ 833	\$ 2,500	3.4%
Supplies	\$ 3,333	\$ 10,000	13.7%
Telephone	\$ 50	\$ 150	0.2%
Other utilities	\$ 75	\$ 225	0.3%
Insurance	\$ 1,500	\$ 1,500	2.0%
Taxes	\$ 500	\$ 2,000	2.7%
Interest	\$ -		0.0%
Maintenance	\$ 100	\$ 300	0.4%
Legal and other professional fees	\$ 100	\$ 300	0.4%
Miscellaneous	100	300	0.4%
<b>Subtotal</b>		<b>\$34,625</b>	<b>47.3%</b>
<b>ONE-TIME COSTS</b>			
Truck		\$ 25,000	34.2%
Concrete Saw		\$ 500	0.7%
Miscellaneous Tools		\$ 2,500	3.4%
Trailer		\$ 6,500	8.9%
Deposits with public utilities		\$ 75	0.1%
Legal and other professional fees		\$ 1,000	1.4%
Licenses and permits		\$ 1,200	1.6%
Advertising and promotion for opening		\$ 100	0.1%
Cash reserve		\$ 1,500	2.0%
Other		\$ 200	0.3%
<b>Subtotal</b>		<b>\$38,575</b>	<b>52.7%</b>
<b>TOTAL ESTIMATED START-UP CAPITAL REQUIRED</b>		<b>\$73,200</b>	<b>100%</b>
<b>Owners' Investment (name &amp; % ownership)</b>			
Southern Pride Lawncare Inc. (100%)		\$ 73,200	
<b>Total Investment</b>		<b>\$ 73,200</b>	
<b>TOTAL ESTIMATED START-UP CAPITAL PROVIDED</b>		<b>\$ 73,200</b>	

**Southern Pride Lawncare Inc.**

**Balance Sheets**

On December 31, 2020

	2020	2021	2025
<b>Assets</b>			
Current assets:			
Accounts receivable	\$692,900	\$ 750,000	900,000
Other			
Total current assets	\$ 692,900.00	\$ 750,000.00	\$ 900,000.00
Fixed assets:			
Property and equipment	\$35,000	\$ 30,800	\$ 26,600
Less accumulated depreciation	\$ (4,200)	\$ (4,200)	\$ (4,200)
Net fixed assets	\$ 30,800.00	\$ 26,600.00	\$ 22,400.00
Other assets			
Total other assets	3,000.00		
<b>Total assets</b>	<b>\$ 726,700.00</b>	<b>\$ 776,600.00</b>	<b>\$ 922,400.00</b>
<b>Liabilities and owner's equity</b>			
Current liabilities:			
Accounts payable	294,600.00	309,900.00	363,600.00
Accrued wages	100,600.00	109,000.00	169,000.00
Income taxes payable	79,282.00	85,656.00	93,840.00
Rental and Travel	74,300.00	80,000.00	93,000.00
Insurance	15,525.00	15,800.00	19,800.00
Total current liabilities	\$ 564,307.00	\$ 600,356.00	\$ 739,240.00
Long-term liabilities			
Mortgage payable	-	-	
Total long-term liabilities	-	-	-
Owner's equity			
Investment capital		-	
Retained earnings	\$162,393	176,244.00	183,160.00
Total owner's equity	\$ 162,393.00	\$ 176,244.00	\$ 183,160.00
<b>Total liabilities and stockholders' equity</b>	<b>\$ 726,700.00</b>	<b>\$ 776,600.00</b>	<b>\$ 922,400.00</b>

Southern Pride Lawncare Inc.												
Statement of Cash Flows												
For the Year Ended December 31 2020												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Used by Operating Activities:												
Cash Received from Customers	\$ 37,100	\$ 36,400	\$ 36,600	\$ 64,500	\$ 78,000	\$ 78,000	\$ 75,800	\$ 79,000	\$ 73,600	\$ 57,000	\$ 46,700	\$ 30,200
Cash Paid to Suppliers	\$ (13,000)	\$ (12,750)	\$ (12,750)	\$ (23,000)	\$ (27,500)	\$ (27,500)	\$ (26,900)	\$ (28,200)	\$ (25,500)	\$ (20,000)	\$ (16,500)	\$ (10,800)
Employee Compensation	\$ (6,650)	\$ (6,650)	\$ (6,650)	\$ (9,850)	\$ (9,850)	\$ (9,850)	\$ (9,350)	\$ (9,850)	\$ (9,850)	\$ (8,750)	\$ (6,650)	\$ (6,650)
Car, Delivery, Travel	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (3,500)	\$ (4,000)	\$ (4,100)	\$ (4,000)	\$ (4,200)	\$ (3,900)	\$ (3,000)	\$ (2,500)	\$ (1,600)
Other Operating Expenses	\$ (2,375)	\$ (2,375)	\$ (2,375)	\$ (2,775)	\$ (3,075)	\$ (3,075)	\$ (2,950)	\$ (3,025)	\$ (2,925)	\$ (2,625)	\$ (2,425)	\$ (2,075)
Cash Flow Used by Operating Activities	\$ 13,075	\$ 12,625	\$ 12,825	\$ 25,375	\$ 33,575	\$ 33,475	\$ 32,600	\$ 33,725	\$ 31,425	\$ 22,625	\$ 18,625	\$ 9,075
Cash Used by Investing Activities:												
Cash Paid for Equipment	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (3,500)	\$ (4,200)	\$ (4,200)	\$ (4,100)	\$ (4,300)	\$ (4,000)	\$ (3,100)	\$ (2,500)	\$ (1,600)
Cash Flow Used by Investing Activities	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (3,500)	\$ (4,200)	\$ (4,200)	\$ (4,100)	\$ (4,300)	\$ (4,000)	\$ (3,100)	\$ (2,500)	\$ (1,600)
Increase in Cash During Year	\$ 11,075	\$ 10,625	\$ 10,825	\$ 21,875	\$ 29,375	\$ 29,275	\$ 28,500	\$ 29,425	\$ 27,425	\$ 19,525	\$ 16,125	\$ 7,475
Cash Balance at Beginning of Year	\$ -	\$ 11,075	\$ 21,700	\$ 32,525	\$ 54,400	\$ 83,775	\$ 113,050	\$ 141,550	\$ 170,975	\$ 198,400	\$ 217,925	\$ 234,050
Cash Balance at End of Year	\$ 11,075	\$ 21,700	\$ 32,525	\$ 54,400	\$ 83,775	\$ 113,050	\$ 141,550	\$ 170,975	\$ 198,400	\$ 217,925	\$ 234,050	\$ 241,525
<b>Summary</b>												
Cash Used by Operating Activities:	\$ 24,025	\$ 23,775	\$ 23,775	\$ 39,125	\$ 44,425	\$ 44,525	\$ 43,200	\$ 45,275	\$ 42,175	\$ 34,375	\$ 28,075	\$ 21,125
Cash Used by Investing Activities:	\$ 2,000	\$ 2,000	\$ 2,000	\$ 3,500	\$ 4,200	\$ 4,200	\$ 4,100	\$ 4,300	\$ 4,000	\$ 3,100	\$ 2,500	\$ 1,600