

**Business Plan: GT Nails and Spas**

**Cover Page**

**GT Nails and Spas Salon New Startup Two Year Business Plan for a Proposed Nail Salon  
at:  
Steeplegate Mall, Concord, NH**

**Name(s) of Principal (s):**

**Proposed address:**

**Contact:**



**Legal Page**

Confidentiality Agreement

## **Business Plan: GT Nails and Spas**

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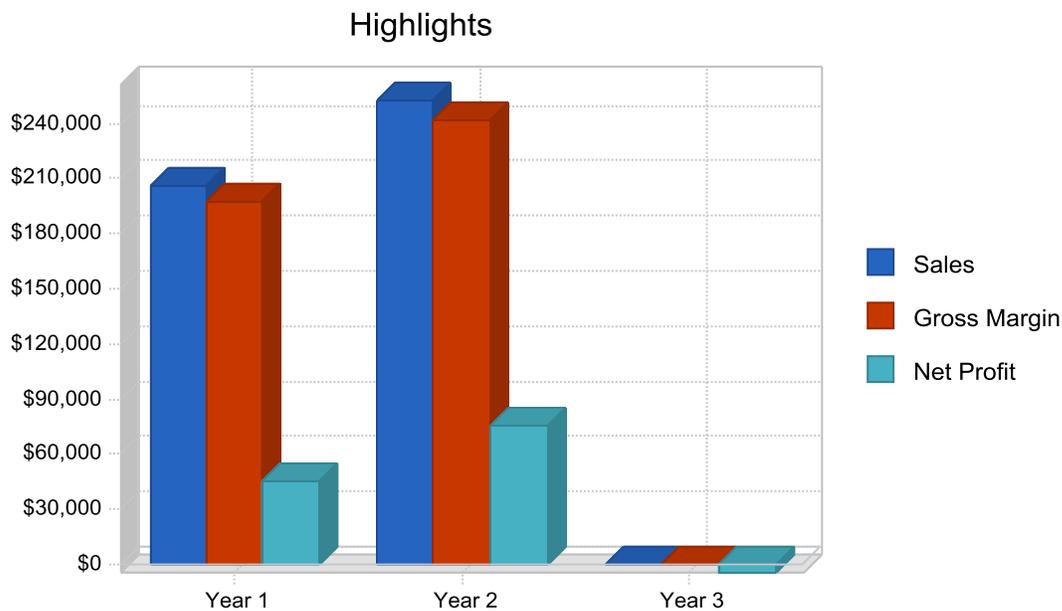
# GT Nails and Spas Business Plan

## 1.0 Executive Summary

Thuan Bui, LLC d/b/a Festive Salon (formerly Cozy Salon) is a well established hair and nail beauty salon in Lee New, Hampshire whose owners have over 15 years of experience in the industry. The company has served the hair and nail salon market in this location since 2003. It is now seeking to launch a new nail salon business in the Steeplegate Mall in Concord New Hampshire and will be occupying approximately 1,167 sq.ft. of space there.

The purpose of this business plan is to present to a financial institution for consideration of a business loan in order to finance the new salon startup.

Chart: Highlights



## 1.1 Objectives

The objective of this Company is to:

- Launch a new nail salon business in the Concord Mall and to open for business by May of 2011.
- To increase profitability by focusing on a niche market and offer nail services tailored to that market
- To offer maximum convenience to customers by offering appointment and walk-in services
- To serve a minimum of approximately 433 clients per month
- To attract those clients through a visible mall presence and targeted advertising

## 1.2 Mission

Our mission is to be known to the community as the place to go for the best nail care services and prices by providing high quality, professional nail care services to the public through a team of highly qualified nail care professionals, seven days a week.

## 1.3 Keys to Success

Significant keys to our success include:

- Mall location
- Convenient mall parking
- Competitive pricing for services
- Non-competitive lease clause that guarantees that GT Nails and Spas Salon will be the only nail care salon in the mall
- a long term lease that will allow us to establish a presence in the community and brand recognition
- Low lease payments for the first three (3) year. This will allow us to get established and build a clientele during these first crucial years

## 2.0 Company Summary

Festive Salon, formerly Salon Cozy in Lee, NH offers a variety of services that include hair, nails, tanning and waxing. It has been operating at its present location at the DeMoulas Market Basket Plaza in Lee, NH since 2004. The owners, Thuan Bui and his wife, have over 15 years experience in the hair and nail salon business.

The company is seeking finances in order to launch a new startup nail care business, GT Nails and Spas, in the Steeplegate Mall in Concord, NH. Its planned opening date is May 1st. What will set GT Nails and Spas Salon apart from competitors is the fact that it will be the sole provider of nail services in the Mall, and will therefore contribute to the Mall's female shopper satisfaction by adding convenience and comfort to their overall shopping experience.

## 2.1 Company Ownership

The company is registered in the State of New Hampshire and will be operating under the legal entity "Thuan Bui, LLC d/b/a GT Nails and Spas Salon". It is owned by Thuan Bui and his wife, Nina. As mentioned before, between them they both have a total of over 15 years in the nail and hair beauty salon business.

## 2.2 Start-up Summary

The major expense pre-opening will be lease improvements. This includes new carpeting, painting, plumbing for the pedicures, miscellaneous items such as counter, seating and decorative items (plants, pictures, etc). Insurance will be prepaid for three (3) months.

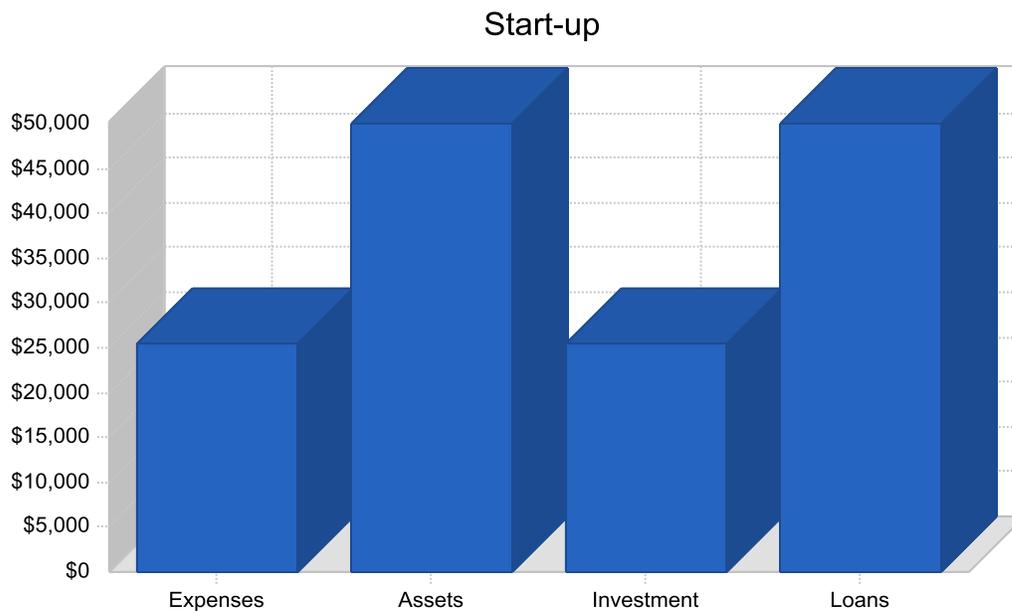
Additional funds will be required to cover approximately 4 months working capital and for the purchase of three computers and a water cooler.

# GT Nails and Spas Business Plan

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Legal	\$0
Stationery etc.	\$50
Insurance	\$249
Rent	\$2,140
Lease improvements	\$23,000
Total Start-up Expenses	\$25,439
Start-up Assets	
Cash Required	\$50,000
Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$50,000
<b>Total Requirements</b>	<b>\$75,439</b>

Chart: Start-up



### 3.0 Services

GT Nails and Spas Salon at the Steeplegate Mall, Concord, NH, will be offering services that are limited to nail care and maintenance. Maintenance includes manicures, pedicures, waxing and a variety of decorative nail choices.

4.0 Market Analysis Summary

The target market will be women that primarily range in age from teenagers to over 60 years old, with preteens making up a smaller percentage of this market, due to the fact that they have less access to disposable income.

The targeted demographic market is highly conscious of fashion trends that pertain to their face, hands (finger nails) and feet. Although some women paint their finger and toe nails at home, most opt for professionally done salon treatments that utilize products that help to add strength to their nails. Additionally, some of the most popular nail fashions that are preferred by professional women (such as french nail and nail tips) cannot be done at home due to the unavailability of the materials and specific skills and training needed. These materials are available to professionals in the business, and not to the general public. Women are also increasingly dependent on waxing in order to attain a polished and professional look.

4.1 Market Segmentation

The market segmentation is based on a female demographic that includes Concord and surrounding towns, since the mall attracts people from Concord and other areas. According to the US Census Bureau the population in Concord is 42,378; and 50.5% of this population are females. Allowing for female mall visitors from other surrounding towns, GT Nails and Spas Salon at Steeplegate Mall estimates an annual female target market to approximate 20,000.

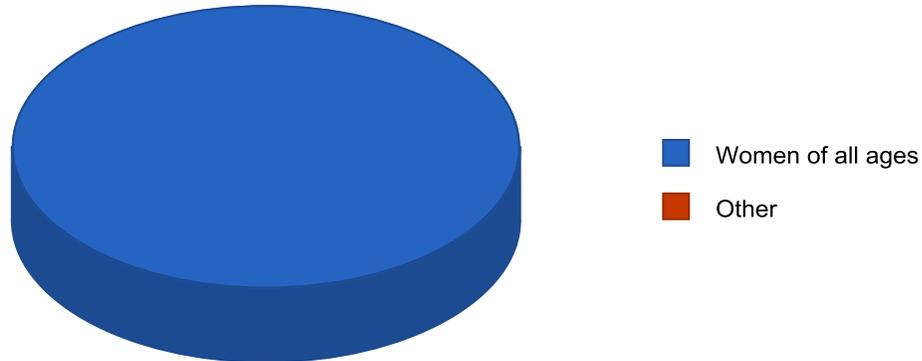
Although some men use manicure services, this segment of the market is very small and so is deemed insignificant for the purpose of this business plan.

Table: Market Analysis

<i>Market Analysis</i>							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Women of all ages	10%	20,000	22,000	24,200	26,620	29,282	10.00%
Other	0%	0	0	0	0	0	0.00%
<b>Total</b>	<b>10.00%</b>	<b>20,000</b>	<b>22,000</b>	<b>24,200</b>	<b>26,620</b>	<b>29,282</b>	<b>10.00%</b>

Chart: Market Analysis (Pie)

Market Analysis (Pie)



#### 4.2 Target Market Segment Strategy

The Company will direct its promotions to teenagers and adult women and will carry a trendy selection of nail colors that appeal to both groups of women.

#### 4.3 Service Business Analysis

A survey of New Hampshire Malls was conducted and it revealed that nail services are offered in each of them. The Steeplegate Mall has no existing nail service business; therefore, the principals are confident that this is a service that will fill a void in this area.

##### 4.3.1 Competition and Buying Patterns

This is a business that requires specific training and skills; it is also a market that is dominated by Asian business people who do not have a large presence in Concord and make up only 1.5% (635 individuals) of the city. However, a search of nail businesses in Concord revealed that there are five such businesses, three of which have very poor reviews online, and at least one is operating out of an inconveniently located private home.

Among the complaints were poor service, inaccessibility, lack of convenient parking and disproportionately high price for the quality of service rendered. Success in this business depends on high quality of service, comfort and cleanliness of the premises and on convenience and accessibility. Language communication challenges make entry into this industry in a city such as Concord moderately difficult.

## GT Nails and Spas Business Plan

Non-Asians in the beauty salon business generally limit their nail care to manicures or polish application and removal and generally do not offer the range of nail care services that the public demands. It is a known fact that women will not hesitate to pay for quality nail care services - and this company intends to provide such service to this market at a very competitive price.

### 5.0 Web Plan Summary

The company's website will allow customers to make appointments, purchase and print gift certificates online. It will be designed for maximum user friendliness and will also inform customers of specials and promotions. The company will use PayPal as its preferred ecommerce shopping platform.

### 5.1 Website Marketing Strategy

The Company will promote its web address on all of its handouts and advertising materials. It will also seek out link-sharing with other local businesses in order to cross-promote other businesses in the area.

### 5.2 Development Requirements

The commerce enabled website will be maintained in-house, and will be hosted by Yahoo.

## 6.0 Strategy and Implementation Summary

Total customer satisfaction is key to gaining customer loyalty. GT Nails and Spas Salon at Steeplegate Mall will strive to make each customer experience a satisfying one by providing top-notch service in a classy environment that is outfitted with visual and technological aids that will allow the customer maximum convenience, and comfort. Convenient Mall parking will be an added benefit to our customers.

The company will also encourage customer loyalty through exciting promotional offerings each month that will be guaranteed to save them money.

### 6.1 SWOT Analysis

This S.W.O.T Analysis describes and defines the *strengths*, *weaknesses*, *opportunities* and *threats* that we anticipate. Opening this new nail salon at the Steeplegate Mall location provides many valuable **strengths** that will drive this business forward.

The major threat to the business would be a downturn in the economy. However, according to reports by the State of New Hampshire Economic Development Agency, New Hampshire is faring better than many parts of the country. For example, the average national seasonally adjusted unemployment rate for the month of February was 8.9% (unadjusted: 9.5%) but in New Hampshire, for the same period it was 5.4% (unadjusted: 5.8%).

Consumers in New Hampshire still have disposable income, and while the threat of a down turn in the economy is real, women are very committed to their personal nail care grooming. While they may cut back on hair styling, data exist that show that they are keeping up with their nail treatments. This is also evidenced by the increase in business at the owners' Lee location in 2010.

### 6.1.1 Strengths

- GT Nails and Spas will be the sole nail care business in the mall
- Convenient mall parking
- Focus on niche market
- Added convenience for our target market (can do their shopping and nails in the same venue, on the same day)
- Walk-in and by appointment services offered
- Competitive prices
- Expert service providers
- NH economy in pretty good shape, disposable income exists among target market

### 6.1.2 Weaknesses

- Will not be offering additional beauty salon services such as haircuts, styling and design, etc.

### 6.1.3 Opportunities

- No other nail service in mall; opportunity exists to capture this market and establish strong company brand recognition
- Opportunity to build strong client loyalty through top notch service and competitive prices

### 6.1.4 Threats

- Further weakening of the economy can negatively affect availability of disposable income among target market and slow down mall traffic

## 6.2 Competitive Edge

The company plans to offer cutting edge services and also plans on making the customer's visit to the nail salon a unique experience. It will do so by adding a website that will allow customers to make online appointments, and also see what specials are available.

The company will also add two computers in the waiting area that will be available to the customers and will provide them with free access and internet services while they wait. We will also have a cold water fountain installed for the customers' comfort and convenience. It will also partner with select local businesses to exchange and hand out coupons in order to promote theirs and the salon's services.

6.3 Marketing Strategy

GT Nail and Spas Salon at Steeplegate Mall will position itself as an exciting place for the woman or man to obtain professional nail services. It will:

- Advertise locally through the newspaper, coupon mailings and by handing out coupons in the Mall
- Offer gift certificates
- Design promotions that will attract customers
- Plan weekly drawings that will give free services to the winner
- Offer top quality services and competitive prices in order to build customer loyalty

6.4 Sales Strategy

The Company's sales strategy is dependent on the marketing strategy and includes creating exciting promotion such as "Mother and Daughter" days, drawings for free services, and special occasion discounts (such as on birthdays). A campaign to reward honor-roll students with attractive discounts will be developed and all of these campaigns will be advertised in the mall and through mail coupon distribution. The company's competitive pricing strategy is intended to increase sales and promote customer loyalty.

6.4.1 Sales Forecast

The sales forecast shows our anticipated sales for the years 2011 and 2012. We expect to see approximately a 10% increase in sales for the year 2012. This expectation is based on the fact that we will have generated name recognition through our marketing efforts and year-long presence in the mall.

Table: Sales Forecast

<i>Sales Forecast</i>			
	Year 1	Year 2	Year 3
Sales			
Average Nail treatments	\$125,000	\$144,000	\$0
Average Pedicure Treatments	\$47,000	\$60,000	\$0
Average Wax Treatments	\$34,000	\$48,000	\$0
Total Sales	\$206,000	\$252,000	\$0
Direct Cost of Sales	Year 1	Year 2	Year 3
Nail supplies (polish, etc)	\$4,800	\$6,000	\$0
Pedicure supplies	\$1,200	\$1,200	\$0
Row 3	\$0	\$0	\$0
<b>Subtotal Direct Cost of Sales</b>	<b>\$6,000</b>	<b>\$7,200</b>	<b>\$0</b>

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Chart: Sales Monthly

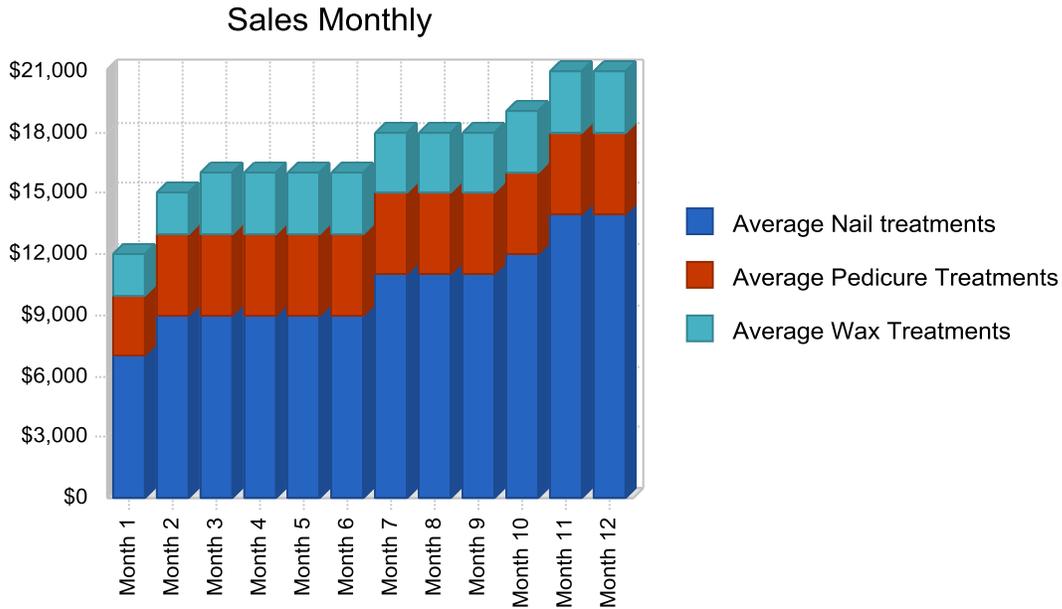
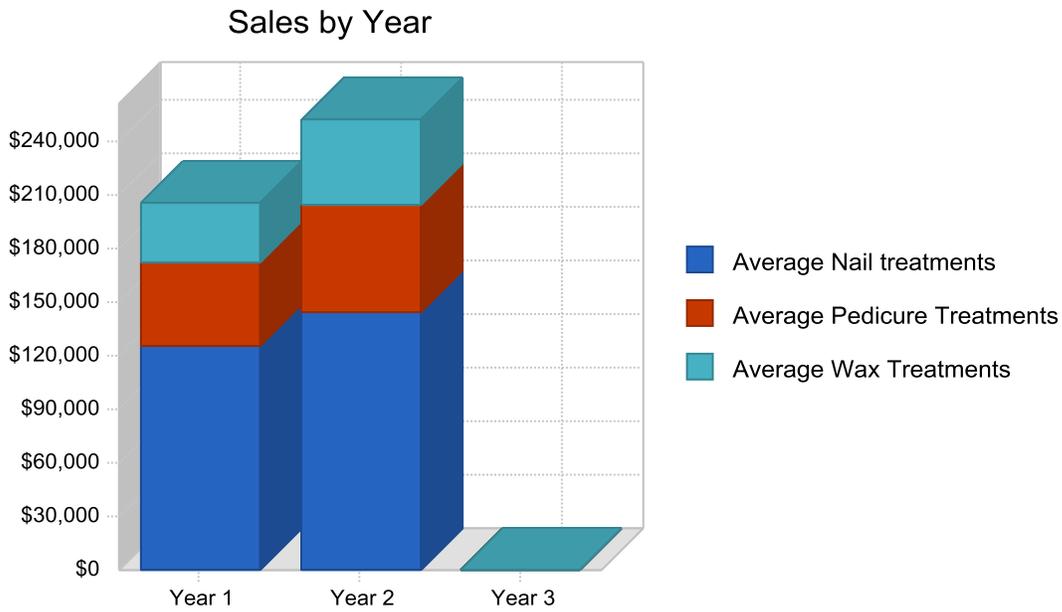


Chart: Sales by Year



## 6.5 Milestones

GT Nails and Spas Salon has already negotiated a lease with Steeplegate Mall and has met its first two milestones of obtaining a lease proposal and completing its business plan. In order to

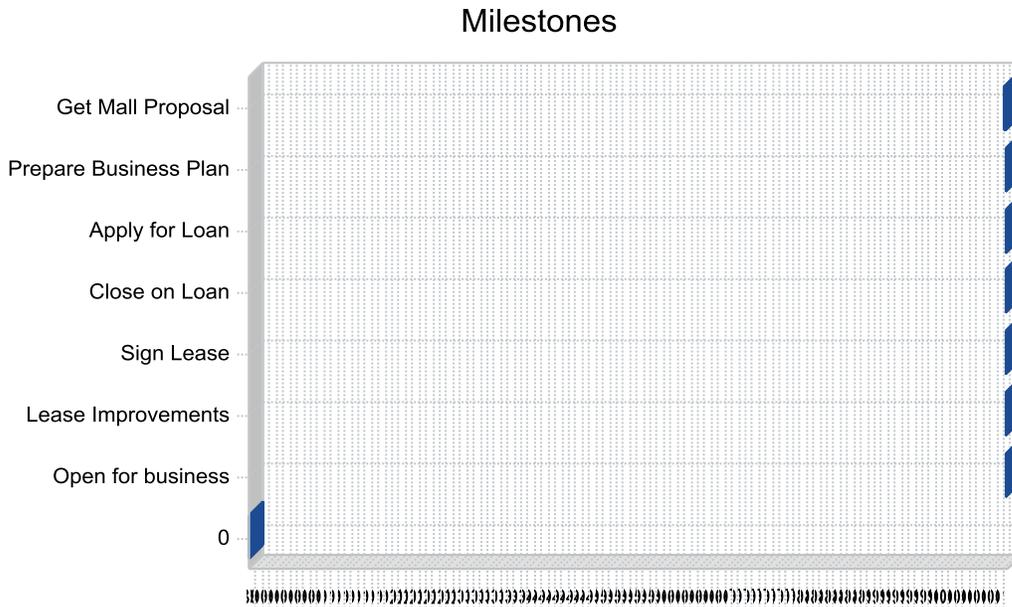
## GT Nails and Spas Business Plan

meet its goal to open by May 1st, the company must obtain financing by the middle of April, and complete improvements to the space by May 31st.

Table: Milestones

<i>Milestones</i>					
Milestone	Start Date	End Date	Budget	Manager	Department
Get Mall Proposal	3/1/2011	3/18/2011	\$0	n/a	Department
Prepare Business Plan	3/24/2011	3/25/2011	\$0	n/a	Department
Apply for Loan	3/28/2011	3/28/2011	\$0	n/a	Department
Close on Loan	4/18/2011	4/18/2011	\$0	n/a	Department
Sign Lease	4/19/2011	4/19/2011	\$0	n/a	Department
Lease Improvements	4/19/2011	4/30/2011	\$0	n/a	Department
Open for business	5/1/2011	5/1/2011	\$0	n/a	Department
<b>Totals</b>			\$0		

Chart: Milestones



### 7.0 Management Summary

GT Nails and Spas Salon at Steeplegate Mall will be hiring a Manager and 3 employees. All employees, including the Manager, will be skilled nail care technicians. The determination to hire additional employees will be made based on volume increase.

### 7.1 Personnel Plan

The employees will all be cross-trained to perform other duties such as answering the phone, and Salon Manager will also be a trained nail technician. In this type of service all of the employees

## GT Nails and Spas Business Plan

will paid tips, therefore their base salaries will be supplemented with tips. In the nail salon business, tips generally exceed 15%.

The salaries will be as follow:

- Salon Manager = **\$12**/ per hour, plus tips (\$24,960/yr plus tips)
- Each Nail Technician = **\$10** per hour, plus tips (\$20,800/yr plus tips)

Payscale.com shows that these rates are higher than the national average. The national averages are \$19,394 and \$24,789 for employees in these positions.

Table: Personnel

<i>Personnel Plan</i>	Year 1	Year 2	Year 3
Salon Manager (1)	\$24,960	\$24,960	\$0
Nail technicians (3)	\$62,400	\$62,400	\$0
Total People	4	4	4
<b>Total Payroll</b>	<b>\$87,360</b>	<b>\$87,360</b>	<b>\$0</b>

### 8.0 Financial Plan

GT Nails and Spas Salon, Steeplegate Mall does not require a substantial outlay of cash for inventory and all sales are on a cash basis. It will not carry receivables and will pay its bills on a 30-day basis.

### 8.1 Start-up Funding

The startup costs for GT Nails and Spas Salon at Steeplegate Mall will consist primarily of lease improvements, supplies, equipment and fixtures. The owner will invest approximately \$25,000 in cash into the business. Bank financing would contribute \$50,000 and will be used to cover working capital for the first 5 months of operation, and the purchase of two pedicure spas. Lease improvements include new carpeting, fixtures, and plumbing to accommodate pedicure services.

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$25,439
Start-up Assets to Fund	\$50,000
Total Funding Required	\$75,439
Assets	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$50,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$50,000
Total Assets	\$50,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0

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Long-term Liabilities	\$50,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
<b>Total Liabilities</b>	<b>\$50,000</b>
Capital	
Planned Investment	
Owner	\$25,439
Investor	\$0
Additional Investment Requirement	\$0
<b>Total Planned Investment</b>	<b>\$25,439</b>
Loss at Start-up (Start-up Expenses)	(\$25,439)
<b>Total Capital</b>	<b>\$0</b>
Total Capital and Liabilities	\$50,000
<b>Total Funding</b>	<b>\$75,439</b>

### 8.2 Important Assumptions

The Table summarizes key financial assumptions.

All sales are entirely on a cash basis and services are paid for when rendered. Expenses are paid for on a net 30 basis. All inventories (nail polishes and foot scrubs) are paid for on a cash basis and therefore there will be no accounts payable.

### 8.3 Break-even Analysis

The total fixed costs do not include wages. The breakeven analysis is based on a 3% average variable cost for each year.

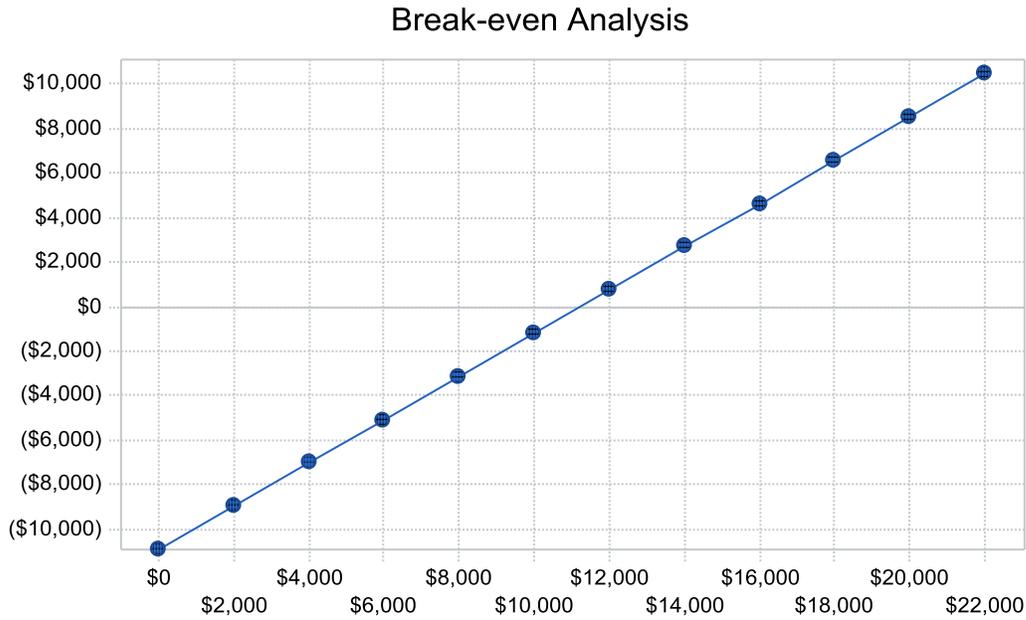
- In the first year the company must service approximately 16 customers per day at an average cost of \$25 per customer in order to break even (\$400/day)
- In the second year approximately 24 customers per day at a cost of \$25 per customer must be served in order to break even (600/day)

NOTE: The cost of \$25 conservatively represents a manicure and pedicure treatment alone, and not the typical full decorative treatment that involves such treatments as overlays, color, etc.

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$11,230
Assumptions:	
Average Percent Variable Cost	3%
<b>Estimated Monthly Fixed Cost</b>	<b>\$10,903</b>

Chart: Break-even Analysis



8.4 Projected Profit and Loss

- Costs of sales reflect direct, low cost materials needed to provide the services. This includes nail polish, pedicure scrub, etc.
- Miscellaneous operating expenses include cleaning supplies and are expected to remain low, based on historical numbers at Lee Circle location
- Payroll expense will be more than 50% of operating expenses because operating expenses are typically very low in this industry
- Net profit is higher than 20% of sales because cost of goods is low, and the profit margins are typically very high in this industry

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>		Year 1	Year 2	Year 3
Sales		\$206,000	\$252,000	\$0
Direct Cost of Sales		\$6,000	\$7,200	\$0
Other Costs of Sales		\$2,400	\$2,640	\$0
Total Cost of Sales		\$8,400	\$9,840	\$0
Gross Margin		\$197,600	\$242,160	\$0
Gross Margin %		95.92%	96.10%	0.00%
Expenses				
Payroll		\$87,360	\$87,360	\$0
Marketing/Promotion		\$6,000	\$8,400	\$0
Depreciation		\$0	\$0	\$0
Rent		\$25,680	\$25,680	\$0
Utilities		\$1,800	\$1,800	\$0
Insurance		\$996	\$996	\$0
Taxes		\$6,000	\$6,000	\$0
Phone & Internet		\$1,200	\$1,200	\$0

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10% Mall Percentage over \$200,000	\$600	\$5,200	\$0
Miscellaneous Supplies	\$1,200	\$0	\$0
Inserted Row	\$0	\$0	\$0
Inserted Row	\$0	\$0	\$0
Inserted Row	\$0	\$0	\$0
Total Operating Expenses	\$130,836	\$136,636	\$0
Profit Before Interest and Taxes	\$66,764	\$105,524	\$0
EBITDA	\$66,764	\$105,524	\$0
Interest Expense	\$5,740	\$4,713	\$4,204
Taxes Incurred	\$15,256	\$25,203	\$0
Net Profit	\$45,768	\$75,608	(\$4,204)
<b>Net Profit/Sales</b>	<b>22.22%</b>	<b>30.00%</b>	<b>0.00%</b>

Chart: Profit Monthly



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Chart: Profit Yearly



Chart: Gross Margin Monthly

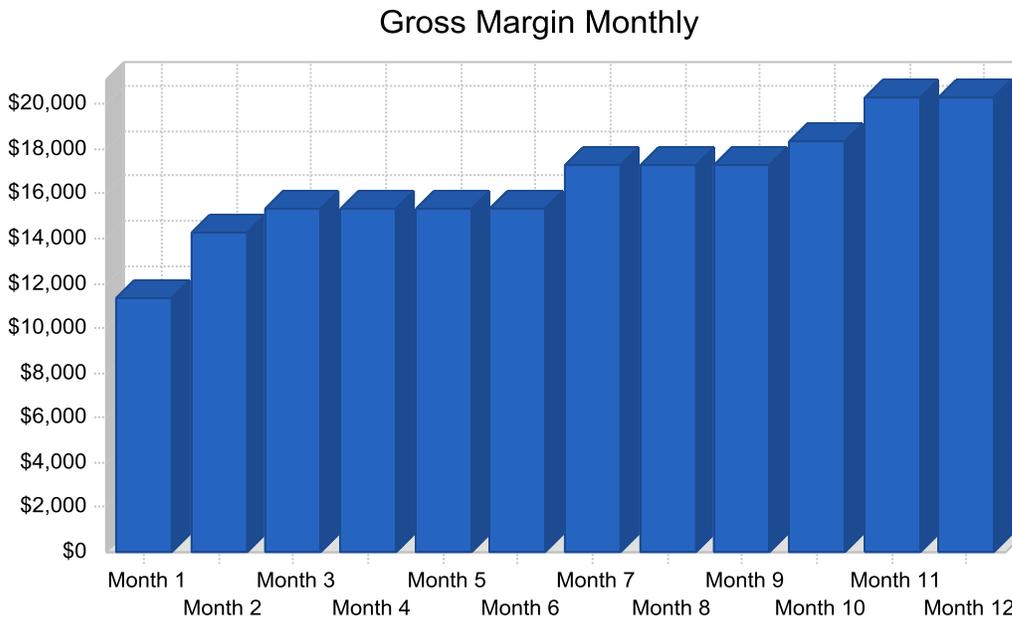
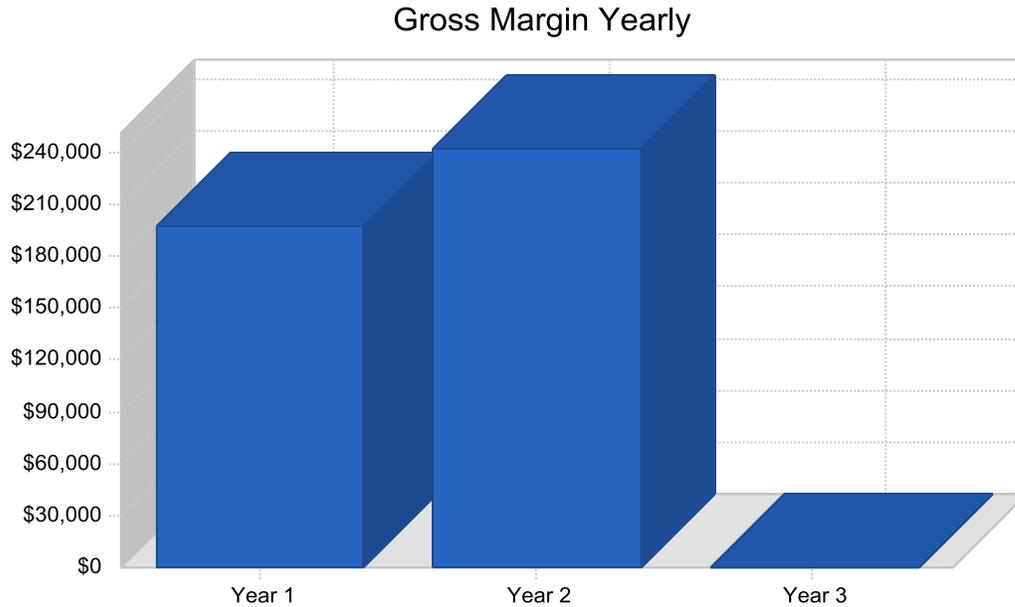


Chart: Gross Margin Yearly



8.5 Projected Cash Flow

The positive cash flow results from the very low costs of materials and the fact that the business will not be carrying inventory; therefore, the company will have a very low cost of goods sold account. This will translate to a decent profit margin. Additionally, salaries can be maintained at current levels since they are supplemented by tips. This allows the business to control costs and predict with confidence the expenses over time.

It must be noted that this is a two year businesses plan. This plan shows that the rent will be stable for the first three years of operation, after which there will be a modest increase which is not shown on the plan this low 3-year lease will allow the company to grow and become established, and it also contributes to a modest break even points shown earlier.

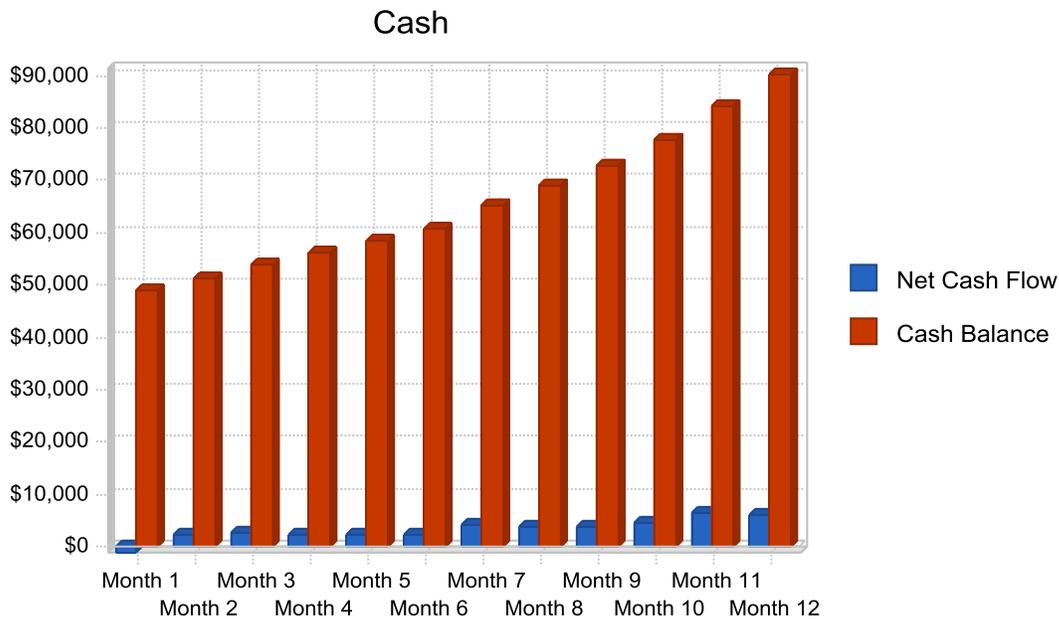
Table: Cash Flow

<i>Pro Forma Cash Flow</i>			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$206,000	\$252,000	\$0
Subtotal Cash from Operations	\$206,000	\$252,000	\$0
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$206,000	\$252,000	\$0

## GT Nails and Spas Business Plan

Expenditures	Year 1	Year 2	Year 3
<b>Expenditures from Operations</b>			
Cash Spending	\$87,360	\$87,360	\$0
Bill Payments	\$65,704	\$85,603	\$14,455
Subtotal Spent on Operations	\$153,064	\$172,963	\$14,455
<b>Additional Cash Spent</b>			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$7,673	\$8,696	\$0
Purchase Other Current Assets	\$5,000	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$165,737	\$181,659	\$14,455
<b>Net Cash Flow</b>	<b>\$40,263</b>	<b>\$70,341</b>	<b>(\$14,455)</b>
<b>Cash Balance</b>	<b>\$90,263</b>	<b>\$160,604</b>	<b>\$146,149</b>

Chart: Cash



### 8.6 Projected Balance Sheet

The Balance Sheet shows the Company to be in a solid position. As long as the Company meets its sales targets and objectives it will be able to meet its debt obligations.

# GT Nails and Spas Business Plan

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>	Year 1	Year 2	Year 3
<b>Assets</b>			
Current Assets			
Cash	\$90,263	\$160,604	\$146,149
Other Current Assets	\$5,000	\$5,000	\$5,000
Total Current Assets	\$95,263	\$165,604	\$151,149
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$95,263	\$165,604	\$151,149
<b>Liabilities and Capital</b>	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$7,168	\$10,597	\$346
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$7,168	\$10,597	\$346
Long-term Liabilities	\$42,327	\$33,631	\$33,631
Total Liabilities	\$49,495	\$44,228	\$33,977
Paid-in Capital	\$25,439	\$25,439	\$25,439
Retained Earnings	(\$25,439)	\$20,329	\$95,937
Earnings	\$45,768	\$75,608	(\$4,204)
Total Capital	\$45,768	\$121,376	\$117,172
Total Liabilities and Capital	\$95,263	\$165,604	\$151,149
<b>Net Worth</b>	\$45,768	\$121,376	\$117,172

## 8.7 Business Ratios

Business ratios for the first two years of this plan are shown below. Industry profile ratios based on the Standard Classification (SIC) code 723106 (Nail Salons) are shown for comparison.

# GT Nails and Spas Business Plan

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	22.33%	-100.00%	1.27%
<b>Percent of Total Assets</b>				
Other Current Assets	5.25%	3.02%	3.31%	45.54%
Total Current Assets	100.00%	100.00%	100.00%	55.32%
Long-term Assets	0.00%	0.00%	0.00%	44.68%
Total Assets	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>				
Current Liabilities	7.52%	6.40%	0.23%	20.71%
Long-term Liabilities	44.43%	20.31%	22.25%	74.98%
Total Liabilities	51.96%	26.71%	22.48%	95.69%
Net Worth	48.04%	73.29%	77.52%	4.31%
<b>Percent of Sales</b>				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	95.92%	96.10%	0.00%	75.39%
Selling, General & Administrative Expenses	73.70%	66.09%	0.00%	30.08%
Advertising Expenses	2.91%	3.33%	0.00%	2.46%
Profit Before Interest and Taxes	32.41%	41.87%	0.00%	6.21%
<b>Main Ratios</b>				
Current	13.29	15.63	437.45	1.46
Quick	13.29	15.63	437.45	1.28
Total Debt to Total Assets	51.96%	26.71%	22.48%	95.69%
Pre-tax Return on Net Worth	133.33%	83.06%	-3.59%	476.96%
Pre-tax Return on Assets	64.06%	60.87%	-2.78%	20.53%
<b>Additional Ratios</b>				
	Year 1	Year 2	Year 3	
Net Profit Margin	22.22%	30.00%	0.00%	n.a
Return on Equity	100.00%	62.29%	-3.59%	n.a
<b>Activity Ratios</b>				
Accounts Payable Turnover	10.17	8.40	12.17	n.a
Payment Days	27	36	475	n.a
Total Asset Turnover	2.16	1.52	0.00	n.a
<b>Debt Ratios</b>				
Debt to Net Worth	1.08	0.36	0.29	n.a
Current Liab. to Liab.	0.14	0.24	0.01	n.a
<b>Liquidity Ratios</b>				
Net Working Capital	\$88,095	\$155,007	\$150,803	n.a
Interest Coverage	11.63	22.39	0.00	n.a
<b>Additional Ratios</b>				
Assets to Sales	0.46	0.66	n.a.	n.a
Current Debt/Total Assets	8%	6%	0%	n.a
Acid Test	13.29	15.63	437.45	n.a
Sales/Net Worth	4.50	2.08	0.00	n.a
<b>Dividend Payout</b>	0.00	0.00	0.00	n.a

## Appendix

Table: Sales Forecast

<i>Sales Forecast</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Sales</b>												
Average Nail treatments	\$7,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$11,000	\$11,000	\$11,000	\$12,000	\$14,000	\$14,000
Average Pedicure Treatments	\$3,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Average Wax Treatments	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
<b>Total Sales</b>	<b>\$12,000</b>	<b>\$15,000</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$16,000</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$19,000</b>	<b>\$21,000</b>	<b>\$21,000</b>
<b>Direct Cost of Sales</b>	<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>	<b>Month 5</b>	<b>Month 6</b>	<b>Month 7</b>	<b>Month 8</b>	<b>Month 9</b>	<b>Month 10</b>	<b>Month 11</b>	<b>Month 12</b>
Nail supplies (polish, etc)	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Pedicure supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Row 3												
<b>Subtotal Direct Cost of Sales</b>	<b>\$500</b>											

## Appendix

Table: Personnel

<i>Personnel Plan</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Salon Manager (1)	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080	\$2,080
Nail technicians (3)	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200
Total People	4	4	4	4	4	4	4	4	4	4	4	4
<b>Total Payroll</b>	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280

## Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$12,000	\$15,000	\$16,000	\$16,000	\$16,000	\$16,000	\$18,000	\$18,000	\$18,000	\$19,000	\$21,000	\$21,000
Direct Cost of Sales	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Other Costs of Sales	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Total Cost of Sales	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700
Gross Margin	\$11,300	\$14,300	\$15,300	\$15,300	\$15,300	\$15,300	\$17,300	\$17,300	\$17,300	\$18,300	\$20,300	\$20,300
Gross Margin %	94.17%	95.33%	95.63%	95.63%	95.63%	95.63%	96.11%	96.11%	96.11%	96.32%	96.67%	96.67%
Expenses												
Payroll	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280
Marketing/Promotion	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140	\$2,140
Utilities	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Insurance	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
Taxes	15%	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Phone & Internet	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
10% Mall Percentage over \$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$600
Miscellaneous Supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Inserted Row	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inserted Row	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inserted Row	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$10,853	\$11,453
Profit Before Interest and Taxes	\$447	\$3,447	\$4,447	\$4,447	\$4,447	\$4,447	\$6,447	\$6,447	\$6,447	\$7,447	\$9,447	\$8,847
EBITDA	\$447	\$3,447	\$4,447	\$4,447	\$4,447	\$4,447	\$6,447	\$6,447	\$6,447	\$7,447	\$9,447	\$8,847
Interest Expense	\$515	\$508	\$502	\$495	\$489	\$482	\$475	\$469	\$462	\$455	\$448	\$441
Taxes Incurred	(\$17)	\$735	\$986	\$988	\$990	\$991	\$1,493	\$1,495	\$1,496	\$1,748	\$2,250	\$2,102
Net Profit	(\$51)	\$2,204	\$2,959	\$2,964	\$2,969	\$2,974	\$4,479	\$4,484	\$4,489	\$5,244	\$6,749	\$6,305
<b>Net Profit/Sales</b>	-0.42%	14.69%	18.49%	18.52%	18.55%	18.59%	24.88%	24.91%	24.94%	27.60%	32.14%	30.02%

## Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received</b>												
Cash from Operations												
Cash Sales	\$12,000	\$15,000	\$16,000	\$16,000	\$16,000	\$16,000	\$18,000	\$18,000	\$18,000	\$19,000	\$21,000	\$21,000
Subtotal Cash from Operations	\$12,000	\$15,000	\$16,000	\$16,000	\$16,000	\$16,000	\$18,000	\$18,000	\$18,000	\$19,000	\$21,000	\$21,000
<b>Additional Cash Received</b>												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$12,000	\$15,000	\$16,000	\$16,000	\$16,000	\$16,000	\$18,000	\$18,000	\$18,000	\$19,000	\$21,000	\$21,000
<b>Expenditures</b>												
Expenditures from Operations												
Cash Spending	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280
Bill Payments	\$159	\$4,795	\$5,524	\$5,761	\$5,756	\$5,751	\$5,763	\$6,241	\$6,236	\$6,239	\$6,492	\$6,986
Subtotal Spent on Operations	\$7,439	\$12,075	\$12,804	\$13,041	\$13,036	\$13,031	\$13,043	\$13,521	\$13,516	\$13,519	\$13,772	\$14,266
<b>Additional Cash Spent</b>												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$604	\$610	\$617	\$623	\$630	\$636	\$643	\$650	\$650	\$663	\$670	\$677
Purchase Other Current Assets	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$13,043	\$12,685	\$13,421	\$13,664	\$13,666	\$13,667	\$13,686	\$14,171	\$14,166	\$14,182	\$14,442	\$14,943
<b>Net Cash Flow</b>	(\$1,043)	\$2,315	\$2,579	\$2,336	\$2,334	\$2,333	\$4,314	\$3,829	\$3,834	\$4,818	\$6,558	\$6,057
<b>Cash Balance</b>	\$48,957	\$51,271	\$53,850	\$56,187	\$58,520	\$60,853	\$65,168	\$68,996	\$72,830	\$77,648	\$84,206	\$90,263

## Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>	Starting Balances												
<b>Current Assets</b>													
Cash	\$50,000	\$48,957	\$51,271	\$53,850	\$56,187	\$58,520	\$60,853	\$65,168	\$68,996	\$72,830	\$77,648	\$84,206	\$90,263
Other Current Assets	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Total Current Assets</b>	<b>\$50,000</b>	<b>\$53,957</b>	<b>\$56,271</b>	<b>\$58,850</b>	<b>\$61,187</b>	<b>\$63,520</b>	<b>\$65,853</b>	<b>\$70,168</b>	<b>\$73,996</b>	<b>\$77,830</b>	<b>\$82,648</b>	<b>\$89,206</b>	<b>\$95,263</b>
<b>Long-term Assets</b>													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Long-term Assets</b>	<b>\$0</b>												
<b>Total Assets</b>	<b>\$50,000</b>	<b>\$53,957</b>	<b>\$56,271</b>	<b>\$58,850</b>	<b>\$61,187</b>	<b>\$63,520</b>	<b>\$65,853</b>	<b>\$70,168</b>	<b>\$73,996</b>	<b>\$77,830</b>	<b>\$82,648</b>	<b>\$89,206</b>	<b>\$95,263</b>
<b>Liabilities and Capital</b>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current Liabilities</b>													
Accounts Payable	\$0	\$4,612	\$5,332	\$5,569	\$5,564	\$5,560	\$5,555	\$6,033	\$6,028	\$6,023	\$6,260	\$6,738	\$7,168
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$0</b>	<b>\$4,612</b>	<b>\$5,332</b>	<b>\$5,569</b>	<b>\$5,564</b>	<b>\$5,560</b>	<b>\$5,555</b>	<b>\$6,033</b>	<b>\$6,028</b>	<b>\$6,023</b>	<b>\$6,260</b>	<b>\$6,738</b>	<b>\$7,168</b>
<b>Long-term Liabilities</b>	<b>\$50,000</b>	<b>\$49,396</b>	<b>\$48,786</b>	<b>\$48,169</b>	<b>\$47,546</b>	<b>\$46,916</b>	<b>\$46,280</b>	<b>\$45,637</b>	<b>\$44,987</b>	<b>\$44,337</b>	<b>\$43,674</b>	<b>\$43,004</b>	<b>\$42,327</b>
<b>Total Liabilities</b>	<b>\$50,000</b>	<b>\$54,008</b>	<b>\$54,118</b>	<b>\$53,738</b>	<b>\$53,110</b>	<b>\$52,476</b>	<b>\$51,835</b>	<b>\$51,670</b>	<b>\$51,015</b>	<b>\$50,360</b>	<b>\$49,934</b>	<b>\$49,742</b>	<b>\$49,495</b>
<b>Paid-in Capital</b>	<b>\$25,439</b>												
<b>Retained Earnings</b>	<b>(\$25,439)</b>												
<b>Earnings</b>	<b>\$0</b>	<b>(\$51)</b>	<b>\$2,153</b>	<b>\$5,112</b>	<b>\$8,076</b>	<b>\$11,045</b>	<b>\$14,019</b>	<b>\$18,497</b>	<b>\$22,981</b>	<b>\$27,470</b>	<b>\$32,714</b>	<b>\$39,463</b>	<b>\$45,768</b>
<b>Total Capital</b>	<b>\$0</b>	<b>(\$51)</b>	<b>\$2,153</b>	<b>\$5,112</b>	<b>\$8,076</b>	<b>\$11,045</b>	<b>\$14,019</b>	<b>\$18,497</b>	<b>\$22,981</b>	<b>\$27,470</b>	<b>\$32,714</b>	<b>\$39,463</b>	<b>\$45,768</b>
<b>Total Liabilities and Capital</b>	<b>\$50,000</b>	<b>\$53,957</b>	<b>\$56,271</b>	<b>\$58,850</b>	<b>\$61,187</b>	<b>\$63,520</b>	<b>\$65,853</b>	<b>\$70,168</b>	<b>\$73,996</b>	<b>\$77,830</b>	<b>\$82,648</b>	<b>\$89,206</b>	<b>\$95,263</b>
<b>Net Worth</b>	<b>\$0</b>	<b>(\$51)</b>	<b>\$2,153</b>	<b>\$5,112</b>	<b>\$8,076</b>	<b>\$11,045</b>	<b>\$14,019</b>	<b>\$18,497</b>	<b>\$22,981</b>	<b>\$27,470</b>	<b>\$32,714</b>	<b>\$39,463</b>	<b>\$45,768</b>