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Sample On-line Plans

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Hair Salon, Inc.
A Hair Salon Business Plan

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Company Analysis

Name

The company name is Hair Salon, Inc. The current owners named it and future owners plan to keep this name for the time being.

Mission

Hair Salon's mission is to provide quality service and retail products to our customers in a professional environment.

Company History / Current Situation

Hair Salon, Inc. opened in 1992 and has been in the same strip mall the entire time. After two expansions, three years ago the business moved to a larger space two doors up, which added more hair stations and a massage/facial room.

Today, the business is doing well under its current format, offering hair services, electrolysis, facials, and massage. The owners experimented with nails and tanning, however, their best success was with hair products and services. The current owners are retiring and have decided to sell.

The purpose of this plan is to obtain \$80,000 in SBA backed bank financing. The funds will be used to purchase the salon (\$40,000), pay for renovations (\$5,000), purchase equipment (\$5,000), working capital (\$26,600), and other expenses (\$19,400). The funds will be repaid through operations of hair services, product sales and expanded services such as tanning and massage. The prospective purchaser will invest \$15,000 towards the start-up from existing investments.

Hair Salon, Inc. currently has five independent contractors, stylists, under booth rental and two nailtechs. In the first year, Hair Salon, Inc. plans to increase the number of stylists to seven, add an additional nailtech and skin care person, and possibly a massage therapist. Ideally, Hair Salon, Inc. will maintain at least six stylists and two nail persons at all times. Hair Salon anticipates four of the current renters to stay after the change of ownership. This will be a full service salon that will be small enough to provide friendly neighborhood service with State Health Department licensed stylists.

Hair Salon, Inc. is estimating revenue increase by increasing customers and raising booth renters. The current owners are losing cash due to the number of booth renters, lack of focus on nails, and inconsistent hours of operation. Hair Salon, Inc. has potentially two nail people lined up plus Mr. Pekin, and possibly three stylist that are ready to start. The new arrivals will be employees at a 50 percent commission. The salon hours will be standardized, improving customer contact throughout the week.

Company Location and Facilities

Hair Salon, Inc. is located North of 10th and Main St. in a strip mall at 5 South 10th Street. This is a very busy street and has excellent signage. The mall is close to two of the major distributors and not too far from the third. Only disadvantage is parking, which

Market Analysis

Services and Products

Hair Salon, Inc. will offer hair styling, massage, and nail/skin care. Hair Salon, Inc. will have licensed hairstylist that provide top quality work in a sanitary environment. Licensed nail professionals, skincare will provide nail services in a clean sanitary environment.

Retail products will include hair care products (shampoos, conditioners, styling products), nail care products (polishes, creams, nail art), tanning lotions and accelerators. Specific brands have not been determined, as a supplier will be chosen once financing is acquired.

Services will be guaranteed to the extent Hair Salon, Inc. will try to correct any problems or offer a refund. Retail products will be fully refundable or exchangeable with a receipt.

All major credit cards will be accepted (MasterCard, Visa, Discover, and American Express).

Price

Booth renters set their own prices that are comparable to competition. All employees will follow company competitive prices. Price increases will occur as market prices rise or stylists top out. Acrylic nail prices will be lowered to compete with nail only shops that offer lower prices.

Hair Salon, Inc. will offer punch cards and referral programs to customers and discounts for retail products. Because many of the stylists will be booth renters and set their own prices, Hair Salon, Inc. will not have a storewide discount for multiple services.

Distribution

All products and services will be available at the salon at 10th and Main St.. The salon will have business hours of Monday - Thursday 9am - 7:30pm, Friday 9am - 6pm, Saturday 9am - 3pm, and closed Sunday.

Advertising/Promotion

Hair Salon, Inc. will use a combination of advertising and promotions to increase brand and customer awareness. Advertising will focus on traditional methods such as yellow pages, store signage, newspaper and magazine ads, flyers, and small billboards. Hair Salon, Inc. is also planning a direct marketing campaign targeted at the local zip codes to inform residents of the change in ownership.

Promotions include referral cards, coupons, in-store retail discounts, and punch cards. Hair Salon, Inc. is planning to promote the change in ownership with a special week of savings. Beauty supply representatives will be on-site to promote their products and give

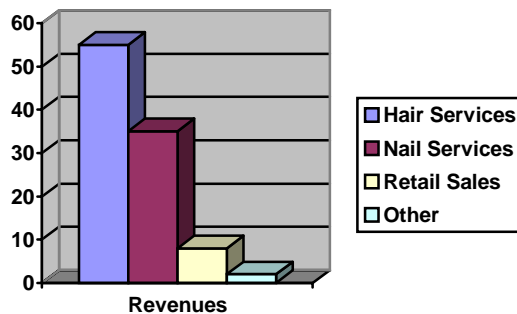
All salons listed were within a few dollars of each other on the followings services;

| | Lower Limit | Upper Limit |
|-----------------|--------------------|------------------------------------|
| Haircuts | \$20 | \$25 |
| Permanents | \$55 and up | |
| Colors | \$35 and up | |
| Waxing | \$7 | \$40 |
| Facials | \$55 and up | |
| Nails/Manicures | \$25 \$15 | \$40 for fullest \$25 for fills |
| Pedicures | \$30 | |
| Massage | \$30 per half hour | \$60 per half hour |

Revenues are estimated at \$79,000 for calendar year 2001 and \$83,000 for calendar year 2002. The increase in revenues is attributed to the aggressive advertising and sales support of the new booth renters. Hair Salon, Inc. is confident the new services and individuals will increase revenues 10 percent.

The revenues were estimated using the current business' tax returns and the new owner's projections. The new owners believe Hair Salon can add additional services and booth renters to enhance the customer's visit.

Revenues are estimated as follows in percentages



As Hair Salon, Inc. transitions to commission based employees, the revenue mix will change. Today's business structure is built on booth renters and retail product sales. Hair Salon, Inc. is dependent on booth renter's fees for a majority of the revenues. When they transition to commission based employees, the salon will experience a growth in revenues from services and energetic stylists. Stylists will be paid a percentage of their services and percentage of products sold. Additional investigation is needed to measure the true impact of this change, however, management is confident that the change will greatly exceed current revenues.

Material Assumptions

1. Revenue will grow at 10 percent per year due to improved management and customer retention.
2. Expenses will increase at an inflationary rate of five percent. This is reflected in all expense categories including the fixed bank loan. Allowing for an annual five percent increase in expenses allows Hair Salon to conservatively estimate net revenues.
3. Previous owner's tax returns are used for proforma financial statement estimates.
4. Bank loan is \$80,000, nine percent, and 10-years, monthly payment of \$1,013
5. Total start-up costs are \$95,000.

Hair Salon, Inc.
Equipment Inventory
August 31, 2001

| | Description | Total Value |
|---|---------------------------------------|-------------|
| 4 | nail tables and storage compartments | \$ 2,000 |
| 4 | nail chairs | \$ 1,200 |
| 8 | chairs | \$ 4,800 |
| 8 | hair stations | \$ 3,200 |
| 3 | shampoo bowls w/ chairs | \$ 300 |
| 3 | dryers w/ chairs | \$ 450 |
| 1 | tanning bed | \$ 400 |
| 1 | facial chair | \$ 800 |
| 1 | complete facial equipment | \$ 3,000 |
| 1 | dryer | \$ 300 |
| 1 | washer | \$ 300 |
| 1 | paraphin bath for manicures | \$ 300 |
| 1 | Wax pot and supplies | \$ 200 |
| 1 | pedicure station w/ pedicure supplies | \$ 100 |
| 1 | reception desk | \$ 3,000 |
| 1 | cash register | \$ 275 |
| 1 | credit card machine | \$ 200 |
| 1 | security system | \$ 300 |
| | Total Equipment | \$ 21,125 |
| | | |
| | Total All Equipment | \$ 21,125 |

C-04

Hair Salon, Inc.
Cash Budget Statement
December 31, 2003

| | January | February | March | April | May | June | July | August | September | October | November | December |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Beginning Cash Balance | \$ 37,213 | \$ 37,734 | \$ 38,307 | \$ 38,931 | \$ 39,608 | \$ 40,338 | \$ 41,120 | \$ 41,956 | \$ 42,847 | \$ 43,791 | \$ 44,791 | \$ 45,846 |
| Add receipts: Customer collections | \$ 6,166 | \$ 6,217 | \$ 6,269 | \$ 6,321 | \$ 6,374 | \$ 6,427 | \$ 6,480 | \$ 6,534 | \$ 6,589 | \$ 6,644 | \$ 6,699 | \$ 6,755 |
| Cash available before disbursements | \$ 43,378 | \$ 43,951 | \$ 44,575 | \$ 45,252 | \$ 45,982 | \$ 46,764 | \$ 47,600 | \$ 48,491 | \$ 49,435 | \$ 50,435 | \$ 51,490 | \$ 52,600 |
| Less Disbursements | | | | | | | | | | | | |
| Advertising | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 | \$ 165 |
| Car/Truck Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Bad debts | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 2 |
| Commissions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Depreciation | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 | \$ 110 |
| Insurance | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 88 |
| Utilities | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 | \$ 331 |
| Legal and Professional | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 | \$ 92 |
| Office | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 | \$ 232 |
| Vehicle Lease | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Maintenance | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 | \$ 99 |
| Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Travel and Meals | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 | \$ 77 |
| Wages | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 | \$ 573 |
| Taxes and Licenses | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 | \$ 183 |
| Other expenses | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 | \$ 634 |
| Other business property | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 | \$ 1,940 |
| Loan | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 | \$ 1,117 |
| Total Disbursements | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 | \$ 5,644 |
| Cash excess(deficiency) before financing | \$ 37,734 | \$ 38,307 | \$ 38,931 | \$ 39,608 | \$ 40,338 | \$ 41,120 | \$ 41,956 | \$ 42,847 | \$ 43,791 | \$ 44,791 | \$ 45,846 | \$ 46,956 |
| Borrow to maintain \$10,000 minimum balance (at beginning of period) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Repayment (at end of period) | | | | | | | | | | | | |
| Interest at 8% per annum | | | | | | | | | | | | |
| Ending cash balance | \$ 37,734 | \$ 38,307 | \$ 38,931 | \$ 39,608 | \$ 40,338 | \$ 41,120 | \$ 41,956 | \$ 42,847 | \$ 43,791 | \$ 44,791 | \$ 45,846 | \$ 46,956 |

CB2003

Hair Salon, Inc.
ProForma Balance Sheet
December 31, 2004

| | | | | | |
|-------------------------------------|---------------|-------------------|--|---------------|-------------------|
| Cash | 56.0% | 61,426 | Notes Payable | 0.0% | - |
| Accounts Receivable | 0.5% | 509 | Accounts Payable | 0.0% | - |
| Inventory/Office | 1.2% | 1,284 | Income Taxes Payable | 0.4% | 430 |
| Equipment/Deposits | 17.1% | 18,725 | Current Maturity of Long-term debt | 0.9% | 1,013 |
| | | | All other Current Liabilities | 0.0% | - |
| Total Current Assets | 74.7% | 81,944 | Total Current Liabilities | 1.3% | 1,443 |
| Goodwill | 4.6% | 5,000 | Long-term Debt | 51.3% | 56,220 |
| | | - | Deferred Taxes | 0.0% | - |
| All other Non-Current & Intangibles | 20.7% | 22,700 | All other Non-Current | 0.0% | - |
| Total Long-term Assets | 25.3% | 27,700 | Total Long-term Liabilities | 51.3% | 56,220 |
| | | | Net worth | 47.4% | 51,981 |
| Total Assets | 100.0% | \$ 109,644 | Total Liabilities & Net Worth | 100.0% | \$ 109,644 |