Mike's Trucking

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1.0 Executive Summary

Mike’s Trucking Service (Mike's Trucking) is a Dallas, Texas-based trucking company whose mission is to become one of the largest trucking companies servicing the United States. The company’s strategy is to consolidate its excellent customer and client service by making timely deliveries, hiring the best drivers, and having a competitive pricing structure. Mike’s Trucking plans to acquire the best equipment for the job.

Mike’s Trucking will focus mainly on the food industry companies in the United States. However, in the future the company plans to diversify into other industries. In addition, the company will provide its services to the following companies: supply companies, lumberyards, and many other potential companies that use hauling for their cargo.

Companies with whom we compete are Dynasty, Venture, Ace, and ACME. We have a competitive advantage, however, because of our reputation in the industry and competitive pricing of services.

The company is seeking financing in the amount of $125,000 for the purpose of financing the acquisition of trucks, equipment, and funding operating expenses. Projected revenues for 2000 to 2002 are $100,000, $150,000, and $200,000, respectively.

1.1 Mission

The mission of Mike’s Trucking is to be the leading trucking company servicing the United States.

2.0 The Company

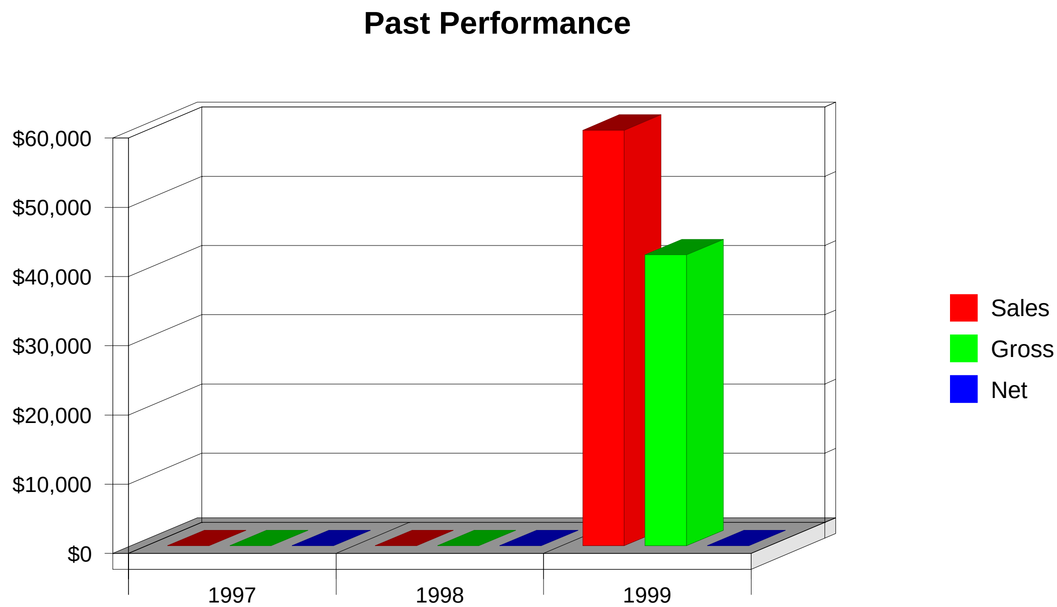
Mike’s Trucking Service is a Texas LLC, with principal offices located in Dallas, Texas. Mike Smith, president and CEO, is the majority owner. He has been in the trucking business for 15 years.

2.1 Company History

Mike's Trucking has been in business for one year. We have maintained financial stability during its first year of operation due to the extensive industry experience of our management team.

Table: Past Performance

Past Performance	1997	1998	1999
Sales	$0	$0	$60,000
Gross Margin	$0	$0	$42,000
Gross Margin %	0.00%	0.00%	70.00%
Operating Expenses	$0	$0	$18,000
Collection Period (Days)	0	0	37
Inventory Turnover	0.00	0.00	0.00
Balance Sheet			
Short-term Assets	1997	1998	1999
Cash	$0	$0	$500
Accounts Receivable	$0	$0	$10,000
Inventory	$0	$0	$5,000
Other Short-term Assets	$0	$0	$0
Total Short-term Assets	$0	$0	$15,500
Long-term Assets			
Capital Assets	$0	$0	$40,000
Accumulated Depreciation	$0	$0	$4,000
Total Long-term Assets	$0	$0	$36,000
Total Assets	$0	$0	$51,500
Capital and Liabilities			
	1997	1998	1999
Accounts Payable	$0	$0	$3,500
Current Borrowing	$0	$0	$20,000
Other Short-term Liabilities	$0	$0	$500
Subtotal Short-term Liabilities	$0	$0	$24,000
Long-term Liabilities	$0	$0	$25,000
Total Liabilities	$0	$0	$49,000
Paid-in Capital	$0	$0	$0
Retained Earnings	$0	$0	$2,500
Earnings	$0	$0	$0
Total Capital	$0	$0	$2,500
Total Capital and Liabilities	$0	$0	$51,500
Other Inputs	1997	1998	1999
Payment Days	0	0	30
Sales on Credit	$0	$0	$50,000
Receivables Turnover	0.00	0.00	5.00



3.0 Services

The trucking industry provides transportation services for persons or companies looking to haul heavy things. Mike's Trucking enables someone to lease a truck, of any size, for any project that needs hauling. We will provide this service to the whole of the Dallas area, and hope to expand from this base area within the first five years of operation.

This service is provided on two bases: for-hire and private carriers. Of these two segments, Mike's Trucking will concentrate on the for-hire carriers, and, more specifically, the truckload (TL) and less-than-truckload (LTL) segments. The services offered, and the markets being targeted, are discussed throughout the following section.

4.0 Market Analysis Summary

Mike's Trucking has an opportunity to entrench its competitive position in the regional transportation market by selectively focusing its target market on the food industry. The company has already had experience in servicing such clients and it believes that there is a growing demand for reliable transportation solutions in this customer segment.

4.1 Market Segmentation

There are several potential customer segments that we will provide our transportation services to. Major customer segments include the food industry, PC and semiconductor manufacturers, and retailers. The chart and table below outline the current market size and growth estimates for these customer segments in Texas.

Large established companies in the afore-mentioned segments (especially in the food industry) have their own truck fleets, while smaller players outsource the transportation function. The latter vary in the scale of their operations, but have a steady demand for reliable transportation solutions. We will actively solicit such customers.

Market Analysis (Pie)

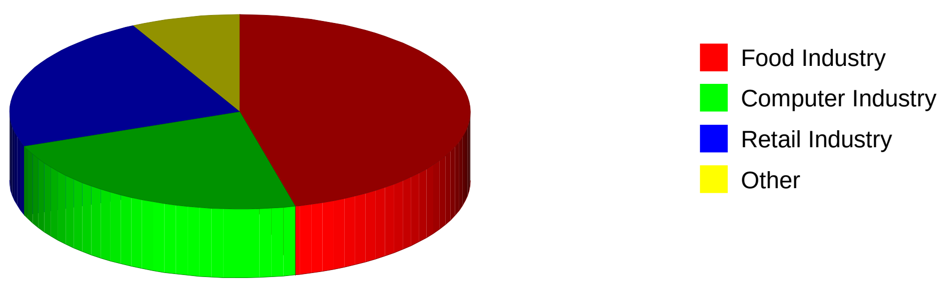


Table: Market Analysis

Market Analysis Potential Customers	Growth	2000	2001	2002	2003	2004	CAGR
Food Industry	3%	3,000	3,090	3,183	3,278	3,376	3.00%
Computer Industry	5%	1,500	1,575	1,654	1,737	1,824	5.01%
Retail Industry	2%	1,500	1,530	1,561	1,592	1,624	2.01%
Other	2%	500	510	520	530	541	1.99%
Total	3.17%	6,500	6,705	6,918	7,137	7,365	3.17%

4.2 Target Market Segment Strategy

Mike's Trucking will focus its marketing budget on a selected industry niche. A narrow-served market focus will help strengthen the company's reputation of a reliable transportation services provider and will generate favorable referrals.

The major customer segment the company is focusing on is the food industry. Companies in this segment have varying needs, and Mike's Trucking has already gained valuable experience serving such customers. The company management believes that by increasing its truck fleet it can capture additional clients and provide better service to existing clients.

4.3 Service Business Analysis

Market Description Industry: Trucking, except local

Establishments that are primarily engaged in furnishing "over-the-road" trucking services or trucking and storage services for freight generally weighing more than 100 pounds. Such operations are principally outside a single municipality, group of contiguous municipalities, or municipality and its suburban areas.

Market Size Statistics

Estimated number of U.S. establishments	48,117
Number of people employed in this industry	812,712
Total annual sales in this industry	$139 million
Average employees per establishment	17
Average sales per establishment	$3.6 million

Standard & Poor’s estimates that the U.S. commercial freight transportation market had aggregate revenues of $436 billion in 1998. In other words, five cents of every dollar of U.S. gross domestic product that year was spent on transportation.

Industry trends

While a driver shortage continues to plague the TL sector, the LTL carriers have adapted to changing market conditions in order to capitalize on growth opportunities. Intermodal shippers also stand to benefit from market trends. And the evolution of electronic commerce stands to intensify competition among all carriers.

Truckers Dominate Freight Market

Based on value of service, trucking (excluding warehousing and logistics) accounted for 79%, or some $344 billion, of U.S. commercial freight revenues in 1998, but only 45% of total ton miles. This is because products transported by truck tend to be lightweight, manufactured goods that move short distances, rather than the heavy, long haul, bulk commodities that travel by rail and barge.

Motor carriers specialize in higher-value freight that moves 750 miles or less and for which delivery is required within three days. Some 36% of truck freight (measured by shipping cost) never crosses state lines. Examples of this type of freight are food and consumer staples delivered locally, and manufactured goods shipped between commercial establishments or delivered to consumers or retail outlets.

Truckers have the largest share of the freight market. Unlike railroads, pipelines, or water carriers, they don't face geographic limits caused by physical constraints, and can offer door-to-door service. They also pay relatively little to use the nation's highway system. Railroads, by contrast, must build, maintain, and police their rights-of-way.

The trucking industry consists of two broad segments: private and for hire. In turn, for-hire truckers fall into two broad categories: truckload and less-than-truckload carriers.

4.3.1 Business Participants

Trucking

With some $344 billion in 1998 revenues, the trucking (or motor carrier) business claimed 79% of the U.S. commercial freight transportation market. This total was divided among two sectors: private carriage and for hire.

Figure 2. Commercial Freight Distribution

Transportation	Billion $	% of Total
Trucking, Total	$344	63.6%
Private, Interstate	$115	21.3%
Private, Local	$85	15.7%
Truckload	$65	12.0%
Local For-Hire	$40	7.4%
LTL, National	$9	1.7%
LTL, Regional	$11	2.0%
Package/Express (ground)	$19	3.5%
Railroad	$36	6.7%
Pipeline (oil and gas)	$26	4.8%
Air Freight, Package Domestic	$17	3.1%
Air Freight, Heavy Domestic	$6	1.1%
Water (Great Lakes/rivers)	$7	1.3%
Transportation Total*	$436	80.6%
Logistics Administration	$35	6.5%
Distribution Total	**$105**	**19.4%**
Total*	**$541**	**100.0%**

**Excluding $ 5 billion in international cargo.*

Sources: Standard & Poor's, Data Resources, Inc., and Cass Information Systems.

Private carriers

Although private carriers comprise the largest component of the motor-carrier industry, financial information isn't available for them. However, the industry is estimated to provide services valued at some $200 billion annually (or 58% of motor carrier revenues in 1998).

The *American Trucking Association* (ATA) estimates that there are more than three million trucks operated by private fleets transporting 3.5 billion tons of freight annually.

For-hire carriers

The for-hire category generated $144 billion in 1998, or 42% of the industry total. Of that

$144 billion, some $105 billion (73% of the sector’s business) came from truckload shipments, and $39 billion (27%) was from less-than-truckload and package/express delivery.

- **Truckload (TL).** The national for-hire truckload segment had total revenues of $65 billion in 1998. The TL sector has historically been mostly privately owned, with the exception of the top ten publicly-owned companies (For this reason, we focused on the LTL sector in this survey). Schneider National Carriers was the largest TL operator, with revenues of $2.8 billion in 1998, followed by J.B. Hunt Transport Services ($1.8 billion), and the Landstar family of truckload-carriers ($1.3 billion). Of the 50,000 truck load carriers, perhaps 95% had annual revenues of less than $1 million.

- **Less-than-truckload (LTL).** The ATA estimates that the less-than-truckload market garnered $20 billion in 1998. Of this amount, the fast-growing regional segment accounted for slightly more than the national market.

  The largest national LTL carrier was Roadway Express Inc., with $2.32 billion in LTL revenues in 1998; the company’s total revenue of $2.55 billion includes TL freight. Yellow Freight System (a unit of Yellow Corporation) was close behind, with $2.25 billion (out of $2.46 billion total). Consolidated Freightways Corporation was third, with $1.95 billion in LTL revenues.

  In the regional LTL market, Con-Way Transportation (a unit of CNF Transportation Inc.) was the largest player, with $1.5 billion in LTL revenue in 1998. Second place belonged to US Freightways, whose family of five carriers generated some 41.4 billion in LTL revenue. American Freightways Corporation was third, with $928 million in less-than-truckload revenues.

4.3.2 Competition and Buying Patterns

Although there are major players in each of the commercial carrier market segments, the market remains highly fragmented. According to the Dallas Yellow Pages, there are numerous companies providing different kinds of the trucking services. Major competitors for Mike's Trucking are those companies who have comparable truck fleets and are also targeting the food industry.

Market research shows that customers in the food industry are price sensitive, and they value on-time deliveries, special handling capabilities, and less-than-truckload orders. Customer referrals and carrier's reputation are believed to strongly influence the buying decision.

4.3.3 Risks

The company recognizes that it is subject to both market and industry risks. The two primary risks to the company are:

- **Industry concentration risk.** The company is mainly focused on food industry businesses in the United States. This position is favorable since the industry is fairly stable. Any slow down in the food production would have negative repercussions for Mike’s Trucking. To mitigate this risk, the company is looking at diversifying its trucking business to include other industries as well.

- **Operational risk.** Mike’s Trucking recognizes the fact that there is an inherent risk in transporting cargo. Any damage to cargo may undermine the profitable of the company. To reduce this risk, the company maintains all necessary insurance.

5.0 Strategy

The strategy of Mike's Trucking is to consolidate its good customer and client service by making timely deliveries, hiring the best drivers and having a competitive pricing structure. The company's goal in the next year is to become an independently-run business entity without having any contracted services. We would like to fully manage our trucking operation, from hiring drivers to sourcing business. The company's goal within the next five years is to operate a full-service trucking business with a fleet of trucks, "hot-shot" trucks, and minifloat loads. Mike's Trucking would like to be in a position to handle any job available at this stage.

Key components of our initial strategy can be summarized as follows:

- **Expand fleet of trucks.** The company is currently working to expand on its existing fleet of trucks. This will enable us to increase the number of customers we are able to serve.
- **Establish independent status.**The company is currently operating under fee sharing, but is working to become independent and manage its own operations, from sourcing to daily management.
- **Establish a complete trucking business.**The company is currently working toward becoming a complete trucking business with a fleet of trucks which includes long-haul trucks. The management of the company has identified a good customer base which it can tap into once all the necessary equipment has been acquired. This will enable the company to service areas outside its current domain and increase profit levels.

5.1 Value Propositions

Mike's Trucking offers the following advantages to customers.

- **Quality Service.** We provide our customers with courteous, prompt, and dependable service. The company has a reputation for timely deliveries and the best drivers in the industry, and intends to build upon that.
- **Competitive rates.** We will provide competitive rates for our customers because we have low cost inputs.
- **Package handling.** By maintaining dependable and safe equipment, we will ensure that there is no damage to customer's cargo.

5.2 Competitive Edge

Our major competitive advantage is the vast industry experience and solid reputation of its owner, Mike Smith. His company is also well known among its clients for going that extra mile in the customer-service department.

5.3 Marketing Strategy

We markets our services as solutions to the many companies requiring cargo to be transported promptly and efficiently. The company's future marketing plans will be nationwide, emphasizing haulage capabilities for any cargo. The overall marketing plan for services is based on the following fundamentals:

- The segment of the market(s) planned to reach.
- Distribution channels planned to reach market segments: television, radio, sales associates, and mailings.
- Share of the market expected to capture over a fixed period of time.

5.3.1 Pricing

At the time of this writing, Mike’s Trucking has a lease arrangement with various companies. The company’s pricing is based on miles per thousands of pounds of cargo transported. We will be able charge competitive rates, as we have minimal overhead compared to our competition. The table below sketches out the pricing structure; for a key to this table please see asterisks at the bottom of the page.

Figure 3. The company’s pricing structure.

	0-1500 lbs. FAK*	1501-6000 lbs. FAK*	6001-16000 lbs. FAK*	16001-30000 lbs. FAK*
	Hot Shot**	**Stakebed****	**Minifloat****	**Single Axle****
Mileage:				
10	$50	$90	$115	$196
20	$50	$90	$137	$210
30	$50	$90	$155	$228
40	$52	$90	$175	$247
50	$65	$94	$195	$275
60	$77	$105	$200	$300
70	$90	$115	$220	$356
80	$104	$124	$240	$375
90	$116	$140	$255	$409
100	$130	$155	$270	$438
110	$140	$170	$290	$477
120	$157	$185	$305	$500
130	$170	$200	$316	$526
140	$183	$215	$335	$530
150	$195	$230	$350	$540
160	$210	$249	$385	$558
170	$220	$264	$400	$575
180	$235	$279	$420	$595
190	$250	$295	$450	$615
200	$260	$305	$480	$630
210	$275	$325	$505	$645
220	$288	$341	$530	$660
230	$300	$357	$555	$685
240	$313	$372	$580	$700
250	$325	$385	$600	$710
260	$340	$400	$615	$720

270	$355	$419	$630	$730
280	$367	$434	$645	$745

* FAK= Freight of all kinds.

** Types of trucks.

5.3.2 Marketing Plan

Market Responsibilities. Mike’s Trucking is committed to an extensive promotional campaign. To accomplish initial sales goals, the company will require an extremely effective promotional campaign to accomplish two primary objectives:

1. Attract quality sales/service personnel with a desire to be successful.
2. Attract customers that will consistently look to Mike’s Trucking for their hauling needs.

Promotion. In addition to standard advertisement practices, Mike’s Trucking will gain considerable recognition through these additional promotional mediums:

- Press releases sent to radio stations, newspapers, and magazines.
- Radio advertising on secondary stations.
- We plan to advertise nationally, in magazines and newspapers, on television and radio, and on billboards.

Incentives. As an extra incentive for customers and potential customers to remember the name, Mike's Trucking plans to distribute coffee mugs, T-shirts, pens, and other advertising specialties with the company logo.

Brochures. The objective of a brochure is to portray the company's goals and products as an attractive functionality. Mike’s Trucking will develop three brochures: one to be used to promote sales, one to announce the product in a new market, and the third to recruit sales associates.

5.4 Sales Strategy

The company will base its sales strategy on increasing the sales from its existing customers, and also to target new businesses. For the latter purpose, we will employ a part-time sales representative.

A customer survey has shown that currently Mike's Trucking is losing sales from its existing clients because the company cannot provide certain types of services. The customers have also shown interest in giving more business to Mike's Trucking once the company increases its truck fleet to handle special orders. Once the new trucks are purchased, we will notify our clientele of the new services and pitch our services to the new businesses. We will further continue our policy of only accepting jobs which can be delivered with high customer satisfaction. Orders that require outsourcing will be gradually eliminated so that we can provide total quality control over the services we render.

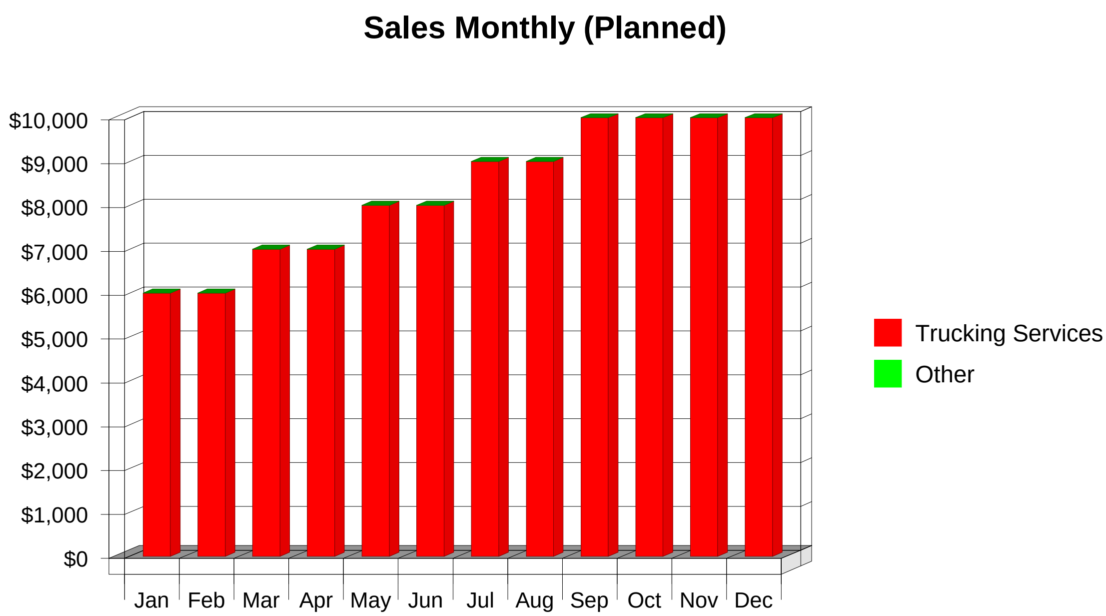


Table: Sales Forecast (Planned)

Sales Forecast			
Sales	2000	2001	2002
Trucking Services	$100,000	$250,000	$400,000
Other	$0	$0	$0
Total Sales	$100,000	$250,000	$400,000
Direct Cost of Sales	2000	2001	2002
Trucking Services	$20,000	$50,000	$80,000
Other	$0	$0	$0
Subtotal Direct Cost of Sales	$20,000	$50,000	$80,000

6.0 Management Summary

The company's management is minimal in order to reduce the overhead. Mike Smith, the company owner and president, makes all executive decisions. At the moment, he also generates most of the sales leads. Joan Rose works as an executive secretary who answers phone inquiries and maintains the customer database. A part-time sales representative will be hired to solicit new business once the company acquires new trucks. In the years 2001-2002, the administrative staff is planned to increase in order to handle the higher sales volume. In the future, a sales manager will be hired to allow Mr. Smith more time to dedicate himself to company management.

Table: Personnel (Planned)

Personnel Plan			
	2000	2001	2002
Mike Smith	$18,000	$20,000	$30,000
Joan Rose	$12,000	$15,000	$20,000
Other	$0	$15,000	$40,000
Total Payroll	$30,000	$50,000	$90,000
Total People	2	3	4
Payroll Burden	$4,500	$7,500	$13,500
Total Payroll Expenditures	$34,500	$57,500	$103,500

6.1 Organization

The company’s management philosophy is based on responsibility and mutual respect. Mike’s Trucking maintains an environment that stimulates productivity and emphasizes respect for customers and fellow employees. The company structure is linear, which lends the staff responsibilities and decision-making power.

6.2 Officers and Key Employees

The management of Mike's Trucking is highly experienced and qualified. Mike Smith, president and CEO, has been involved in the trucking industry for 15 years. He is well respected by the trucking professionals with whom he has worked. All administrative functions are performed by Joan Rose, who has worked with Mr. Smith for the last seven years. She posesses extraordinary customer service and database management skills.

7.0 Finance

Funding Requirements and Uses

The company is raising $125,000 for the purpose of financing equipment purchases to meet a growing demand for its services. The company management has reason to believe that an increased truck fleet wil assist the company in its effort to widen its market offering and increase sales.

7.1 Significant Assumptions

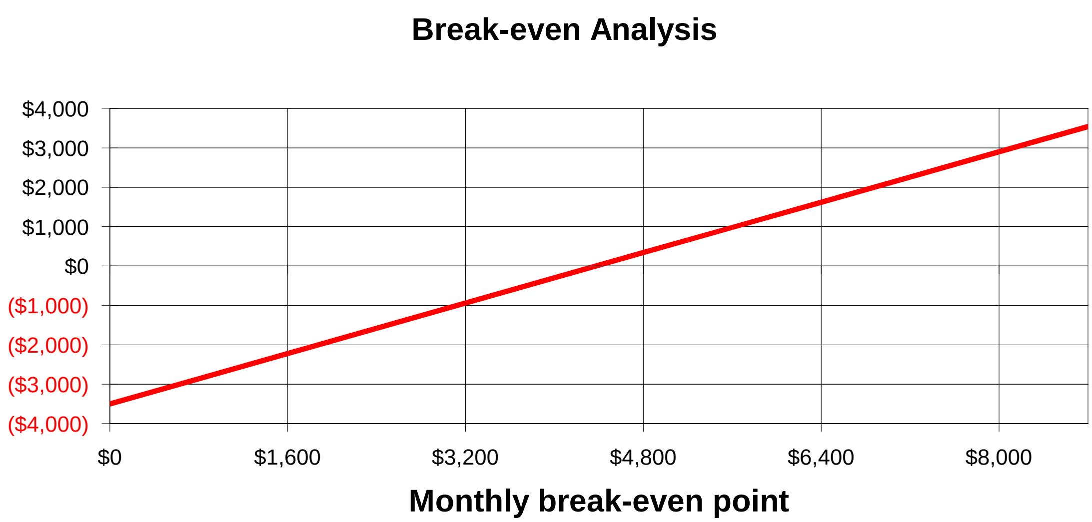
The following table highlights the important general assumptions of Mike's Trucking. Interest rates, tax rates, and personnel burden are based on conservative assumptions.

Table: General Assumptions

General Assumptions			
	2000	2001	2002
Short-term Interest Rate %	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%
Tax Rate %	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%
Sales on Credit %	20.00%	20.00%	20.00%
Personnel Burden %	15.00%	15.00%	15.00%

7.2 Break-even Analysis

The break-even chart and table below indicate that 22 runs per month are necessary for the company to make enough to cover monthly expenses.



Break-even point = where line intersects with 0

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	22
Monthly Sales Break-even	$4,375
Assumptions:	
Average Per-Unit Revenue	$200.00
Average Per-Unit Variable Cost	$40.00
Estimated Monthly Fixed Cost	$3,500

7.3 Income Statements - Projected

The table below summarizes our projected income statement for the first three years of plan implementation, fiscal years 2000, 2001, and 2002. As with the other tables, the Profit and Loss table is projected to be quite conservative. The detailed monthly projection can be found in the appendices.

Table: Profit and Loss (Planned)

Pro Forma Profit and Loss	2000	2001	2002
Sales	$100,000	$250,000	$400,000
Direct Cost of Sales	$20,000	$50,000	$80,000
Other	$0	$0	$0
	------------	------------	------------
Total Cost of Sales	$20,000	$50,000	$80,000
Gross Margin	$80,000	$200,000	$320,000
Gross Margin %	80.00%	80.00%	80.00%
Operating Expenses:			
Advertising/Promotion	$1,200	$3,000	$5,000
Travel	$3,600	$5,000	$7,000
Sales commission	$1,800	$4,000	$5,000
Miscellaneous	$480	$1,000	$1,500
Payroll Expense	$30,000	$50,000	$90,000
Payroll Burden	$4,500	$7,500	$13,500
Depreciation	$4,800	$5,000	$5,500
Depreciation	$0	$0	$0
Fuel & Maintenance	$6,000	$12,000	$20,000
Utilities	$2,400	$3,000	$3,500
Insurance	$4,800	$5,000	$6,000
Contract/Consultants	$0	$0	$0
	------------	------------	------------
Total Operating Expenses	$59,580	$95,500	$157,000
Profit Before Interest and Taxes	$20,420	$104,500	$163,000
Interest Expense Short-term	$1,805	$1,290	$690
Interest Expense Long-term	$10,413	$13,470	$12,670
Taxes Incurred	$2,050	$22,435	$37,410
Extraordinary Items	$0	$0	$0
Net Profit	$6,151	$67,305	$112,230
Net Profit/Sales	6.15%	26.92%	28.06%

7.4 Projected Cash Flow

The projected cash flow is presented in the chart and table below. The long-term loan in the amount of $125,000 is expected to be received in May, 2000, which is reflected in the increase of the long-term borrowing row for that month. The company is planning to purchase two trucks (one in June and one in August) in the first year of plan implementation, 2000; corresponding transactions are reflected in the capital expenditure rows. Monthly repayments on the $125,000 loan will be made in the amount of $1,500.

The monthly cash flow is presented in the illustration, with one bar representing cash flow per month, and the other the monthly balance. The annual cash flow can be found in the table below, and are in monthly detail in the appendices.

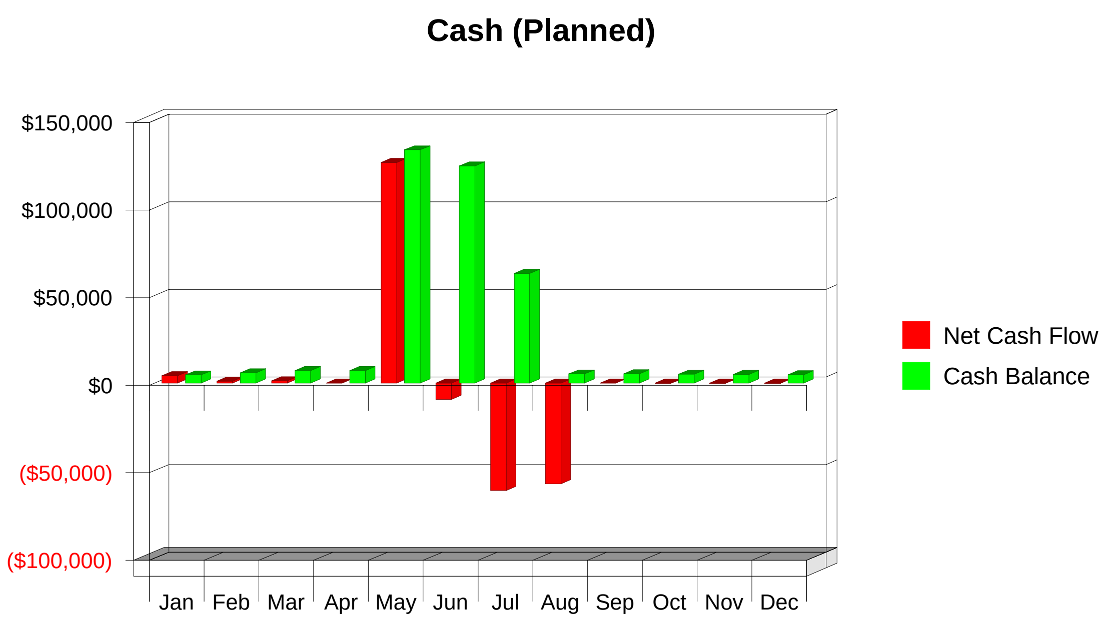


Table: Cash Flow (Planned)

Pro Forma Cash Flow	2000	2001	2002
Cash Received			
Cash from Operations:			
Cash Sales	$80,000	$200,000	$320,000
From Receivables	$27,067	$45,600	$75,600
Subtotal Cash from Operations	$107,067	$245,600	$395,600
Additional Cash Received			
Extraordinary Items	$0	$0	$0
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	$125,000	$0	$0
Sales of other Short-term Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$0	$0	$0
Subtotal Cash Received	$232,067	$245,600	$395,600
Expenditures	2000	2001	2002
Expenditures from Operations:			
Cash Spent on Costs and Expenses	$17,955	$12,020	$17,877
Wages, Salaries, Payroll Taxes, etc.	$34,500	$57,500	$103,500
Payment of Accounts Payable	$160,380	$109,734	$159,355
Subtotal Spent on Operations	$212,835	$179,253	$280,732
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$3,600	$7,000	$5,000
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$11,300	$8,000	$8,000
Purchase Other Short-term Assets	$0	$0	$0
Purchase Long-term Assets	$125,000	$0	$0
Dividends	$0	$0	$0
Adjustment for Assets Purchased on Credit	($125,000)	$0	$0
Subtotal Cash Spent	$227,735	$194,253	$293,732
Net Cash Flow	$4,332	$51,347	$101,868
Cash Balance	$4,832	$56,178	$158,046

7.5 Balance Sheets - Projected

The table below shows Mike's Trucking balance sheets for 2000-2002.

Table: Balance Sheet (Planned)

Pro Forma Balance Sheet			
Assets			
Short-term Assets	2000	2001	2002
Cash	$4,832	$56,178	$158,046
Accounts Receivable	$2,933	$7,333	$11,733
Other Short-term Assets	$0	$0	$0
Total Short-term Assets	$7,765	$63,512	$169,780
Long-term Assets			
Long-term Assets	$165,000	$165,000	$165,000
Accumulated Depreciation	$8,800	$13,800	$19,300
Total Long-term Assets	$156,200	$151,200	$145,700
Total Assets	$163,965	$214,712	$315,480
Liabilities and Capital			
	2000	2001	2002
Accounts Payable	$4,714	$3,156	$4,693
Current Borrowing	$16,400	$9,400	$4,400
Other Short-term Liabilities	$500	$500	$500
Subtotal Short-term Liabilities	$21,614	$13,056	$9,593
Long-term Liabilities	$138,700	$130,700	$122,700
Total Liabilities	$160,314	$143,756	$132,293
Paid-in Capital	$0	$0	$0
Retained Earnings	($2,500)	$3,651	$70,956
Earnings	$6,151	$67,305	$112,230
Total Capital	$3,651	$70,956	$183,186
Total Liabilities and Capital	$163,965	$214,712	$315,480
Net Worth	$3,651	$70,956	$183,186

7.6 Business Ratios

The following table includes Industry Profile statistics for the trucking industry, as determined by the Standard Industry Classification (SIC) Index. The SIC Code for this plan is 4213, and the SIC Description is Trucking except local. These statistics show a comparison of industry standards and key ratios for this plan.

Table: Ratios (Planned)

Ratio Analysis				
	2000	2001	2002	Industry Profile
Sales Growth	66.67%	150.00%	60.00%	5.60%
Percent of Total Assets				
Accounts Receivable	1.79%	3.42%	3.72%	19.70%
Inventory	0.00%	0.00%	0.00%	1.00%
Other Short-term Assets	0.00%	0.00%	0.00%	22.30%
Total Short-term Assets	4.74%	29.58%	53.82%	43.00%
Long-term Assets	95.26%	70.42%	46.18%	57.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Other Short-term Liabilities	0.30%	0.23%	0.16%	30.80%
Subtotal Short-term Liabilities	13.18%	6.08%	3.04%	25.80%
Long-term Liabilities	84.59%	60.87%	38.89%	27.00%
Total Liabilities	97.77%	66.95%	41.93%	52.80%
Net Worth	2.23%	33.05%	58.07%	47.20%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	80.00%	80.00%	80.00%	100.00%
Selling, General & Administrative Expenses	73.85%	53.08%	51.94%	82.10%
Advertising Expenses	1.20%	1.20%	1.25%	0.20%
Profit Before Interest and Taxes	20.42%	41.80%	40.75%	1.10%
Main Ratios				
Current	0.36	4.86	17.70	1.32
Quick	0.36	4.86	17.70	1.07
Total Debt to Total Assets	97.77%	66.95%	41.93%	57.80%
Pre-tax Return on Net Worth	893.89%	168.08%	96.27%	2.50%
Pre-tax Return on Assets	19.91%	55.54%	55.90%	6.00%
Business Vitality Profile	2000	2001	2002	Industry
Sales per Employee	$50,000	$83,333	$100,000	$0
Survival Rate				0.00%
Additional Ratios	2000	2001	2002	
Net Profit Margin	6.15%	26.92%	28.06%	n.a
Return on Equity	168.47%	94.85%	61.27%	n.a
Activity Ratios				
Accounts Receivable Turnover	6.82	6.82	6.82	n.a
Collection Days	118	37	43	n.a
Inventory Turnover	0.00	0.00	0.00	n.a
Accounts Payable Turnover	34.28	34.28	34.28	n.a
Total Asset Turnover	0.61	1.16	1.27	n.a
Debt Ratios				
Debt to Net Worth	43.91	2.03	0.72	n.a
Short-term Liab. to Liab.	0.13	0.09	0.07	n.a
Liquidity Ratios				
Net Working Capital	($13,849)	$50,456	$160,186	n.a
Interest Coverage	1.67	7.08	12.20	n.a
Additional Ratios				
Assets to Sales	1.64	0.86	0.79	n.a
Current Debt/Total Assets	13%	6%	3%	n.a
Acid Test	0.22	4.30	16.47	n.a
Sales/Net Worth	27.39	3.52	2.18	n.a
Dividend Payout	$0	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast (Planned)

Sales Forecast												
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trucking Services	$6,000	$6,000	$7,000	$7,000	$8,000	$8,000	$9,000	$9,000	$10,000	$10,000	$10,000	$10,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales	$6,000	$6,000	$7,000	$7,000	$8,000	$8,000	$9,000	$9,000	$10,000	$10,000	$10,000	$10,000
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trucking Services	$1,200	$1,200	$1,400	$1,400	$1,600	$1,600	$1,800	$1,800	$2,000	$2,000	$2,000	$2,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Direct Cost of Sales	$1,200	$1,200	$1,400	$1,400	$1,600	$1,600	$1,800	$1,800	$2,000	$2,000	$2,000	$2,000

Appendix

Appendix Table: Personnel (Planned)

Personnel Plan												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mike Smith	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Joan Rose	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Payroll	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Total People	2	2	2	2	2	2	2	2	2	2	2	2
Payroll Burden	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375
Total Payroll Expenditures	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875

Appendix

Appendix Table: General Assumptions

General Assumptions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate %	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Sales on Credit %	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Personnel Burden %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

Appendix Table: Profit and Loss (Planned)

Pro Forma Profit and Loss

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	$6,000	$6,000	$7,000	$7,000	$8,000	$8,000	$9,000	$9,000	$10,000	$10,000	$10,000	$10,000
Direct Cost of Sales	$1,200	$1,200	$1,400	$1,400	$1,600	$1,600	$1,800	$1,800	$2,000	$2,000	$2,000	$2,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
Total Cost of Sales	$1,200	$1,200	$1,400	$1,400	$1,600	$1,600	$1,800	$1,800	$2,000	$2,000	$2,000	$2,000
Gross Margin	$4,800	$4,800	$5,600	$5,600	$6,400	$6,400	$7,200	$7,200	$8,000	$8,000	$8,000	$8,000
Gross Margin %	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
Operating Expenses:												
Advertising/Promotion	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100
Travel	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300
Sales commission	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150
Miscellaneous	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40
Payroll Expense	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Payroll Burden	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375	$375
Depreciation	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fuel & Maintenance	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
Utilities	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
Insurance	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Contract/Consultants	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
Total Operating Expenses	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965	$4,965
Profit Before Interest and Taxes	($165)	($165)	$635	$635	$1,435	$1,435	$2,235	$2,235	$3,035	$3,035	$3,035	$3,035
Interest Expense Short-term	$164	$162	$159	$157	$154	$152	$149	$147	$144	$142	$139	$137
Interest Expense Long-term	$207	$205	$203	$202	$1,243	$1,231	$1,218	$1,206	$1,193	$1,181	$1,168	$1,156
Taxes Incurred	($134)	($133)	$68	$69	$9	$13	$217	$221	$424	$428	$432	$436
Extraordinary Items	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Profit	($402)	($399)	$204	$208	$28	$39	$651	$662	$1,273	$1,284	$1,296	$1,307
Net Profit/Sales	-6.70%	-6.65%	2.92%	2.96%	0.35%	0.49%	7.23%	7.35%	12.73%	12.84%	12.96%	13.07%

Appendix Table: Cash Flow (Planned)

Pro Forma Cash Flow		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations:													
Cash Sales		$4,800	$4,800	$5,600	$5,600	$6,400	$6,400	$7,200	$7,200	$8,000	$8,000	$8,000	$8,000
From Receivables		$6,667	$2,862	$2,311	$1,307	$1,400	$1,507	$1,600	$1,707	$1,800	$1,907	$2,000	$2,000
Subtotal Cash from Operations		$11,467	$7,662	$7,911	$6,907	$7,800	$7,907	$8,800	$8,907	$9,800	$9,907	$10,000	$10,000
Additional Cash Received													
Extraordinary Items		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales Tax, VAT, HST/GST Received	0.00%	$0	$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	$125,000	$0	$0	$0	$0	$0	$0	$0
Sales of other Short-term 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		$11,467	$7,662	$7,911	$6,907	$132,800	$7,907	$8,800	$8,907	$9,800	$9,907	$10,000	$10,000
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations:													
Cash Spent on Costs and Expenses		$313	$312	$352	$352	$470	$6,469	$7,007	$506	$545	$544	$543	$542
Wages, Salaries, Payroll Taxes, etc.		$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875	$2,875
Payment of Accounts Payable		$3,594	$2,814	$2,823	$3,168	$3,201	$6,027	$58,379	$61,117	$4,568	$4,906	$4,896	$4,886
Subtotal Spent on Operations		$6,781	$6,001	$6,050	$6,395	$6,546	$15,370	$68,261	$64,498	$7,989	$8,325	$8,314	$8,303
Additional Cash Spent													
Sales Tax, VAT, HST/GST Paid Out		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Repayment of Current Borrowing		$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300
Other Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment		$200	$200	$200	$200	$0	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Purchase Other Short-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets		$0	$0	$0	$0	$0	$60,000	$65,000	$0	$0	$0	$0	$0
Dividends		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Adjustment for Assets Purchased on Credit		$0	$0	$0	$0	$0	($60,000)	($65,000)	$0	$0	$0	$0	$0
Subtotal Cash Spent		$7,281	$6,501	$6,550	$6,895	$6,846	$17,170	$70,061	$66,298	$9,789	$10,125	$10,114	$10,103
Net Cash Flow		$4,185	$1,161	$1,361	$11	$125,954	($9,264)	($61,261)	($57,391)	$11	($219)	($114)	($103)
Cash Balance		$4,685	$5,846	$7,207	$7,218	$133,172	$123,909	$62,647	$5,256	$5,268	$5,049	$4,935	$4,832

Appendix Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets													
Short-term Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash	$500	$4,685	$5,846	$7,207	$7,218	$133,172	$123,909	$62,647	$5,256	$5,268	$5,049	$4,935	$4,832
Accounts Receivable	$10,000	$4,533	$2,871	$1,960	$2,053	$2,253	$2,347	$2,547	$2,640	$2,840	$2,933	$2,933	$2,933
Other Short-term Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Short-term Assets	$10,500	$9,219	$8,717	$9,167	$9,271	$135,426	$126,255	$65,194	$7,896	$8,108	$7,982	$7,868	$7,765
Long-term Assets													
Long-term Assets	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$100,000	$165,000	$165,000	$165,000	$165,000	$165,000	$165,000
Accumulated Depreciation	$4,000	$4,400	$4,800	$5,200	$5,600	$6,000	$6,400	$6,800	$7,200	$7,600	$8,000	$8,400	$8,800
Total Long-term Assets	$36,000	$35,600	$35,200	$34,800	$34,400	$34,000	$93,600	$158,200	$157,800	$157,400	$157,000	$156,600	$156,200
Total Assets	$46,500	$44,819	$43,917	$43,967	$43,671	$169,426	$219,855	$223,394	$165,696	$165,508	$164,982	$164,468	$163,965
Liabilities and Capital													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Accounts Payable	$3,500	$2,720	$2,718	$3,063	$3,060	$4,086	$56,276	$60,965	$4,405	$4,743	$4,733	$4,724	$4,714
Current Borrowing	$20,000	$19,700	$19,400	$19,100	$18,800	$18,500	$18,200	$17,900	$17,600	$17,300	$17,000	$16,700	$16,400
Other Short-term Liabilities	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500	$500
Subtotal Short-term Liabilities	$24,000	$22,920	$22,618	$22,663	$22,360	$23,086	$74,976	$79,365	$22,505	$22,543	$22,233	$21,924	$21,614
Long-term Liabilities	$25,000	$24,800	$24,600	$24,400	$24,200	$149,200	$147,700	$146,200	$144,700	$143,200	$141,700	$140,200	$138,700
Total Liabilities	$49,000	$47,720	$47,218	$47,063	$46,560	$172,286	$222,676	$225,565	$167,205	$165,743	$163,933	$162,124	$160,314
Paid-in Capital	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Retained Earnings	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)	($2,500)
Earnings	$0	($402)	($801)	($596)	($389)	($361)	($321)	$329	$991	$2,264	$3,549	$4,844	$6,151
Total Capital	($2,500)	($2,902)	($3,301)	($3,096)	($2,889)	($2,861)	($2,821)	($2,171)	($1,509)	($236)	$1,049	$2,344	$3,651
Total Liabilities and Capital	$46,500	$44,819	$43,917	$43,967	$43,671	$169,426	$219,855	$223,394	$165,696	$165,508	$164,982	$164,468	$163,965
Net Worth	($2,500)	($2,902)	($3,301)	($3,096)	($2,889)	($2,861)	($2,821)	($2,171)	($1,509)	($236)	$1,049	$2,344	$3,651