

Title DFP	
Student	
Student	

COSTs/EXPENSES FORECASTING/JUSTIFICATION:

- **previous data of your own company*
- **analogy (based on the competitors)*
- **based on the industry standards/ ratios*
- **expert opinion*
- **primary data – request to the performer organization*
- **secondary data, i.e. internet sources*

MARKETING PLAN / MARKETING MIX TOOLS

- **“Price”** – revenue generating tool
 - **Can be calculated separately for each Product Item from the Product Portfolio (Price 1 for Product 1, Price 2 for Product 2, etc.)*
- **“Product”** – for example, new product development, design, brand management*
 - *such as analysis of customer feedback, or R&D*
 - *pre-testing of new features*
 - *corporate branding*
 - **both as initial investment and period costs*
- **“Promotion”**– advertising budget, public relationships, or other Expenses
 - *Discounts if applied as a sales promotion*
 - *Promotion materials if applied, printed materials, or banner design, etc.*
 - *Customer service*
- **“Place” costs** – for example, such expenses as:
 - *commission for OTA and traditional travel agencies*
 - *delivery and logistics, etc.*

OPERATIONAL PLAN

- *HRM → salaries,*
 - *but also hiring process related costs (how will you advertise your job positions?), training and development costs, bonuses, benefits (holidays, insurances, gym or working computer)*
 - *Salary related TAX*
- *Suppliers → purchase of raw materials*
- *Processes → Maintenance, should be demonstrated as costs, for example, quality control, planned security controls of buildings, changing of the broken furniture, revenue of domain name and hosting for website*
- *Etc.*

NOTES.

- *Costs should be grouped by fixed and variable – to calculate BEP further*
- *Costs should be grouped by the periods (monthly, quarterly, yearly) to place in correct column in table – Financial Plan*
- *All prices (for customer and for company) should include VAT input (what company gets with revenues) and VAT output (what company pays, for example, with purchase for raw materials)*
- *First year should be planned by month, further calculations can be grouped by years.*
- *Check that all the numbers are related with the business plan document. Financial plan is representation of your decisions done but with numbers.*

ECONOMIC AND FINANCIAL VIABILITY

Checklist Financial Plan (see Appendix for example of tables)

- ***Key assumptions*** –
 - *if you make any generalization of the numbers (we consider average check for the calculations of the restaurant's revenue,*
 - *we do not include demonstrate seasonality in the financial table and take occupancy rate as average per year)*
 - *or if do not take into consideration some issues (for the calculation we consider optimistic sales forecast, we do not take into consideration inflation, we do not consider any changes of the taxes, or the minimum salary ranges)*
 - *etc.*
- ***Investment plan*** – initial investments (furniture, initial hiring employees, website development, logo design, etc.)
 - do not forget legal part (registration of the new company)
- ***Financial Statements (12-month for Year 1, Year 2, Year 3)***
 - ***Income statement*** (Profit&Loss statement) (with Gross margin, or with Contribution margin)
 - *NOTE! Do not forget to add the VAT payments to government (VAT output-VAT input)*
 - *Income TAX*
 - *Salary TAX*
 - ***Balance sheet*** – pro-forma balance sheet
 - ***Cash flow statement*** – (you should demonstrate the first month when you will get a positive Income, and the year of return of initial investments).
- ***Detailed BEP (break-even point) analysis***
 - BEP in dollars/euro
 - BEP in number of sales
- ***Analysis of the economic viability of the project***
 - ***Ration analysis with the comparison to the industry standards (per Year 1, Year 2, Year 3 and +industry standard column):***
 - ***Profitability, % (net sales vs. net profit)***
 - ***ROI, % (total investments vs. net profit)***
 - ***Contribution margin, % (proportions on fixed vs. variable costs)***
 - ***Additional industry ration comparison:***
 - % of marketing spending
 - Occupancy rate
 - Turnover

Appendix – Examples of Tables

Table 19 - Initial Investments

INVESTMENTS				
	Equity			20.000,00
	Initial Investment per founder	2	10.000,00	20.000,00
Item	Description	Qty	Unit Value US\$	Total Value US\$
1	Furniture			100,00
	Desk	1	30,00	30,00
	Chair	2	20,00	40,00
	Drawer	1	30,00	30,00
2	Equipment			600,00
	Computer	2	300,00	600,00
3	Consulting Fee			3.000,00
	Consulting Fee	1	3.000,00	3.000,00
4	Others			670,00
	CNPJ	1	150,00	150,00
	Uniform	8	10,00	80,00
	Business Cards	2	20,00	40,00
	Brand Registration	1	250,00	250,00
	Bar Code Registration	1	150,00	150,00
TOTAL				4.370,00

Example for cost-plus pricing, Table 20.

Table 20 - Cost and Price Projection

Description	1st year	2nd year	3rd year
Unit Cost w/o taxes	\$ 0,60	\$ 0,55	\$ 0,50
<i>Third Party Production</i>	<i>\$ 0,38</i>	<i>\$ 0,34</i>	<i>\$ 0,30</i>
<i>Packaging</i>	<i>\$ 0,20</i>	<i>\$ 0,19</i>	<i>\$ 0,18</i>
<i>Delivery</i>	<i>\$ 0,03</i>	<i>\$ 0,03</i>	<i>\$ 0,03</i>
Total	\$ 0,60	\$ 0,55	\$ 0,50
Selling Price	\$ 1,00	\$ 1,10	\$ 1,20
Margin	40%	50%	58%
Contribution Margin	\$ 0,40	\$ 0,45	\$ 0,50

Table 21 – Income statement calculations

Traditional Income Statement (external reporting format in accordance with GAAP)			
Panel A			
Sales	\$600,000		
Cost of goods sold	363,796		[= \$43,276* + (\$53.42* x 6,000 units)]
Gross margin	\$236,204		
Selling and administrative costs	164,000		[= \$110,000* + (\$9.00* x 6,000 units)]
Operating profit	\$ 72,204		
Contribution Margin Income Statement (internal reporting format for planning and decision making)			
Panel B			
Sales		\$600,000	
Variable costs:			
Cost of goods sold	\$320,520		(= \$53.42* x 6,000 units)
Selling and administrative costs	54,000		(= \$9.00* x 6,000 units)
Total variable costs	374,520		
Contribution margin		225,480	
Fixed costs:			
Cost of goods sold	\$43,276*		
Selling and admin.	110,000*		
Total fixed costs		153,276	
Operating profit		\$ 72,204	

Table 22 – Income statement Example

Month	January	February	March
Number of Stores	10	10	15
Units sold per Store	48	48	48
Total Units Sold	480	480	720

Description			
	January	February	March
Gross Sales	480,00	480,00	720,00
Sales Revenue	480,00	480,00	720,00
other revenues			
(-) Sales Taxes	21,60	21,60	32,40
SIMPLES Federal	21,60	21,60	32,40
(=) Net Sales	458,40	458,40	687,60
(-) Variable Costs	288,00	288,00	432,00
(-) Cost of Unit Sold	288,00	288,00	432,00
Third Party Production Cost	180,00	180,00	270,00
Packaging	96,00	96,00	144,00
Delivery	12,00	12,00	18,00
(-) Variable Salary	-	-	-
Commission	-	-	-
(=) Gross Contribution Margin	170,40	170,40	255,60
(-) Fixed Costs	2.214,67	714,67	714,67
Salaries	-	-	-
Social Taxes	-	-	-
Accounting Services	40,00	40,00	40,00
Rent	100,00	100,00	100,00
Electricity	-	-	-
Water	-	-	-
Telephone + internet	-	-	-
Transport	50,00	50,00	50,00
Bank Maintenance Fee	10,00	10,00	10,00
Office Maintenance	-	-	-
Insurance	-	-	-
ERP	-	-	-
Website and Domain	6,67	6,67	6,67
Communication	2.008,00	508,00	508,00
(=) Net Profit	-2.044,27	- 544,27	- 459,07

Table 23 – Cash flow example

Month	jan/17	feb/17	mar/17
Invoicing	480,00	480,00	720,00
Sales Taxes	21,60	21,60	32,40
Total costs and Expenses	2.502,67	1.002,67	1.146,67
Variable Costs	288,00	288,00	432,00
Fixed Costs	2.214,67	714,67	714,67
Cash Flow	- 2.044,27	- 544,27	- 459,07
Projected Cash	13.585,73	13.041,47	12.582,40

Table 24 – Balance sheet

Assets		Liabilities	
Cash	16.708,00		
Inventories	2.592,00		
Furniture	100,00		
Equipments	600,00		
		Equity	
		Owner's equity	20.000,00
Total Assets	20.000,00	Total Liabilities + Equity	20.000,00

Table 29 – Ratios

Ratios	1st Year	2nd Year	3rd Year
	Total 1st Year	Total 2nd Year	Total 3rd Year
1. Profitability (%)	-83%	-6%	30%
Net Sales	\$ 12.376,80	\$ 48.406,64	\$ 152.947,87
Net Profit	\$ -10.225,20	\$ -2.731,36	\$ 46.311,87
2. ROI	-51%	-14%	232%
Net Profit	\$ -10.225,20	\$ -2.731,36	\$ 46.311,87
Total Investment	\$ 20.000,00	\$ 20.000,00	\$ 20.000,00
3. Breakeven			
Net Sales	\$ 12.376,80	\$ 48.406,64	\$ 152.947,87
Variable Costs	\$ 7.776,00	\$ 28.314,00	\$ 77.616,00
Contribution Margin	\$ 4.600,80	\$ 20.092,64	\$ 75.331,87
Contribution Margin %	37%	42%	49%
Fixed Costs	\$ 14.826,00	\$ 22.824,00	\$ 29.020,00
Breakeven Point	\$ 39.884,03	\$ 54.986,95	\$ 58.919,91
Breakeven (Units)	39.884	49.988	49.100

Table 30 - Payback

4. Payback			
Year 0	Year 1	Year 2	Year 3
\$ -20.000,00	\$ -10.225,20	\$ -2.731,36	\$ 46.311,87
\$ -20.000,00	\$ -30.225,20	\$ -32.956,56	\$ 13.355,32

Table 31 – Net Present Value

5. NPV
\$ 486,48

