

Business plan on operating pro forma

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Abstract:

Venture firms utilize investments from private and public investors for preparing their allocations to budget. The firm decides on revenue or profit being shared among investors as a percentage of capital in shares or revenue. For Kudler foods the venture start up firm the operating pro forma is prepared for next 12 months with financial statement and investment scenario from venture investments. Kudler foods is a small start up business in the suburban area for creek manor, a small town in the outskirts. The firm uses venture financing to include capital requirements as well as ongoing operational aspects. The firm is expecting short term break even, so it requires all operations to run smoothly for next few years.

Keywords: operations, budget, funds, profit, share

Kudler foods

Kudler foods is a small stored foods supplier firm based in a small town. I and my wife decided to setup and start this year with help of venture finances and some of our own resources. The overall outlook for the venture looks good in that there are a lot many customers within town, it is brimming with commerce and there is expectation of family and friends to start something new.

Stored foods

The storage foods category includes number of items and product for home food supplies. The idea of the firm supplies for food purposes was envisaged by my wife and we expect to hire both her sister and my brother to share their expertise in this venture. The firm has a small market in the town which

needs a regular supply of food essentials and we expect to have these products in the market. The firm has a good expectation of meeting new customers and enlarging with possible food outlets.

Competitive product and strategy

The product range of food supplies in stored form is idea which is modern and allows foods which become stale easily in open to be available for later use. This includes products like milk, butter, fresh vegetables, etc. The kudler foods firm would provide elaborate products ranging from vegetables, non vegetable products, dairy products and ready to eat food as well. The category of ready to eat food is expected to cater to the young, and a lot number of other people.

In the distribution strategy we expect to include four to five outlets at end of 2 years with the expectation of having covered most of expenses. The channel strategy for distributing physical foods across town would certainly expect more from product quality, the range of products, available customers, preferences and purchase behavior. Door to door distributions are not as good and their utility is low in the town.

Market Analysis

The best guidance for firm before startup of operations is to conduct a effective market analysis. There are not many market suppliers of stored foods and therefore the competitive scale of market is low. The performance of small stores has been good in the region, though the high quality, end services, variety of products is different. So market has different suppliers of different varieties of goods and lower number of stores with a complete

product range. Customer expectations have been for a richer experience, high utility and ease of availability of products. According to Adams (2013), the operating pro forma is a succinct statement which provides details on scale, valuation, and strategy for budgeting the investments and operations for the venture investors. According to Price (2011), the pro forma is a necessary and important statement for investors, which shows least risk of strategy. This makes the firm more assured of allocating investments from venture capitalists. This pro forma is provided below;

Operating Pro Forma

Income statement 2015

Revenues

Product revenues 110, 000

Legal fees (10, 000)

Total revenues 100, 000

Operating expenses

Bank service charges 1, 000

Dues and subscription permits 4, 000

Depreciation 500

Insurance 10, 000

Operating Supplies 3, 000

Equipment 10, 000

Inventory 10, 000

Payroll expenses

Salaries and wages 20, 000

Benefits and taxes 1, 200

Rent 10,000
Telephone 500
Travel and entertainment 800
Total expense (71,000)
Net ordinary income 29,000
Other income/expense
Interest expense (25,674)
Total other income/expense (25,674)
Net income 4,325
Balancesheet 2015
Assets
Current assets 20,500
Cash 4,325
Accounts receivable
Total current assets 24,825
Property and equipment
Furniture 35,000
Fixtures 30,000
Less depreciation 500
Net property and equipment 59,500
Total assets 89,325
Current liabilities and stockholders' equity
Accounts payable 25,000
Line of credit
Accrued expenses 35,800

Long term liabilities

Notes payable 25, 674

Stockholder's equity

Common stock 1000

Additional pay in capital 26, 000

Retained earnings(Deficit) 24, 149

Total stockholder equity 2, 851

Total liabilities and equity 89, 325

Conclusion

The Kudler Foods firm is expected to be a first venture for the town. This is the first high quality stored food outlet for town which is set to be a happening place. The venture is expected to bring large number of firms and customers to be serviced. Kudler foods is poised to meet challenge of new startup venture.

References

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