

BUSINESS PLAN


2021 - 22




Freight Brokerage

Moving your products across all borders

 **Upmetrics**

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1.

Executive Summary

Mission Statement

Vision Statement

Customer Focus

Management Team

Success Factors

Financial Summary



REMEMBER

Before you think about how to start a Freight Brokerage service, you must create a detailed Freight Brokerage business plan. It will not only guide you in the initial phases of your startup but will also help you later on.

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TIP

Detroit Freight Brokerage LLC is a leading and standard freight brokerage firm here in Detroit - Chicago as well as in the whole of the United States of America. Our vision is to ensure that we offer quality management services to all our long and short-distance customers, as well as ensuring that we not only meet the expectations of our customers but that we surpass them.

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Mission Statement



TIP

In order to achieve our stated vision, we will ensure that we provide customers with the most satisfying shipping experience. We will also build a business structure that will ensure we achieve our vision of not only attracting but maintaining our various customers as well.

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Vision Statement



TIP

Our vision is to become a recognized brand in the freight brokerage industry and create a service-based firm that will not only meet but exceed the expectations of our customers.

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Customer Focus



TIP

Detroit Freight Brokerage will primarily serve manufacturers and distributors operating within a 100-mile radius of New York, as well as local households. The demographics of these customers are as follows:

- 150,000+ businesses and companies

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Management Team



TIP

Detroit Freight Brokerage's most valuable asset is the expertise and experience of its founder, John Moore. With 10 years of experience as a freight broker and a degree in Business Administration from the University of Chicago, he is uniquely qualified to lead the company to success.

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Success Factors



TIP

Detroit Freight Brokerage is well-positioned to succeed for the following reasons:

- We will be one of the few freight brokerage companies in the

Furthermore, we have surveyed the local population and ider

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Financial Summary



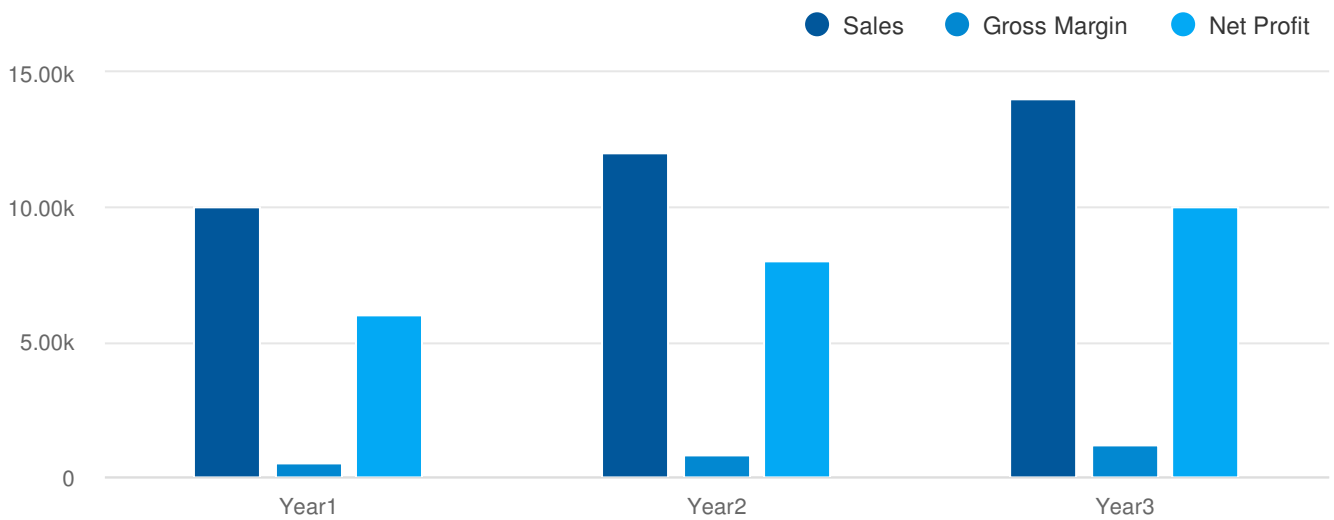
Detroit Freight Brokerage is seeking total funding of \$260,000 of debt capital to launch. The capital will be used for funding capital expenditures and location build-out, hiring initial employees, marketing expenses, and working capital.

Specifically, these funds will be used as follows:

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3 Year profit forecast



Financial Summary	Year 1	Year 2	Year 3
Revenue	\$965,742	\$1,878,611	\$2,718,300

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2.

Company Summary

History

Products and Services

Startup Summary



TIP

Detroit Freight Brokerage LLC is owned and run by John and Jane Moore, two siblings who have over 25 years of experience in the freights brokerage industry. Their experience in this industry will allow us to achieve our goals and objectives on time.

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History



TIP

Detroit Freight Brokerage has been Detroit's leading freight broker for 10 years. It was in 2020 when John established the company's first office in Detroit. Having worked in progressively responsible positions in the industry throughout his early career, John is well-versed in how to operate a successful transportation company.

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Products and Services



TIP

At Detroit Freight Brokerage, LLC, our intention is to provide management service for long and short distance freight services in an efficient and effective manner to our customers both corporate and domestic in our target market.

However, we also intend to create multiple sources of income in ac

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Startup Summary



TIP

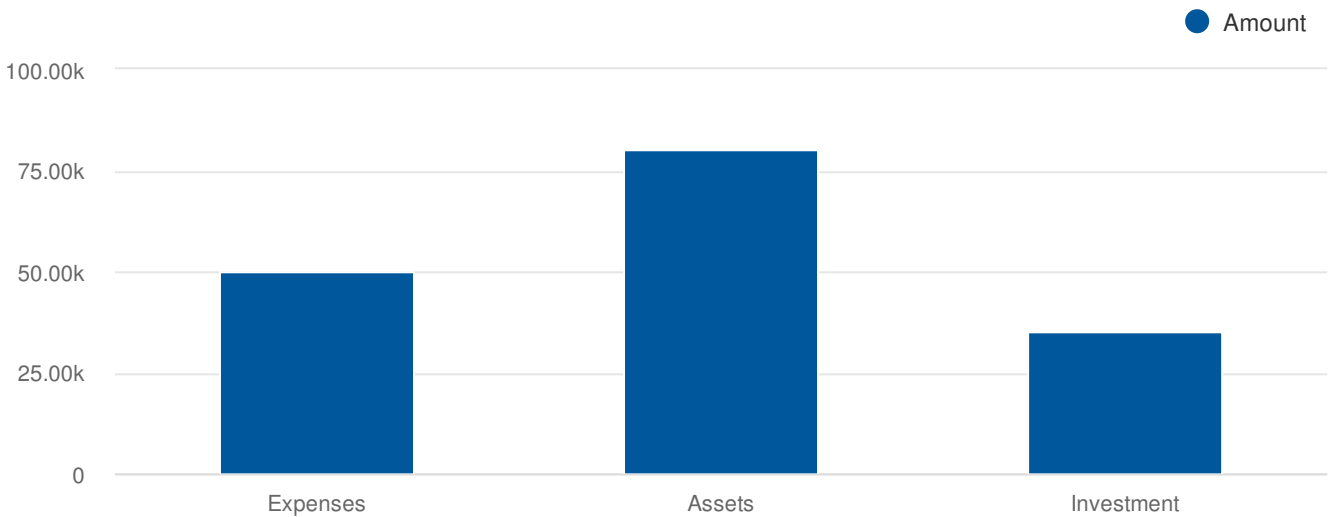
Detroit Freight Brokerage start-up costs include all the equipment needed for an office. Additionally, there will be legal fees, marketing fees, accounting fees, trade association dues, and deposits for the lease.

The largest expense for the office is a computer system. The minin

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Startup cost



Cost distribution

Amount

Expenses	50000
Assets	80000
Investment	35000

Start-up Expenses	Amount
Legal	\$75,500
Consultants	\$0
Insurance	\$62,750
Rent	\$22,500
Research and Development	\$42,750
Expensed Equipment	\$42,750
Signs	\$1,250
TOTAL START-UP EXPENSES	\$247,500
Start-up Assets	\$0
Cash Required	\$322,500
Start-up Inventory	\$52,625
Other Current Assets	\$222,500
Long-term Assets	\$125,000

Start-up Expenses	Amount
TOTAL ASSETS	\$121,875
Total Requirements	\$245,000
START-UP FUNDING	\$0
START-UP FUNDING	\$273,125
Start-up Expenses to Fund	\$121,875
Start-up Assets to Fund	\$195,000
TOTAL FUNDING REQUIRED	\$0
Assets	\$203,125
Non-cash Assets from Start-up	\$118,750
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$118,750
Cash Balance on Starting Date	\$121,875
TOTAL ASSETS	\$0
Liabilities and Capital	\$0
Liabilities	\$0
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
TOTAL LIABILITIES	\$0
Capital	\$0
Planned Investment	\$0
Investor 1	\$312,500
Investor 2	\$0
Other	\$0
Additional Investment Requirement	\$0
TOTAL PLANNED INVESTMENT	\$695,000
Loss at Start-up (Start-up Expenses)	\$313,125
TOTAL CAPITAL	\$221,875

Start-up Expenses	Amount
TOTAL CAPITAL AND LIABILITIES	\$221,875
Total Funding	\$265,000

3.

Market Analysis

Industry Analysis

Market Trends

Target Market

Market Segmentation



REMEMBER

The most important component of an effective Freight Brokerage business plan is its accurate marketing analysis. If you are starting on a smaller scale, you can do marketing analysis yourself by taking help from this Freight Brokerage business plan sample or other Freight Brokerage business plans available online.

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Industry Analysis



TIP

The Freight Brokerage industry has increased over the past five years, as rising economic activity led to bolstered consumer spending. E-commerce sales and industrial output levels have each increased, boosting domestic freight volumes as a result and generating demand for freight brokerage services from manufacturers and online retailers. Further, as total U

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Market Trends



TIP

Most of the goods that are transported in the United States of America are carried via trucks. According to statistics, 60% of the annual gross tonnage moved in the United States in the transportation network out of sea, land, and air, are moved by trucks.

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Target Market



TIP

Even though it might look like the target market is a bit limited to certain individuals and companies for freight businesses, the target market is wider than what might be presumed by us, which is why we have decided to conduct a thorough market survey based on our location here in Chicago.

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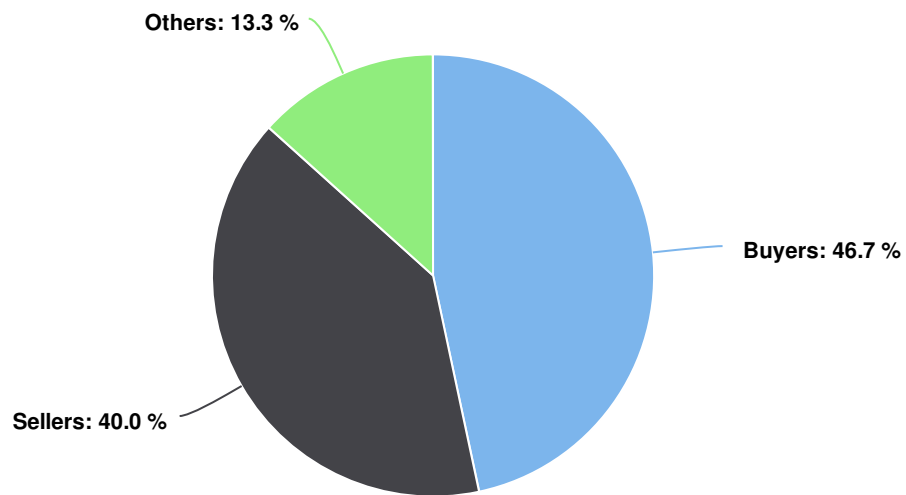
Market Segmentation



Detroit Freight Brokerage will be focusing solely on the freight brokerage of silicon chips. There are two distinct customers in this niche market, manufacturers of the chips, and the buyers of the chips who are processor manufacturers.

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4.

Strategy & Implementations

Sales Strategy

Advertising Strategy

Milestones

Pricing Strategy



REMEMBER

After identifying the market demand, market trends, and the potential customers of the startup, the next step is to define an effective strategy for attracting those customers. Like marketing analysis, sales strategy is also an important component of a Freight Brokerage business startup and must be properly planned before you think about starting your own Freight E

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Sales Strategy



TIP

The sales strategy will be a two-prong approach, the first prong deals with establishing strategic relationships with the carriers to have a basic portfolio of carriers who excel at moving silicon chips. The second prong deals with closing deals with chip buyers and sellers to utilize our brokerage service

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Advertising Strategy



TIP

Detroit Freight Brokerage's promotions strategy to reach its market includes:

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TIP

Detroit Freight Brokerage will secure a billboard in the area that captures the attention of residents and local businesses. The billboard will draw attention to the new business and its service offering.

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Billboards

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TIP

Detroit Freight Brokerage understands that the best promotion comes from satisfied customers. The Company will encourage its clients to refer other businesses by providing economic or financial incentives for every new client produced.

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Referrals

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TIP

Detroit Freight Brokerage will run regular advertisements to maintain exposure to relevant markets. Community newspapers and publications, and similar channels will be a major promotion effort.

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Local Publications

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TIP

Detroit Freight Brokerage will send out direct mail pieces to households and businesses within its target area. These pieces will provide general information on Detroit Freight Brokerage and offer discounts.

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Customer Loyalty Programs

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TIP

Detroit Freight Brokerage will create a winning customer loyalty program to keep its best clients coming back again and again. Long-term customers will have the opportunity to participate in the loyalty program, and referrals will be rewarded as well.

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Direct Mail

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Milestones



TIP

D&L Freight Brokers will have several milestones early on:

1. Business plan completion. This will be done in the first month.
2. Office Set-up. This will be done in the first month.
3. Have the website up and running by month two.

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Pricing Strategy



TIP

Setting the price for intangible services can be very different from that of physical goods and products; however, setting our own price will be determined on a whole lot of factors as we intend to conduct research that will allow us to know what price is right for us as well as affordable for our customers.

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5.

Operations Plan

Functional Roles

Personnel Plan

Milestones

Functional Roles



TIP

In order to execute on Detroit Freight Brokerage's business model, the Company needs to perform several functions. Detroit Freight Brokerage anticipates hiring 10 employees, divided into the following roles.

Service Functions

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Functional Roles

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TIP

- General & administrative functions including marketing, bookkeeping, etc.
- Sourcing transport companies/couriers, General liaison

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Administrative Functions

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Personnel Plan



TIP

The staff will consist of Steve working full time for DFB in the capacity of the owner and licensed broker.

DFB will be hiring additional employees for a secretary/receptionist position and then a customer service/account representative. These positio

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Milestones



TIP

Detroit Freight Brokerage's long-term goal is to become the most trusted freight brokerage company in the Detroit area. The following are a series of steps that lead to our vision of long-term success. Detroit Freight Brokerage expects to achieve the following milestones in the following 6 months:

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6.

Financial Plan

Important Assumptions

Break-even Analysis

Projected Profit and Loss

Projected Cash Flow

Projected Balance Sheet

Business Ratios



REMEMBER

The last component of a Freight Brokerage business plan is an in-depth financial plan. The financial plan crafts a detailed map of all the expenses needed for the startup and how these expenses will be met by the earned profits. It is recommended that you use [our financial planning tool](#) for guiding you through all financial aspects needed to be considered for starting [Read More](#)



TIP

The company will be financed by John himself and he will control the direction of the business to make sure that it is expanding at the forecasted rate. As for the Freight Brokerage business start-up, no equity funding or outside loans will be required. With the help of financial experts, John has developed the following financial plan for his start-up business, which outlines the [Read More](#)

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Important Assumptions

The financial projections of the company are forecast on the basis of the following assumptions. These assumptions are quite conservative and are expected to show deviation but to a limited level such that the company's major financial strategy will not be affected.

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10,00%	11,00%	12,00%
Long-term Interest Rate	10,00%	10,00%	10,00%
Tax Rate	26,42%	27,76%	28,12%
Other	0	0	0

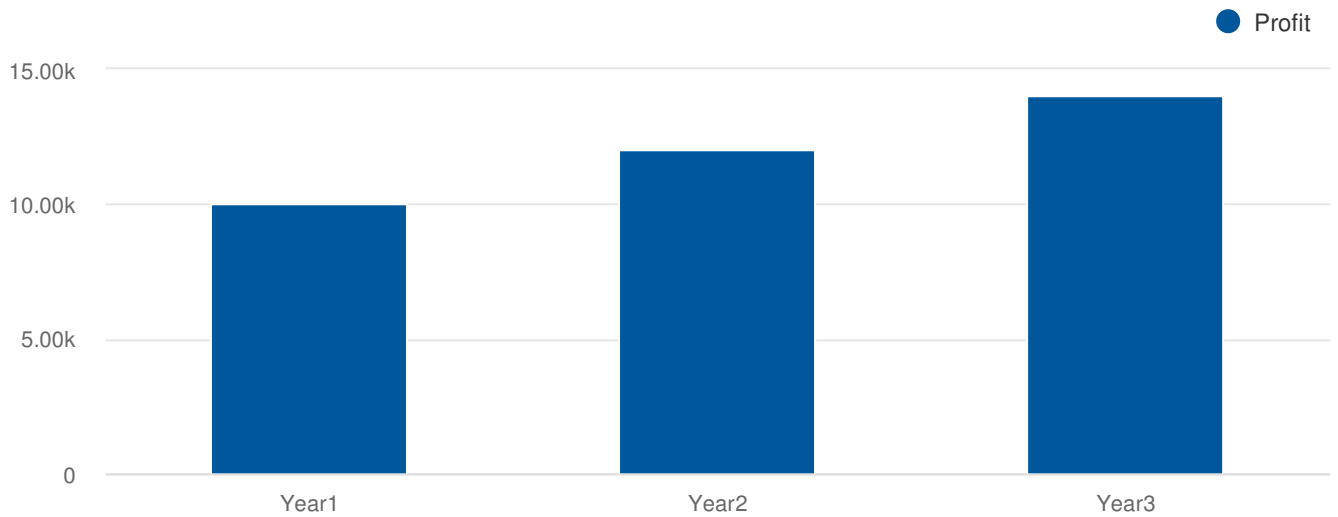
Brake-even Analysis

Monthly Units Break-even	5530
Monthly Revenue Break-even	\$159 740
Assumptions:	
Average Per-Unit Revenue	\$260,87
Average Per-Unit Variable Cost	\$0,89
Estimated Monthly Fixed Cost	\$196 410

Projected Profit and Loss

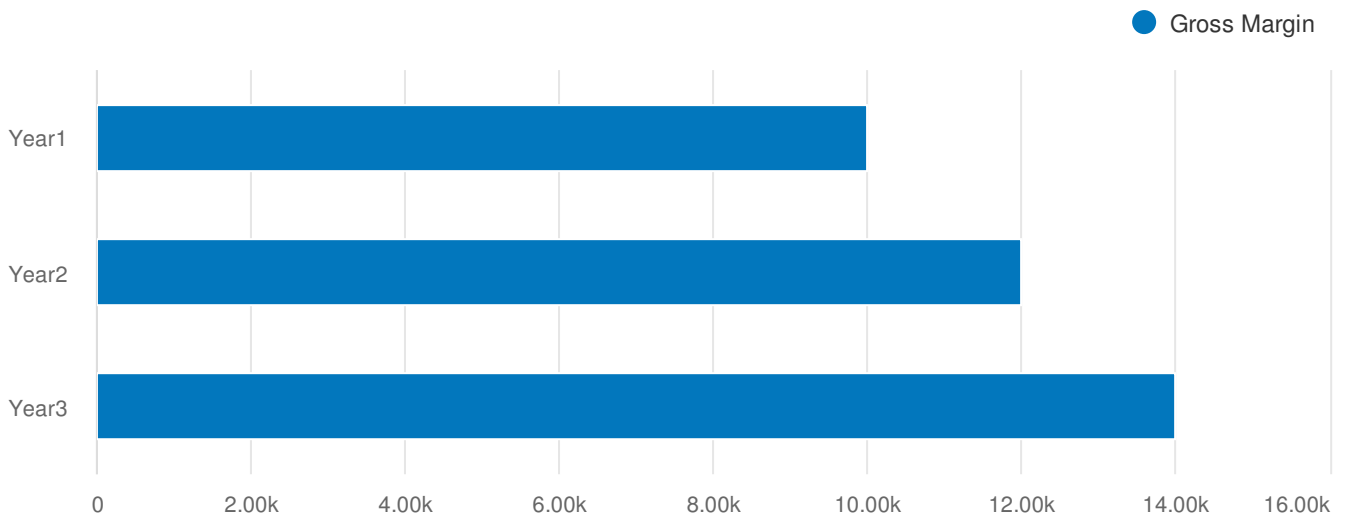
	Year 1	Year 2	Year 3
Sales	\$309 069	\$385 934	\$462 799
Direct Cost of Sales	\$15 100	\$19 153	\$23 206
Other	\$0	\$0	\$0
TOTAL COST OF SALES	\$15 100	\$19 153	\$23 206
Gross Margin	\$293 969	\$366 781	\$439 593
Gross Margin %	94,98%	94,72%	94,46%
Expenses			
Payroll	\$138 036	\$162 898	\$187 760
Sales and Marketing and Other Expenses	\$1 850	\$2 000	\$2 150
Depreciation	\$2 070	\$2 070	\$2 070
Leased Equipment	\$0	\$0	\$0
Utilities	\$4 000	\$4 250	\$4 500
Insurance	\$1 800	\$1 800	\$1 800
Rent	\$6 500	\$7 000	\$7 500
Payroll Taxes	\$34 510	\$40 726	\$46 942
Other	\$0	\$0	\$0
Total Operating Expenses	\$188 766	\$220 744	\$252 722
Profit Before Interest and Taxes	\$105 205	\$146 040	\$186 875
EBITDA	\$107 275	\$148 110	\$188 945
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$26 838	\$37 315	\$47 792
Net Profit	\$78 367	\$108 725	\$139 083
Net Profit/Sales	30,00%	39,32%	48,64%

Profit Yearly



Financial Year	Profit
Year1	10000
Year2	12000
Year3	14000

Gross Margin Yearly



Financial Year	Gross Margin
Year1	10000
Year2	12000
Year3	14000

Projected Cash Flow

Cash Received	Year 1	Year 2	Year 3
Cash from Operations			
Cash Sales	\$40 124	\$45 046	\$50 068
Cash from Receivables	\$7 023	\$8 610	\$9 297
SUBTOTAL CASH FROM OPERATIONS	\$47 143	\$53 651	\$59 359
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	\$47 143	\$53 651	\$55 359
Expenditures from Operations			
Cash Spending	\$21 647	\$24 204	\$26 951
Bill Payments	\$13 539	\$15 385	\$170 631
SUBTOTAL SPENT ON OPERATIONS	\$35 296	\$39 549	\$43 582
Additional Cash Spent			
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	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
SUBTOTAL CASH SPENT	\$35 296	\$35 489	\$43 882
Net Cash Flow	\$11 551	\$13 167	\$15 683
Cash Balance	\$21 823	\$22 381	\$28 239

Projected Balance Sheet

Assets	Year 1	Year 2	Year 3
Current Assets			
Cash	\$184 666	\$218 525	\$252 384
Accounts Receivable	\$12 613	\$14 493	\$16 373
Inventory	\$2 980	\$3 450	\$3 920
Other Current Assets	\$1 000	\$1 000	\$1 000
TOTAL CURRENT ASSETS	\$201 259	\$237 468	\$273 677
Long-term Assets			
Long-term Assets	\$10 000	\$10 000	\$10 000
Accumulated Depreciation	\$12 420	\$14 490	\$16 560
TOTAL LONG-TERM ASSETS	\$980	\$610	\$240
TOTAL ASSETS	\$198 839	\$232 978	\$267 117
Current Liabilities			
Accounts Payable	\$9 482	\$10 792	\$12 102
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
SUBTOTAL CURRENT LIABILITIES	\$9 482	\$10 792	\$12 102
Long-term Liabilities	\$0	\$0	\$0
TOTAL LIABILITIES	\$9 482	\$10 792	\$12 102
Paid-in Capital	\$30 000	\$30 000	\$30 000
Retained Earnings	\$48 651	\$72 636	\$96 621
Earnings	\$100 709	\$119 555	\$138 401
TOTAL CAPITAL	\$189 360	\$222 190	\$255 020
TOTAL LIABILITIES AND CAPITAL	\$198 839	\$232 978	\$267 117
Net Worth	\$182 060	\$226 240	\$270 420

Business Ratios

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	4,35%	30,82%	63,29%	4,00%
Percent of Total Assets				
Accounts Receivable	5,61%	4,71%	3,81%	9,70%
Inventory	1,85%	1,82%	1,79%	9,80%
Other Current Assets	1,75%	2,02%	2,29%	27,40%
Total Current Assets	138,53%	150,99%	163,45%	54,60%
Long-term Assets	-9,47%	-21,01%	-32,55%	58,40%
TOTAL ASSETS	100,00%	100,00%	100,00%	100,00%
Current Liabilities	4,68%	3,04%	2,76%	27,30%
Long-term Liabilities	0,00%	0,00%	0,00%	25,80%
Total Liabilities	4,68%	3,04%	2,76%	54,10%
NET WORTH	99,32%	101,04%	102,76%	44,90%
Percent of Sales				
Sales	100,00%	100,00%	100,00%	100,00%
Gross Margin	94,18%	93,85%	93,52%	0,00%
Selling, General & Administrative Expenses	74,29%	71,83%	69,37%	65,20%
Advertising Expenses	2,06%	1,11%	0,28%	1,40%
Profit Before Interest and Taxes	26,47%	29,30%	32,13%	2,86%
Main Ratios				
Current	25,86	29,39	32,92	1,63
Quick	25,4	28,88	32,36	0,84
Total Debt to Total Assets	2,68%	1,04%	0,76%	67,10%
Pre-tax Return on Net Worth	66,83%	71,26%	75,69%	4,40%
Pre-tax Return on Assets	64,88%	69,75%	74,62%	9,00%
Additional Ratios				
Net Profit Margin	19,20%	21,16%	23,12%	N.A.
Return on Equity	47,79%	50,53%	53,27%	N.A.
Activity Ratios				

	Year 1	Year 2	Year 3	Industry Profile
Accounts Receivable Turnover	4,56	4,56	4,56	N.A.
Collection Days	92	99	106	N.A.
Inventory Turnover	19,7	22,55	25,4	N.A.
Accounts Payable Turnover	14,17	14,67	15,17	N.A.
Payment Days	27	27	27	N.A.
Total Asset Turnover	1,84	1,55	1,26	N.A.
Debt Ratios				
Debt to Net Worth	0	-0,02	-0,04	N.A.
Current Liab. to Liab.	1	1	1	N.A.
Liquidity Ratios				
Net Working Capital	\$120 943	\$140 664	\$160 385	N.A.
Interest Coverage	0	0	0	N.A.
Additional Ratios				
Assets to Sales	0,45	0,48	0,51	N.A.
Current Debt/Total Assets	4%	3%	2%	N.A.
Acid Test	23,66	27,01	30,36	N.A.
Sales/Net Worth	1,68	1,29	0,9	N.A.
Dividend Payout	0	0	0	N.A.