



Furniture Company

Business Plan


[YEAR]


Crafted by highly specialized workers


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1.

Executive Summary

Business Overview

Mission

Objectives

Success Factors

Financial Highlights



REMEMBER

Before you think about how to start furniture manufacturing services, you must create a detailed furniture manufacturing 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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Business Overview



TIP

Carpentaria Furniture is a standard and registered furniture manufacturing that will be located in Sharonville - Ohio; in an ideal location highly suitable for the kind of business we want to establish. A company specializing in custom cabinets for the high-end residential, resort, and commercial market.

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Mission



TIP

To deliver a high-quality product, on time and within budget while also providing a fast, error-free ordering system.

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Objectives



TIP

The company objectives are:

- To be a top cabinet supplier to luxury homes in the regional market.
- Revenues to more than double Year1 levels by the end of Year2
- Aim to have 70% of sales in the high-end resi

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Success Factors



TIP

Carpentaria Furniture is uniquely qualified to succeed for the following reasons:

- There is currently no furniture store devoted to local manufacture in the community we are entering. In addition, we have surveyed the local population and received extremely positive feedback.

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Financial Highlights



TIP

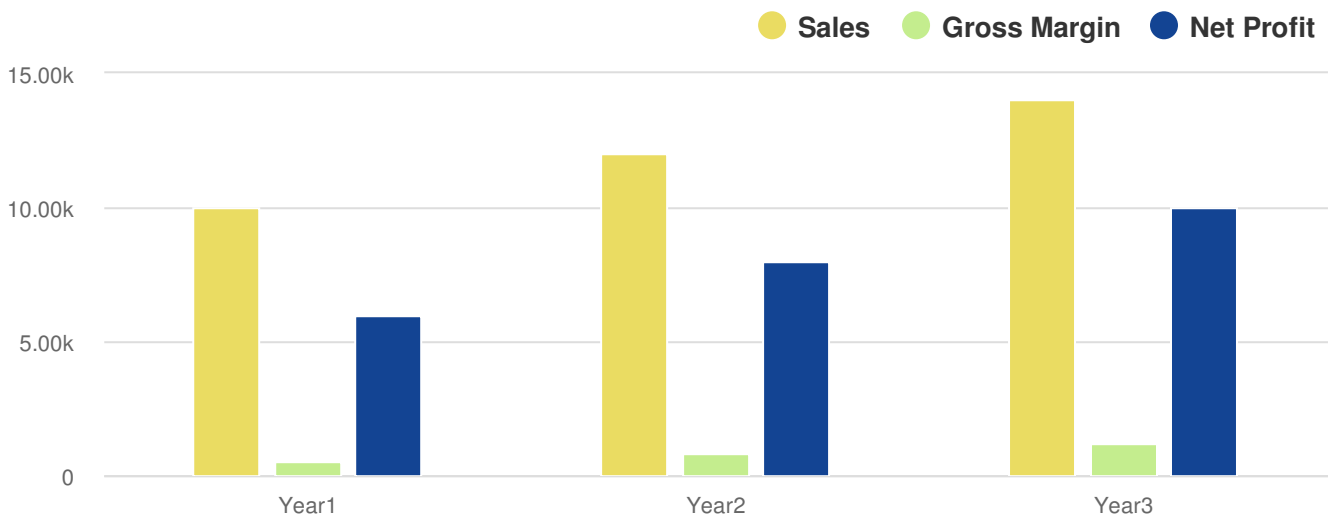
The company owners have provided the capital to cover start-up expenses. The company currently seeks a 3-year commercial loan to cover the operating expenses. Specifically, these funds will be used as follows:

- Store design/build: \$170,000

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3 Year profit forecast



Financial Year	Sales	Gross Margin	Net Profit
Year1	10000	500	6000
Year2	12000	800	8000
Year3	14000	1200	10000

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenue	\$1,080,000	\$2,472,768	\$2,830,825	\$3,240,728	\$3,709,986
Total Expenses	\$962,000	\$1,539,107	\$1,719,742	\$1,901,321	\$2,112,641
EBITDA	\$118,000	\$933,661	\$1,111,082	\$1,339,407	\$1,597,344
Depreciation	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600
EBIT	\$92,400	\$908,061	\$1,085,482	\$1,313,807	\$1,571,744
Interest	\$29,946	\$26,202	\$22,459	\$18,716	\$14,973
Pre Tax Income	\$62,455	\$881,858	\$1,063,023	\$1,295,091	\$1,556,772
Income Tax Expense	\$21,859	\$308,650	\$372,058	\$453,282	\$544,870
Net Income	\$40,595	\$573,208	\$690,965	\$841,809	\$1,011,902
Number of locations	1	1	1	1	1
Average customers/day	20	22	23	25	27
Number of orders	3,600	7,776	8,398	9,070	9,796

2.

Business Description

Ownership

Start-up Summary

Funding Required

Ownership



TIP

Carpentaria Furniture will be owned and operated by Bill Moore who has been in the furniture industry for the last 20 years. Bill has been planning this startup for the last couple of years and, thus, has all resources including the right knowledge for starting a furniture company.

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Start-up Summary



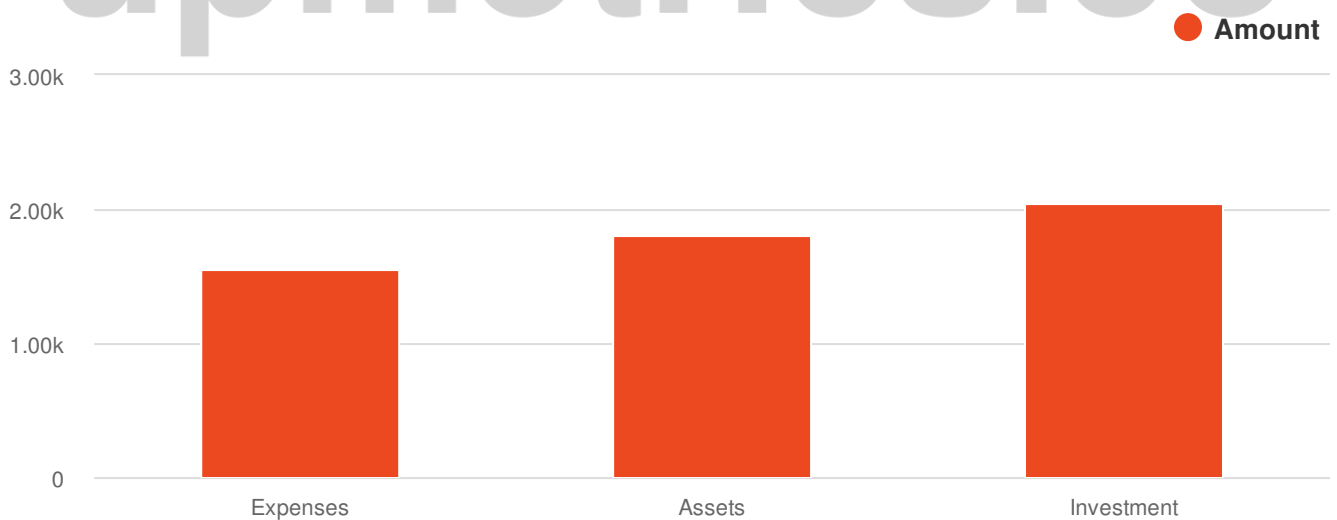
TIP

Total start-up expenses, including tools, software, stationery, and related expenses are shown below. Bill Moore will provide the bulk of the start-up financing. At the same time, the company plans to receive a 3-year commercial loan facility, which will help meet the cash flow requirements.

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Startup cost



Cost distribution

Amount

Expenses 1550

Assets 1800

Investment 2050

Funding Required

The detailed startup requirements and expenses are given in the table below.

START-UP REQUIREMENTS	AMOUNT
Business Cards	\$100
Drill Press	\$1,916
Cabinet Jacks	\$713
Kitchen Builder Software	\$2,495
Lateral File	\$236
Sign	\$1,154
Seat Cushions	\$338
Phone Transfer	\$64
First/Last/ Deposit	\$2,400
Marketing	\$4,430
Level Package	\$1,005
Sure Trak Software	\$499
Estimating Database	\$2,200
Software Lease Buyout	\$7,092
TOTAL START-UP EXPENSES	\$24,642
Start-up Assets	
Cash Required	\$89,299
Other Current Assets	\$14,478
Long-term Assets	\$0
TOTAL ASSETS	\$103,777
Total Requirements	\$128,419

3.

Products and Services



REMEMBER

Before starting a furniture manufacturing business, you must take many things into consideration such as you must consider what types of furniture services will you be providing to your customers. Deciding your services is extremely important since it helps you plan other components of your business so make sure to consider it before you think about how to start

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TIP

The Wood House will be manufacturing the following supreme-class furniture products for its customers:

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Products and services



Single and double beds



Sofas and luxury wooden chairs



Study and dining tables



Drawers and chests



Desks and office chairs



Bookcases and cabinets



TIP

Bill has started the furniture business to introduce space-efficient foldable furniture products for minimizing space usage along with the commercial production of usual furniture products. The company will also offer repair and maintenance services like polishing and glazing of old furniture.

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4.

Market Analysis

Market Trends

Target Market Segment Strategy

Industry Analysis



REMEMBER

The most important component of an effective furniture manufacturing 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 furniture manufacturing business plan sample or other furniture manufacturing business plans available online.

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Market Trends



TIP

Carpentaria Furniture will be focusing on architects, owners, and contractors in the regional area who are involved in the high-end residential, resort, and commercial development segments.

In 2000, a total of 219 new residential homes worth

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Target Market Segment Strategy



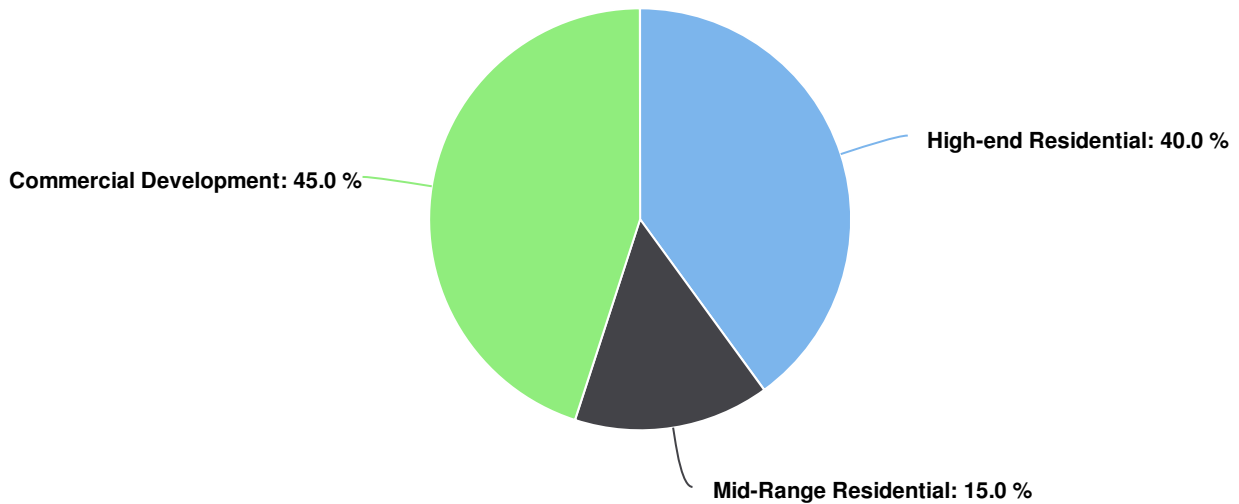
TIP

Carpentaria Furniture will be focusing on contacting contractors and architects that deal with the luxury home market. Making ourselves known to these entities will generate some strong leads, along with getting personal recommendations to the home owners.

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Marketing share



Segments	Market share
High-end Residential	40
Mid-Range Residential	15
Commercial Development	45

Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
High-end residential	3%	5,260	5,418	5,581	5,748	5,920	3.00%
Mid-range residential	5%	3,500	3,675	3,859	4,052	4,255	5.00%
Commercial development	7%	10,000	10,700	11,449	12,250	13,108	7.00%
Total	5.55%	18,760	19,793	20,889	22,050	23,283	5.55%

Industry Analysis



TIP

There are two main types of cabinet suppliers in the industry.

- Resellers of complete cabinet sets using stock items where the cabinets turn up completely built. Usually have no shop facilities but do have showrooms.

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TIP

The high-end cabinet market understands the concept of service and support and is more likely to pay for it when the offering is clearly stated.

There are many competitors in the local market. Although each of them delivers a quality product, we feel they fail to deliver

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Competition and Buying Patterns

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5.

Strategy

Competitive Edge

Sales Strategy

Milestones



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 furniture manufacturing business startup and must be properly planned before you think about starting your business.

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TIP

Sharonville, Ohio is experiencing steady growth in the high-end residential markets and there is a consensus of continued growth in the area. Taking part in this growth, while providing attention to the design development, ordering process, project management, and installation will put us on the road to success.

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Competitive Edge



TIP

Our competitive edge is our ability to provide high volumes and flexibility in style while maintaining a quality product backed by excellent service.

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Sales Strategy



TIP

Our sales strategy is to make ourselves known through mailings, print advertising, and personal contact with architects and contractors who are primarily involved with the design/construction of commercial development and luxury homes.

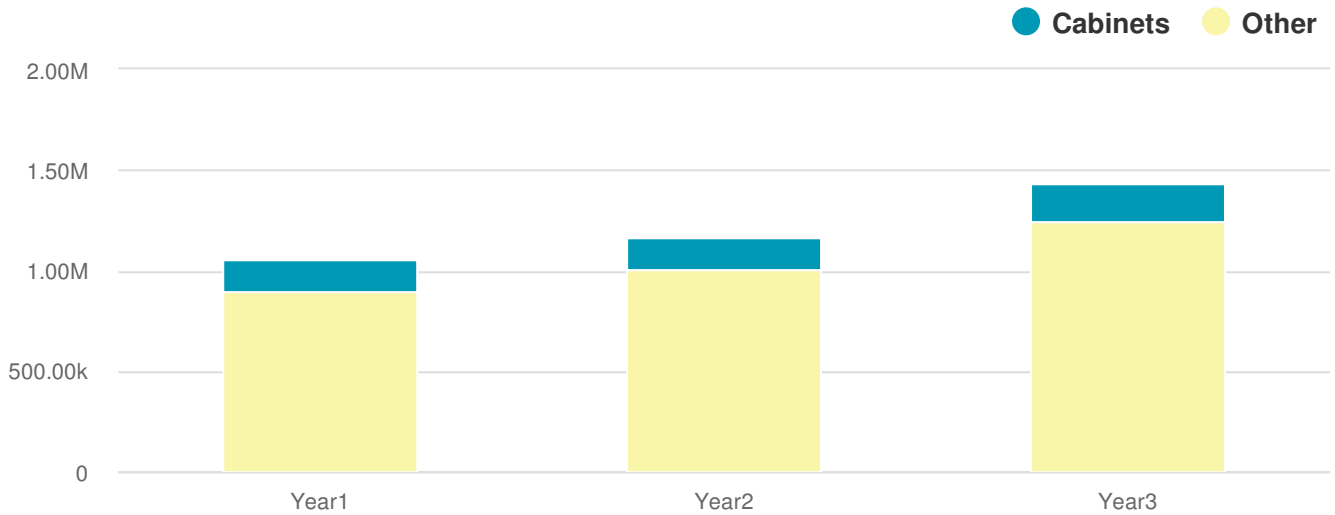
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Sales Forecast

The following table shows the projected cabinet sales. As the company gets established in the market, we anticipate strong sales growth over the next three years.

Sales Yearly



Financial Year	Cabinets	Other
Year1	158745	895665
Year2	164548	1004512
Year3	186541	1245587

Detailed Sales Forecast

Detailed sales forecast data is provided in below table:

SALES FORECAST	YEAR 1	YEAR 2	YEAR 3
Sales			
Cabinets	\$442,000	\$1,000,000	\$1,500,000
Other	\$0	\$0	\$0
TOTAL SALES	\$442,000	\$1,000,000	\$1,500,000
Direct Cost of Sales			
Cabinets	\$301,600	\$725,000	\$1,087,500
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$301,600	\$725,000	\$1,087,500

Milestones

The accompanying table lists important program milestones, with dates and managers in charge, and

budgets for each. The milestone schedule indicates our emphasis on planning for implementation.

Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan	1/15/2020	1/31/2020	\$2,000	Brent & Marty	Marketing
Online Research	1/15/2020	1/19/2020	\$350	Brent	Marketing
Open Accounts with Suppliers	1/15/2020	1/26/2020	\$350	Brent	Web
Door Research	1/15/2020	1/26/2020	\$500	Brent & Marty	Web
Design Doors	1/15/2020	1/26/2020	\$450	Marty	Department
Order Sample Doors	1/22/2020	2/01/2020	\$1,000	Marty	Department
Design of Sales Literature	1/22/2020	1/31/2020	\$1,000	Brent & Marty	Department
Print Sales Literature	2/01/2020	2/07/2020	\$300	Brent	Department
Make Industry Contacts	1/15/2020	2/28/2020	\$1,000	Marty & Brent	Department
Showroom Feasibility Study	1/25/2020	1/31/2020	\$1,000	Marty & Brent	Department
Totals			\$7,950		

6.

Management Summary

Personnel Plan



REMEMBER

The management plan is also an important component of a furniture manufacturing business plan since it gives you an estimate of the staff required for your startup as well as the costs incurred on their salaries. So, make sure to duly consider it before thinking about how to start a furniture manufacturing business. The personnel plan for furniture manufacturing

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TIP

Bill Moore, the President, has 20 years of construction experience, from general contracting, construction management, and having his own cabinet business.

Brent Palmer, V. President, has three years of construction experience. To unlock help try Upmetrics!

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Personnel Plan

This table shows salaries for the whole company. Salary increases are kept to a minimum to help the growth of the company. An administrative assistant will be hired later in the year.

Monthly details for this year can be found in the appendix.

PERSONNEL PLAN	YEAR 1	YEAR 2	YEAR 3
Bill Moore	\$24,000	\$38,000	\$45,000
Managers	\$24,000	\$35,000	\$40,000
Carpenters	\$18,000	\$60,000	\$85,000
Administration Assistant	\$12,000	\$24,000	\$25,000
TOTAL PEOPLE	4	6	7
Total Payroll	\$78,000	\$157,000	\$195,000

7.

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 furniture manufacturing 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.

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TIP

Below are the initial financial goals for the company:

- Obtain an operating line of credit from a financial institution.
- Finance growth through retained earnings.
- Operate on a 25-30% gross margin.

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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

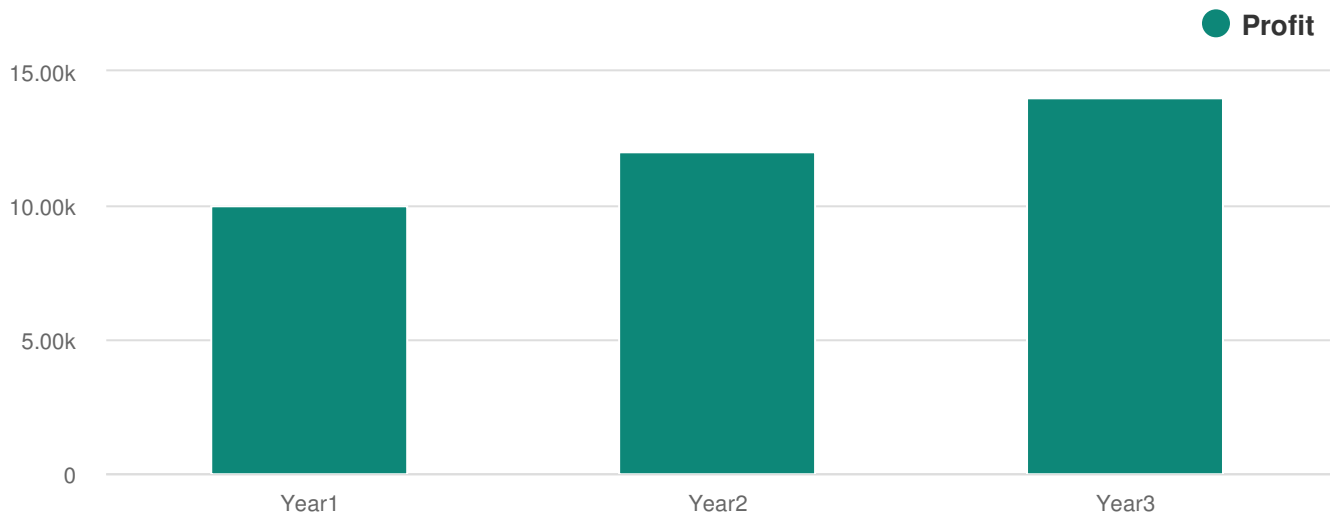
Brake-even Analysis

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

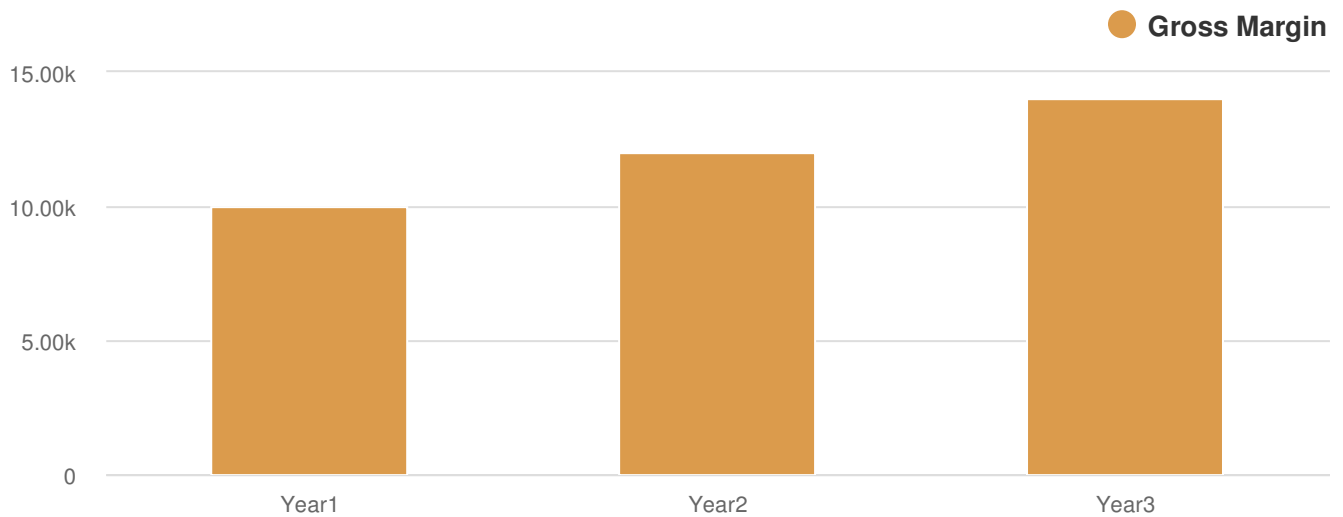
Profit

Year1	10000
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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 Received	Year 1	Year 2	Year 3
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.

	Year 1	Year 2	Year 3	Industry Profile
Activity Ratios				
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.

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