

XYZ Optical

Business Plan

February 19, 2014

SAMPLE
For illustrative
purposes Only

Elvis Presley

XYZ Optical

1 Main Street
London, Ontario
X1X 1X1

September 17, 2014

Dear John Smith,

I'm very pleased to enclose my business plan for XYZ Optical. In this business plan you'll find a wealth of information about my business, a thorough assessment of opportunities in the marketplace, and a detailed plan for seizing them. I look forward to the possibility of working with you to make XYZ Optical a success.

I am eager to hear your answer regarding financing, and to answer any questions you may have. You can reach me at (XXX) XXX-XXXX. Thank you for your time and attention.

Sincerely,

Elvis Presley

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Executive Summary

XYZ Optical is low risk profit running optical store which has been in business a little over a year with the current owner, and in practice for five. I am a Licensed Optician with over 10 years of experience, providing state of the art frame and lens technology with superior quality service. The needs of my patients is my highest priority.

By purchasing XYZ Optical, I will have a customer base built over five years. The store is located in London, ON, in a vibrant and growing strip mall, which includes other stores such as Tim Horton's, LCBO, Fresh Co, 7/11 convenience store with gas station, and many others. Traffic is consistent with a parking lot of 300 spaces.

Currently the store's inventory and assets have all been paid off. Which makes it an ideal turnkey purchase. With only rent, heat, and payroll having the highest expenses. As I will be the only Optician working the cost of payroll will be greatly reduced compared to the cost of the current paid employee.

The store is currently open five days with an average gross monthly income of \$13,000. I plan to add a 6th day of operation to increase daily business. I also plan bringing in an Optometrist 1 day a week. Having big names such as Ray Ban, Oakley, Burberry, Coach, Michael Kors, Alexander Macqueen etc. XYZ Optical holds the exclusive rights to the Alexander Macqueen line in the London and Kitchener-Waterloo area, making this store more attractable which will lead to higher sales. The store is a mid to high end optical store. By introducing new brands such as Gucci and Versace I intend to increase the sales of the business even further.

The purchase price of the store, after negotiations, is \$71,500. With a personal equity injection of \$10,000 financing the remainder of the portion.

With competitive pricing, improved marketing and introducing new eyewear brands XYZ Optical will be more profitable than ever before. With superior customer service I intend to be the number one store in the region. Targeting customers of all ages I can cater to all family members. I plan to have a positive cash flow and have a profit by the end of the year.

Business Description

Business Overview

Legal name of business:
(TBA)

Trade name of business:
XYZ Optical

Business Address:
1 Main Street, London, Ontario, X1X 1X1

Phone number:
(XXX) XXX-XXXX

E-mail address:
ElvisPresley@gmail.com

Structure of business:
Incorporated

Date business established:
N/A

Nature of business:
Retail eyewear and lens sales

Business Background

Services

The business is a retail based optical store selling eyewear frames, lenses and contact lenses.

Operations/Management

The Business will be owned and managed by Elvis Presley who has a wealth of experience in eye care business and has been a Licensed Optician for ten years while managing optical eye care centers since 2005. The store will be open six days a week, serving between 15-20 clients per day for eyewear purchase, inquires and repairs. The expectation will be quality service from the day of opening operations. I am basing this expectation on the reality of the customer base which is currently served at XYZ Optical. It is a busy practice of more than 1500 patients and growing.

Positioning and Pricing

The closest optical is approximately 7 kilometers from XYZ Optical and offer different products and prices. Based on my investigation the prices are much higher than those I will be proposing. I expect to beat the competition on price, positioning and quality of service. Due to the positioning and the cost of operations I will be able to offer various discounts to customers. This pricing and marketing strategy will allow XYZ Optical to obtain new customers and keep existing ones. I intend to stay competitive by providing incomparable quality of service and staying informed and up to date in this industry and market.

Cost

Daily Costs depends on which lens is sold to a customer. Lenses include single vision, progressives and bifocals.

Business Vision

My vision is focused on meeting my client's needs by offering the best, exclusive frames and lens products at XYZ Optical. I plan to accomplish this by providing exceptional customer service and using state of the art technology to satisfy the needs of my clients.

Business Objectives

Short-term Objectives

1. To develop a satisfied clientele base by providing new products and to maintain the quality of service.
2. To advertise more in the local community.

Long-term Objectives

1. To increase the number of operating days from five to six
2. To increase sales revenue by 10 percent in the coming years.

Product/Service

Description

Providing a wide range of brand name frames and lenses.

Competitive Advantage

To secure more exclusive brands not offered in the region, while providing superior quality service.

Demographic

London is the fifth fastest growing city in Canada with a population growth rate of about 2% per year. According to the Ontario Places to Grow plan, London's population is projected to be about 500,500 by the year 2019. Population varies throughout the year because of variations in the University of London student population. The 2001 census enumerated 334,943 residents of London. 49.1% were male and 50.9% were female. Average age is 23 years of age. Between 1994 and 2010, the population of London grew 10.7%. The 2011 metro population density of London was 335.6 people per square kilometer.

Regulatory

I am a Licensed Optician, registered under College of Opticians.

Industry Outlook

The optical industry is a rapidly growing. With the aging population it is expected more of the population will require corrective eyewear, which will in turn lead to increased sales in bifocal / progressive lenses. Wearing glasses has also become a fashion statement and accessory for younger adults which in turn generates increased sales in corrective sunglasses.

Competitors

Competitor:

Optical Optical

Strengths

2 for 1 sales, Name recognition

Weaknesses

Low end product of frames and lenses, no brand names

Competitor

Purba Vision

Strengths

Low pricing

Weaknesses

Low end product of frame and lenses

Competitor

V Vision

Strengths

Low pricing

Weaknesses

Low end product of frame and lenses, no name brands

XYZ Optical SWOT Analysis

Strengths

Numerous strengths exist in an existing optical store. It is the chance to provide a wider range of products for clients who seek state of the art technology lenses and exclusive frame lines. Acquiring this business in an area of where there is an already established and growing eye care clientele, makes this location a strong contender for repeat business.

Weaknesses

Perceived weaknesses in the business are the costs of providing quality services, which include securing exclusive brands. Lack of name recognition.

Opportunities

Opportunities lie in securing exclusive brands, hence in enhancing store image. Offering bundled sales with eyewear and contacts.

Securing contracts with employers to offer their employees discounted eyewear purchases at XYZ Optical.

Targets

There are two different customer segments,

- 1) Generation X who have higher income and are at the age of 35 and above leading to more bifocal / progressive lenses which have higher margins
- 2) Young adults aged 16-35 with disposable income, who are fashion forward, leading to corrective sunglass purchase

Professional Advisors

Sarah Smith – B.A. LL.B. – Jane Doe LLP Lawyers
Roger Rabbit – Rabbit Accounts

Sales & Marketing

Positioning

Customers will value the cost of the service relative to its competitors as I will offer state of the art lens technology along with excellent customer service.

Pricing

Average pricing seen in table below

Frame Pricing		\$99-\$509
Lens Pricing: Single Vision		\$169-\$335
Bifocal		\$200
Progressive		\$309-\$1200
Contacts:		
Per Box		\$25
Yearly (8 Boxes)		\$180

Promotions

- A promotional discount of 30% will be offered on a single pair eyewear purchase
- A 2 for 1 will be offered by paying full price on first pair and a free sunglass will be offered from lower end brands (with an opportunity to upgrade to higher end brands)
- Discounts for referrals using our referral coupon system and group sign-ups.

Sales

Products will be sold directly from the business. Customers will pay using cash, debit or credit cards and insurance benefits when applicable.

Business Operations

The Team

Elvis Presley – Licensed Optician – Full Time Employee - Owner

Marie Presley – Occasional - Part time employee

Dr. Versace - Optometrist

Suppliers

Frame Suppliers – Eyes Eyes, Lavender, and Independents, Delivery can be next day or back ordered

Lens Suppliers - ABC Vision, Hans, and Yz Eyes, Delivery can be next day or back ordered

Contact Lens Suppliers - Alvin, and Johnson & Johnson, Delivery can be next day or back ordered

All completed jobs will be ready for pick up for the customer with five to seven business days

Financial Information

Financial Highlights - Cash Flow

Throughout the first year of business, the cash flow will be positive. The clientele is already available and it is a matter of executing the plan to serve those clients.

Please see attached Schedule A

Schedule A – Cash Flow Year 1

Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Sales	\$12,000	\$10,000	\$15,000	\$10,000	\$12,000	\$15,000	\$14,000	\$11,000	\$12,000	\$10,000	\$13,000	\$15,000
Owner Cash												
Bank Account	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Loan Payment	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751
Total Estimated Cash Flow	\$21,249	\$19,249	\$24,249	\$19,249	\$21,249	\$24,249	\$23,249	\$20,249	\$21,249	\$19,249	\$22,249	\$24,249
Cost of Sales												
Purchases Lens/Frames	\$1,500	\$800	\$3,000	\$800	\$1,500	\$3,000	\$2,600	\$1,200	\$1,500	\$800	\$1,500	\$3,000
Estimated Expenses												
Wages	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Advertising	\$600				\$600				\$600			
Business Insurance	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Professional Fees			\$950									
Rent	\$5,514	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757
Alarm	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26
Debit Machine	\$250	\$175	\$300	\$175	\$250	\$300	\$275	\$180	\$250	\$175	\$275	\$300
Supplies	\$500						\$500					
Telephone/Internet	\$210	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145
Utilities Gas/Hydro	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total Cost	\$10,950	\$6,253	\$9,528	\$6,253	\$7,628	\$8,578	\$8,653	\$6,658	\$7,628	\$6,253	\$7,053	\$8,578
Net Cash Flow	\$10,299	\$12,996	\$14,721	\$12,996	\$13,621	\$15,671	\$14,596	\$13,591	\$13,621	\$12,996	\$15,196	\$15,671

Schedule A – Cash Flow Year 2

Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Aug
Sales	\$13,000	\$11,000	\$16,000	\$11,000	\$13,000	\$16,000	\$15,000	\$12,000	\$13,000	\$11,000	\$14,000	\$16,000
Owner Cash												
Bank Account	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Loan Payment	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751	\$751
Total Estimated Cash Flow	\$22,249	\$20,249	\$25,249	\$20,249	\$22,249	\$25,249	\$24,249	\$21,249	\$22,249	\$20,249	\$23,249	\$25,249
Cost of Sales												
Purchases Lens/Frames	\$1,600	\$900	\$3,100	\$900	\$1,600	\$3,100	\$2,700	\$1,300	\$1,600	\$900	\$1,500	\$3,100
Estimated Expenses												
Wages	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Advertising	\$600				\$600				\$600			
Business Insurance	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Professional Fees			\$950									
Rent	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757	\$2,757
Alarm	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26	\$26
Debit Machine	\$250	\$175	\$300	\$175	\$250	\$300	\$275	\$180	\$250	\$175	\$275	\$300
Supplies	\$500						\$500					
Telephone/Internet	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145
Utilities Gas/Hydro	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total Cost	\$8,228	\$6,353	\$9,628	\$6,353	\$7,728	\$8,678	\$8,753	\$6,758	\$7,728	\$6,353	\$7,053	\$8,678
Net Cash Flow	\$14,021	\$13,896	\$15,621	\$13,896	\$14,521	\$16,571	\$15,496	\$14,491	\$14,521	\$13,896	\$16,196	\$16,571