Business Plan
for
The Word Smith

April 1997

This sample NxLeveL™ Entrepreneur Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student’s work, it is not represented to be a “perfect” business plan, although the presentation is in keeping with the NxLeveL™ format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

1000 Oxtail Drive
Yourstown, Stately 88888
Phone: (888) 555-0055
FAX: (888) 555-0056
# Table of Contents

<table>
<thead>
<tr>
<th>Section I.</th>
<th>Executive Summary</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section II.</td>
<td>Mission, Goals and Objectives</td>
<td>3</td>
</tr>
<tr>
<td>Section III.</td>
<td>Background Information</td>
<td>4</td>
</tr>
<tr>
<td>Section IV.</td>
<td>Organizational Matters</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>A. Business Structure, Management &amp; Personnel</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>B. Operating Controls</td>
<td>7</td>
</tr>
<tr>
<td>Section V.</td>
<td>The Marketing Plan</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>A. The Service</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>B. The Market Analysis</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>C. Marketing Strategies</td>
<td>12</td>
</tr>
<tr>
<td>Section VI.</td>
<td>The Financial Plan</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>A. Financial Worksheets</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>B. Cash Flow Projections</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>C. Financial Statements</td>
<td>22</td>
</tr>
<tr>
<td>Appendices</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Appendix A – Resume</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Appendix B – Pricing Information</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Appendix C – Sample Agreement</td>
<td>26</td>
</tr>
<tr>
<td>EN DN O TES</td>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>
Section I. Executive Summary

The Word Smith provides small businesses and private non-profit corporations with assistance in finding funding through clearly and precisely written and grant proposals. The Word Smith's mission is to create clear compelling grant proposals from small businesses and private non-profit corporations.

The Word Smith straddles two business categories: writing and funding raising. While no single trade association focuses on this type of work, several organizations focus on particular aspects of the work.

Grant writing is increasingly competitive for three reasons. The first is reduced availability of federal and sometimes state grant funds for some areas. The second reason is increased demand by grantors to receive proposals which have the potential to provide widespread demonstrable outcomes and increased accountability. And, finally, a narrowing of focus in grants and the type of activities allowed under grant funding.

The supply of effective grant writers in the Rocky Mountain Area is limited according to personnel in the Aurora, Herstate, office of Associated Business Writers of America. While researching the industry, a telephone conversation with ABWA staff indicated that the number of grant writers was not large and that there is a demand for effective grant writers in this area of the country.

The Word Smith began as an idea several years ago while I was reviewing grants written by another agency. At this time, I worked for a state agency which reviewed many grants written by other agencies. The particular grant I was reading was poorly done and did not include any accountability measures or mechanisms. At that time the thought crossed my mind, that I could do a much better job for the agency as a consultant, make more money than I was making at the time, and save the agency money simultaneously.

The business structure of The Word Smith will be a sole proprietorship. This form was chosen because of the ease of establishing this type of business. In the initial year or two of operation there is also a potential tax advantage until work volume and business income grow to the desired level. The primary record keeping functions are income, customer service, pricing and quality controls. All of these functions will be supervised by the owner.

Some seasonality affects appear in the business of grant writing. Grant funding cycles tend to cluster around the beginning of the federal fiscal year on October 1 through the beginning of the calendar year on January 1. Another spike occurs in the spring months preceding the beginning of many fiscal years on June 1 or July 1. The peak work for this spike occurs in mid-March to mid-May period. Preparing periodic or end of grant reports often required by the grantees follow these same cycles.
When actively looking for assistance in grant writing the private non-profit sector actively uses networking, and the intensity of the search appears to be driven by degree of need perceived by the organization. The contacts are made through friends, associates and friends of friends. Private non-profits look for a significant trust factor and quality based on previous performance. This same approach appears to be true for small businesses seeking help in grant writing. Word of mouth and personal contact weigh heavily.

Location is not a critical factor for The Word Smith. Availability and timing are far more important than the physical location of the business. Reliable access through phone inquiries and personal meetings as well as The Word Smith’s ability to come to the customer’s site are the key factors.

The Word Smith during the first three years of operation will require a minimal business framework for effective internal operations and close attention to networking and word of mouth customer satisfaction to develop the projected growth.
Section II. Mission, Goals and Objectives

General Description of the Business

The Word Smith provides small businesses and private non-profit corporations with assistance in finding funding through clearly and precisely written grant proposals.

Mission Statement

The Word Smith's mission is to create clear compelling grant proposals for small businesses and private non-profit corporations.

Goals and Objectives

Goal 1: To grow The Word Smith into full time work in three years through superior work for initial, later and continuing customers and networking effectively within the community. (Full time by 2000)

Strategy 1: Build a solid network of associates within the business community through membership in the Chamber of Commerce and participate in committee activities.

Strategy 2: Build a solid network with in the private, non-profit sector within Yourtown through work with a selected private, non-profit and associations with others.

Strategy 3: Provide a limited amount of work at cost to create a showcase for caliber of work available from The Word Smith.

Goal 2: To provide exceptional service to customers demonstrated by a 75% funding rate on grants written over the next three years.

Strategy 1: Know the grant source to which the grantee is applying and provide solid advise on how to approach the grant source.

Strategy 2: Know the current economic climate and level of giving in Yourtown and Hilly County.

Goal 3: To give customers solid reasons to return and recommend the services of The Word Smith to others through good service, clear communication, and mutual satisfaction.

Strategy 1: Talk with customers during and after working with them to gather from them information on what worked well or could have been improved with their specific project.
Section III. Background Information

The Industry

Background Industry Information
The Word Smith straddles two business categories: writing and funding raising. While no single trade association focuses on this type of work, several organizations focus on particular aspects of the work. The trade associations include: National Center for Nonprofit Boards, National Network for Grant makers, National Society of Fund Raising Executives-for funding aspects, and Society of Business Editors and Writers, Associated Business Writers of America and the National Writers Union-for the writing aspects of the business. The Standard Rates and Practices Guides from several of these organizations were reviewed. The Standard Rates and Practices Guides are averaged by the Writer's Market and published annually. See Appendix B for a sample of suggested prices from this publication and ABWA.

Some of the industry publications which are helpful in grant research and writing include The Chronicle of Philanthropy, “The Grantsmanship Center Magazine,” publications of various types from the Center for Nonprofit Boards and the National Society of Fund Raising Executives. Government publications such as the Catalog of Federal Domestic Assistance and Catalog of Stately State Grant Programs are also critical if federal and state grant sources are needed. Other entities such as The Foundation Center publish directories which also list foundations and others who offer grant funding.

Current and Future Trends
Current trends in the business are difficult to gauge since this is not a category of business listed separately but rather usually enclosed within another type of business. Grant writing in general, however, is increasingly competitive for three reasons. The first is reduced availability of federal and sometimes state grant funds for particular types of projects. The second reason is increased demand by grantors to receive proposals which have the potential to provide widespread demonstratable outcomes and increased accountability. And, finally, a narrowing of focus in grants and the type of activities allowed under grant funding. For example, construction and some equipment acquisitions were prohibited or limited under federal grant sources. Currently some grantors will not allow grant funds to be spent on employee salaries. This places additional fund raising demands upon the entity seeking funding since these items are necessary to a project and need to be funded in another manner.

Many small private non-profit corporations also struggle to have employees who can run their organizations on a day-to-day basis and write grants. Both of these situations provide the potential for a contract grant writer to be useful if the contractor has expertise in developing grant proposals which are outcome based and when the skills can be added as needed and not be a continuing cost to the organization.
The supply of effective grant writers in the Rocky Mountain Area is limited according to personnel in the Aurora, Herstate, office of Associated Business Writers of America. While researching the industry, a telephone conversation with ABWA staff indicated that the number of grant writers was not large and that there is a demand for effective grant writers in this area of the country. This, however, is anecdotal information.

Business Fit in the Industry
The Word Smith began as an idea several years ago while I was reviewing grants written by another agency. At this time, I worked for a state agency which reviewed many grants written by other agencies. The particular grant I was reading was poorly done and did not include any accountability measures or mechanisms. At that time the thought crossed my mind, that I could do a much better job for the agency as a consultant, make more money than I was making at the time and save the agency money simultaneously. The idea occurred in a time frame in which federal grants where plentiful and state agencies involved in “pulling down” federal funds. This scenario changed and will change further with the federal block grant approach. There is, however, still a strong need for this same work in the nonprofit and small business arenas. The key is staying current with federal grant guidelines changes and the changing focus of private foundation funds as foundations responds to changes in the federal system and social expectations of philanthropy.
Section IV. Organizational Matters

A. Business Structure, Management & Personnel

Business Structure
The business structure of The Word Smith will be a sole proprietorship. This form was chosen because of the ease of establishing this type of business. In the initial year or two of operation there is also a potential tax advantage until work volume and business income grows to the desired level. The owner is Ima A. Korec, whose personnel funds provided the initial and continuing investment to launch the business.

Management
Responsibility for general management will rest with Mrs. Korec. (See resume in Appendix A.) Mrs. Korec has five years of experience as a program manager in a federal grant program for the state, five years experience as systems change planner for federally funded state program and approximately two years of experience as a top level manager with the State of Stately. Her experience has included developing criteria for grant elements, monitoring grants and developing requests for proposals used to distribute grant funds. She is also an expert in the technical review of grant applications. Mrs. Korec has a proven track record in supervising annual work goals, developing methods of achieve goals and objectives, planning for change and supervision of employees and budgets. This experience occurred in the arena of programs funded by federal grants which has provided Mrs. Korec with an understanding of differing budget cycles, the need to work in simultaneously in more than one cycle and other critical elements of working with grant applications, grant performance reporting and planning to effectively meet these demands. This experience makes Mrs. Korec uniquely qualified to assist in the preparation of grant proposals which will meet the criteria set down by funding sources.

Personnel
No additional employees are foreseen for The Word Smith in the next five years.

Outside Services/Advisors
A team of advisors has been selected to assist Mrs. Korec. These include Uri R. Korec, a professional civil engineer, with expertise in project planning and cost estimates, and Lucy Risker, a Certified Public Accountant. Mrs. Risker worked in corporate finance prior to beginning her family and beginning her re-entry into the arena of work outside the home. These advisors were selected for their expertise in project planning and estimating and accounting and tax issues. Their assistance will ensure accurate projections on the time required for projects, sound accounting practices and tax reporting.
Risk Management

Following consultation with Bob Callred of Mountain Up Farm Bureau the following insurance needs were identified. Professional insurance will be added to the general homeowner's policy already carried by the Korecs on their home from which The Word Smith is operated. The general liability, homeowners and automobile insurance currently in force will provide the remainder of the coverage needed. In the area of personal insurance, Mrs. Korec is currently covered by medical insurance and life insurance sufficient to cover the loss of her earning ability in the case of death. In the event of her death the business venture would be discontinued.

B. Operating Controls

Record Keeping Functions
The primary record keeping functions which will need controls and supervision in this business are income, customer service, pricing and quality controls. All of these functions will be supervised by the owner. The owner, Mrs. Korec, was be solely responsible for authorizing purchases and the payment of expense as well as the deposit and recording of income and any subsequent federal reports required. The accountant will be asked periodically to review the record keeping to assure that it is being done in a generally accepted manner. This business does not envision extending credit to entities with which it does business. All bills are due and payable upon delivery of the deliverables described in the contract or payment is expected as any contract may specify.

Other Operations Controls
A primary controlling factor for The Word Smith is a clearly defined timetable and product for each piece of work to be completed. In order to assure that both the expectations of the business and the customer are met, these expectations will be described in either a contract or letter of understanding prior to the commencement of work. (See Appendix for sample contract.) This document will specify the time period in which agreed upon work will be completed and number of hours the work is expected to require, the products to be delivered to the customer and payment upon delivery of the products described in the document. This control mechanism will provide clarity to the business exchange and provide a benchmark against which the efficiency of the transaction can be measured.
Section V. The Marketing Plan

A. The Service

The Word Smith offers professional business writing services. The business focus is on grant proposal writing for private non-profit corporations and small for-profit businesses. This service is supported by experience and proven performance in writing and the ability to produce grants which are funded. The Word Smith is able to produce grant proposals which communicate how an organization's goals meet the objectives and goals of foundations, programs and companies providing grant funds.

Features/ Benefits

The Word Smith provides clear, concise, effective grant proposals. The clarity enables the targeted audience to understand the message easily. The conciseness of the message allows it to be quickly and easily read enhancing understanding. And the message is effective in accomplishing its objective—grant funding.

Life Cycles/ Seasonality

The need for either employees or contractors to write grant applications has been moderately steady since the mid-1970s. During the past 20 years there have been only slight variations in the demand for grant writers. Grant writing seminars still abound as a wide variety of public agencies, private non-profit boards and businesses seek to acquire the skills needed to produce grants which get funded. Some seasonality affects appear in the business of grant writing. Grant funding cycles tend to cluster around the beginning of the federal fiscal year on October 1 through the beginning of the calendar year on January 1. Another spike occurs in the spring months preceding the beginning of many fiscal years on June 1 or July 1. The peak work for this spike occurs in mid-March to mid-May period. Preparing periodic or end of grant reports often required by the grantees follow these same cycles.

Services Growth Description

The new product which will be added to the services of The Word Smith is follow-up reporting. Grants often require completion or final reports or periodic reporting on progress. This service can be provided to customers whose grants require follow-up reporting. This is an additional service which enables the grantee to demonstrate to the grantor how effectively grant funding was used and to what degree the objectives of the grant were met. This additional service is a follow-up or follow-along service which frees the customer from the anxiety of producing a report which clearly describes the accomplishments and the barriers faced in the implementation of the grant. A grantee's performance on grants is a factor which influences future grant application success and a key aspect is clarity in the description of the grant activity. This aspect is often more important than the being 100 percent successful in reaching the goals since grants are often used for learning or experimental approaches to problems. In these cases being able to clearly document what occurred, what barriers were encountered and how implementation was approached is one means of accomplishing the goals of the grant.
B. The Market Analysis

Customer Analysis
The customer market for grant writing in Hilly County exists in three segments. The first is government and its subdivisions. Second are private, non-profit entities working in both human services and association development. Third are small businesses looking for development funding. Competitors in the area of grant writing include existing in-house personnel hired specifically as grant writers or assigned grant writing as one component of their jobs. A second competitor is the lack of resources especially in the private non-profit area. Many of these organizations want and would benefit from the grant writing expertise but usually seek it from volunteers, board members or contributors based on their belief that they cannot independently afford this service. In the area of small businesses these entities tend to look toward government programs where they perceive that assistance with grant proposals might be provided. In this area, the competition then loops back to first element of competition.

The individuals who independently or collectively make decisions about whether or not to hire a grant writer appear to fit one of two general descriptions. In business and government the decision makers are typically males about age 50 through 65. Their incomes are in the upper one-third for Hilly County and they are professionals with college degrees usually dedicated to management careers. The presence of most state government offices appears to influence the composition of this category in Yourtown. The other profile is for that of private non-profit entities. While there are a number of large private non-profit organizations in Hilly County which would more accurately fit the first profile many are much smaller and tend toward the following profile. In this group the decision makers show a greater tendency to be females from age 40 through 65 years. Their personal income level is probably in the mid to upper $20,000. These women are professionals, some with advanced degrees who are committed to social change. The group appears about equally distributed between women engaged full time in mothering, working professionals, and women with grown children who may also be retired or working only part time.

Competitive Analysis
When actively looking for assistance in grant writing the private non-profit sector actively uses networking, and the intensity of the search appears to be driven by degree of need perceived by the organization. The contacts are made through friends, associates and friends of friends. Private non-profits look for a significant trust factor and quality based on previous performance. This same approach appears to be true for small businesses seeking help in grant writing. Word of mouth and personal contact weigh heavily.

In the government arena, decision makers look first to existing staff. Decision to outsource or contract seem more based on the workloads of existing personnel and budget constraints. Some decision makers actively pass over new grant funding sources because they and their staff do not have time for the process or would not have access to matching fund requirements or the ability to dedicate staff time or supervision to grants which do not require matching funds. When a decision to contract with a grant writer is made, again networking comes into play at both the state, county, city and school district level. Decision makers naturally gravitate to known individuals, if the history is good and those individuals are available to do the work.
Market Potential

Current Trade Area
The trade area included in this research is Hilly County, Stately. This geographic area includes one major city, Yourtown, which is both the county seat and state capital. The area also includes five other smaller incorporated communities (Apps, Betts, Carps and Dills) and two school districts (Hilly County School Districts numbers One and Two). The area is in the extreme southeast corner of Stately bordering on Histate to the east and Herstate to the south. Based on the market research, it became obvious that a working network and good reputation need to be established. It is easier to do this in one concentrated area. In Stately, Yourtown and Hilly County meet this criteria for concentration. Many of the other potential customers throughout the state enter into Yourtown periodically. Working exclusively in Hilly County and building a base here will hopefully send out word to other areas of the state which could provide the basis for future expansion.

Market Size and Trends
In a search of the Yellow Pages and various service directories approximately eighty private non-profit entities were counted in Yourtown. An estimated 80 units of government were also identified as entities which apply for grants with regularity. No firm estimate of the number of businesses which might apply for grants was readily available from the sources reviewed. In a short review of the types of grants which might be available to business, however, as many as forty businesses might be eligible for some type of grant funding. The types of grants which might be used include energy efficiency grants, business development grants, historic preservation grants, and minority grants related to business development. As result this number was used. This brings the potential number of clients in Hilly County to 200.

While federal grants are either shrinking or being rolled into a block grant concept, the amount of funds available through private grants is reported to be growing. Two specific market opportunities are provided in this projection of the market. The first is that greater demand will develop in the private grant arena. The challenge in this market, however, is that private philanthropy is highly targeted. The entity seeking the grant must be interested in doing precisely the work which triggered the giver's desire to create change through giving. Matching available funds and projects waiting for money will be a significant challenge. Tied to this and the block grant concept is the requirement for outcome measurement. The requirement to create and demonstrate outcome measures increases the need to attend to data collection during the grant period. Also, the entity seeking the grant must know, in advance, what data to collect and how to use it. In addition to selling the idea that one applicant is more worthy than another, there will be a challenge in creating a framework which the applicant can implement and carry through which will demonstrate to the grantor that the desired affect has been achieved. Recent articles and literature indicate that the second challenge will be met differently than in the past. Previously the challenge was to count - that is, collect all the right "hard data". The emerging approach is the use of "soft data" to demonstrate how the community, economy, environment or other element has been improved through the work accomplished by the goals of the grant. This requires cross-agency cooperation and definitions constructed in the grant application of what the outcome measures will be.
Market Potential
Within Hilly County a 25% market share would be desirable. This equates to 50 customers or slightly more than four customers per month on average. As a sole proprietor this number of grants would approach capacity since grants are awarded on cycles which tend to cluster in the fall; the end of the calendar year; and early summer. This will result in work being clumped into specific months and not evenly spread through the year. On average, a grant requires 20 hours to write once research is complete. The assumption here is that the agency seeking the grant has in-hand much of the information needed to write the grant. This is generally true although it can be scattered through various documents and reports. Several assumptions will be made here. The first is that each customer will seek one grant annually. Some will, while others will do more or less. A second assumption is that the hourly cost will be $30 per hour. If a market share of 25% is achieved, the average customer will spend $600 annually for grant writing services resulting in annual gross income of $30,000.

Research for this plan indicates that 50 individual customers is a high target for Hilly County. This, however, could be offset by repeat customers who submit multiple grants annually potentially resulting in a similar sales volume or customers who need research because they do not have information “in-hand.” Another potential factor, is the potential need for someone to prepare the annual or end of project performance reports on the grants. This is often very efficiently done by the individual who prepared the original grant. This follow-up service can be broached and sold once the sale of the initial service is complete and a grant application has been successful. With a targeted success rate of 75%, three-quarters of customers acquire are potential customers for this additional services.
C. Marketing Strategies

Location/Distribution
Location is not a critical factor for The Word Smith. Availability and timing are far more important than the physical location of the business. Reliable access through phone inquiries and personal meetings as well as The Word Smith’s ability to come to the customer’s site are the key factors. Customers will not be as interested in the physical site of the business as they will be in the form and format of the work delivered. As a result, a tidy and organized work area in Mrs. Korec’s home will serve as well as rented office space for this business. A phone line which is dedicated to the business and not answered by children is installed and operational.

Price/Quality Relationship
The price/quality relationship for the services of The Word Smith is somewhat dependant upon the perspective of the particular customer segment. From the perspective of the government sector the price is competitive and in the mid-range and would be positioned in the high quality range. In the private non-profit sector the relationship would be high price/high quality. No information could be developed about the small business sector aside from some indicators that it may more closely aligned with the private non-profit segment of the market.

Promotional Strategies

Packaging
The Word Smith will be packaged with a clean crisp black and white look carried through with the logo and used uniformly on business cards, stationary and other business documents. This image will reinforce the concept of clear concise writing designed to benefit the customer. Samples are included in Appendix 2.

Public Relations
The public relations effort will consist primarily of work to build a network of community and business associates. This will be accomplished through membership in the Greater Yourtown Chamber of Commerce including participation in one BizLink group and one other committee. In addition, Mrs. Korec will participate in meetings and gatherings of private non-profit organizations within Hilly County.

Chamber participation will be on a monthly basis and will include a minimum of three meetings per month. The private non-profit meetings will focus on social service agencies and average two per month.

Advertising
Advertising will not be extensively used. The basis for this decision is the knowledge that personal contact through networking and word of mouth are the primary means through which potential customers will come to know and trust The Word Smith at a level sufficient to engender business connections.
Section VI. The Financial Plan

A. Financial Worksheets

Since this business is a small single person operation without employees the financial worksheets are shortened in approach.

1. Salaries/Wages & Benefits will apply only to the owner; these were figured on the basis of working part-time over the course of the year. Pricing worksheet included in this section clearly outlines those expected salary and benefit costs. Self-employment and social security was figured at a rate of 15.3% total. Income tax payments were figures at 28%. No salary will be drawn until the second half of 1997. Increases in salary and operating expenses are estimated in each of the two following years.

2. Outside Services will be few if any. No cost projections were made for outside services due to the small scale of the business.

3. Advertising Budget. The budget for this item is minimal. Expenditures are limited to those which will enhance word of mouth about the business.

4. Occupancy Expense is limited since the business is located in the owner's home. The primary cost is telephone communications and Internet costs.

5. Sales Forecasts. A study of the work flow is based on nearly one year of experience by the owner which indicates that the summer months will show little activity and that some slowing may occur in November and December. This winter slowing, however, can be offset by additional services to existing clients such as the preparation of grant reports and performance reports.

6. The Cost of Goods Sold in this business is the hours of time invested by the owner to acquire business, research specific projects, write grants and other documents. For each hour spent in productive work nearly one-half hour is needed to keep the business running and acquire new customers. One perspective on this challenge can be seen in the Services Pricing Worksheet.

7. Fixed Assets in this business are limited. One Gateway 2000 4SX-33, recently upgraded with memory and software, and a Panasonic color printer and a telephone with a built in answering machine are the primary pieces of equipment. The ability to fax, connect via the Internet, and accept messages are more critical in this business than the standard concept of fixed assets. Since expansion is not an issue at this time or in the next two years, additional fixed assets are not projected.
8. One unique aspect of this business is the need to be a participating member of several organizations or to invest in specialized periodicals. These costs included in the miscellaneous expense category on the cash flow sheet and include membership in the Greater Yourtown Chamber of Commerce for exposure and networking purposes; membership in the American Society of Public Administration to stay abreast of government grant issues and to subscriptions to or access periodicals such as “Chronicle of Philanthropy” and National Grant Writing Center publications. Some of these sources are readily available in local libraries or via the Internet.

A services pricing worksheet for the current and two years forward follow on the next page.
## Services Pricing Worksheet

### Year 1

#### 1. Determine Billable Hours

<table>
<thead>
<tr>
<th>Potential Hours Available to Work</th>
<th>52 weeks @ 20 hours per week = 1040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Holidays:</td>
<td>7 days @ 4 hours per day = 28</td>
</tr>
<tr>
<td>Less Vacation:</td>
<td>5 days @ 4 hours per day = 20</td>
</tr>
<tr>
<td>Less Sick Time:</td>
<td>2 days @ 4 hours per day = 8</td>
</tr>
<tr>
<td>Less Non-Billable Work Hours:</td>
<td>204 hours per year = 204</td>
</tr>
<tr>
<td>Total Billable Hours</td>
<td>780</td>
</tr>
</tbody>
</table>

#### 2. Operating Costs

**Labor Costs:**
- Owners Draw or Salary: $6,000.00
- Self-Employment & SS: $918.00
- Income Tax: $1,680.00

Total Annual Labor Costs: $8,598.00

**Non-Labor Operating Costs:**
- Phone: $960.00
- Office supplies & postage: $860.00
- Dues, fees, subscriptions: $300.00
- Travel & entertainment: $300.00
- Interest expense: $840.00
- Principal payments: $420.00
- Computer upgrades: $600.00

Total Annual Non-Labor Costs: $4,280.00

**TOTAL COSTS** $12,878.00

#### 3. Determine Hourly Rate

Divided by Total Billable Hours 780 = $16.51

**Rate Per Hour** $16.51

#### 4. Compare Billable Hours Available vs. Hour Actually Billed

**Total Billable Hours** 780

**Estimated Billable Hours Sold** 400

Total Costs $12,878.00

Divided by Realistic Hours 400 = $32.20

**Break-even Hourly Rate** $32.20

**Realistic Hourly Rate** $30.00
Services Pricing Worksheet
Year 2

1. **Determine Billable Hours**
   - Potential Hours Available to Work: 52 weeks @ 20 hours per week = 1040
   - Less Holidays: 7 days @ 4 hours per day = 28
   - Less Vacation: 5 days @ 4 hours per day = 20
   - Less Sick Time: 2 days @ 4 hours per day = 8
   - Less Non-Billable Work Hours: 204 hours per year = 204
   - Total Billable Hours 780

2. **Operating Costs**
   - **Labor Costs:**
     - Owners Draw or Salary $6,900.00
     - Self-Employment & SS $1,056.00
     - Income Tax $1,932.00
   - Total Annual Labor Costs $9,888.00
   - **Non-Labor Operating Costs:**
     - Phone $1,104.00
     - Office supplies & postage $989.00
     - Dues, fees, subscriptions $345.00
     - Travel & entertainment $345.00
     - Interest expense $840.00
     - Principal payments $420.00
     - Computer upgrades $600.00
   - Total Annual Non-Labor Costs $4,643.00
   - **TOTAL COSTS** $14,531.00

3. **Determine Hourly Rate**
   - Total Costs $14,531.00
   - divided by Total Billable Hours 780 = $18.63
   - Rate Per Hour $18.63

4. **Compare Billable Hours Available vs. Hour Actually Billed**
   - Total Billable Hours 780
   - Estimated Billable Hours Sold 450
   - Total Costs $14,531.00
   - divided by Realistic Hours 450 = $32.29
   - Break-even Hourly Rate $32.29
   - **Realistic Hourly Rate** $32.29
Services Pricing Worksheet  
Year 3

1. **Determine Billable Hours**
   
   Potential Hours Available to Work: 52 weeks @ 20 hours per week = 1040
   
   Less Holidays: 7 days @ 4 hours per day = 28
   
   Less Vacation: 5 days @ 4 hours per day = 20
   
   Less Sick Time: 2 days @ 4 hours per day = 8
   
   Less Non-Billable Work Hours: 204 hours per year = 204
   
   Total Billable Hours = 780

2. **Operating Costs**
   
   **Labor Costs:**
   - Owners Draw or Salary $7,004.00
   - Self-Employment & SS $1,072.00
   - Income Tax $1,962.00
   
   Total Annual Labor Costs $10,038.00
   
   **Non-Labor Operating Costs:**
   - Phone $1,270.00
   - Office supplies & postage $1,138.00
   - Dues, fees, subscriptions $397.00
   - Travel & entertainment $397.00
   - Interest expense $840.00
   - Principal payments $420.00
   - Computer upgrades $600.00
   
   Total Annual Non-Labor Costs $5,062.00
   
   **TOTAL COSTS** $15,100.00

3. **Determine Hourly Rate**
   
   Total Costs $15,100.00 divided by Total Billable Hours 780 = $19.36
   
   Rate Per Hour = $19.36

4. **Compare Billable Hours Available vs. Hour Actually Billed**
   
   Total Billable Hours 780
   
   Estimated Billable Hours Sold 450
   
   Total Costs $15,100.00 divided by Realistic Hours 450 = $33.56
   
   Break-even Hourly Rate $33.56
   
   **Realistic Hourly Rate** = $33.56
B. Cash Flow Projections

Cash flow projections for The Word Smith for this year and two forward years follow.

The projections used in these cash flow sheets are based in actual experience for the first four months of 1997 and then projected forward with an anticipated increase in business due to increased client development. Increases in costs were projected at 15% in the coming two years and hours worked were increased to accommodate increased costs. In year three a increase in the hourly rate to at least $33 per hour and perhaps $35 will necessary. Even though the pricing sheet indicate the need for slightly more than $30 per hour currently, the hourly rate used to figure include was maintained at $30. Recent experience indicates that the market will bear this rate but may not bear rates at a higher level. The $30 per hour rate is also appears appropriate currently based on the 1996 Writer's Market information.

The cash flow projections follow on the next page.
## Cash Flow Projection for Year One

<table>
<thead>
<tr>
<th>Months</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) Beginning Cash Balance</td>
<td>243.16</td>
<td>223.54</td>
<td>608.66</td>
<td>615.76</td>
<td>945.76</td>
<td>1872.76</td>
<td>1736.76</td>
<td>1056.76</td>
<td>1306.76</td>
<td>2233.76</td>
<td>3398.76</td>
<td>3639.76</td>
<td>243.16</td>
</tr>
<tr>
<td><strong>Cash Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billable Hours Paid</td>
<td>528</td>
<td>300</td>
<td>720</td>
<td>1230</td>
<td>550</td>
<td>300</td>
<td>1230</td>
<td>1910</td>
<td>2160</td>
<td>1230</td>
<td>1230</td>
<td>1230</td>
<td>11388</td>
</tr>
<tr>
<td>Collect Accounts Receivable</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>251.32</td>
<td>318.75</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>870.07</td>
</tr>
<tr>
<td>(B) Total Cash Receipts</td>
<td>251.32</td>
<td>846.75</td>
<td>300</td>
<td>720</td>
<td>1230</td>
<td>850</td>
<td>300</td>
<td>1230</td>
<td>1910</td>
<td>2160</td>
<td>1230</td>
<td>1230</td>
<td>12258.07</td>
</tr>
<tr>
<td><strong>Cash Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary/Wages &amp; Benefits</td>
<td></td>
<td>716</td>
<td>716</td>
<td>716</td>
<td>716</td>
<td>716</td>
<td>716</td>
<td>5012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Withdrawals</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Labor Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>5</td>
<td>17</td>
<td>14.9</td>
<td>21</td>
<td>19</td>
<td>16</td>
<td>10</td>
<td>10</td>
<td>18</td>
<td>21</td>
<td>19</td>
<td>18</td>
<td>186.87</td>
</tr>
<tr>
<td>Insurance</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>75.27</td>
<td>74.03</td>
<td>77.4</td>
<td>81.4</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>74</td>
<td>904.1</td>
</tr>
<tr>
<td>Misc. Expense - Dues</td>
<td>40.67</td>
<td>20.6</td>
<td>50.6</td>
<td>137.6</td>
<td>60</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>25</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>514.47</td>
</tr>
<tr>
<td>Equipment Purchases</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Payment - Old</td>
<td>150</td>
<td>350</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>2000</td>
</tr>
<tr>
<td>(C) Total Cash Disbursement</td>
<td>270.94</td>
<td>461.63</td>
<td>292.9</td>
<td>390</td>
<td>303</td>
<td>986</td>
<td>980</td>
<td>980</td>
<td>983</td>
<td>988</td>
<td>988</td>
<td>988</td>
<td>8619.47</td>
</tr>
<tr>
<td>A+D = End Cash Balance</td>
<td>223.54</td>
<td>608.66</td>
<td>615.76</td>
<td>945.76</td>
<td>1872.76</td>
<td>1736.76</td>
<td>1056.76</td>
<td>1306.76</td>
<td>2233.76</td>
<td>3398.76</td>
<td>3639.76</td>
<td>3881.76</td>
<td>3881.76</td>
</tr>
</tbody>
</table>
# Cash Flow Projection for Year Two

<table>
<thead>
<tr>
<th>Months</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(A) Beginning Cash Balance</strong></td>
<td>3881.76</td>
<td>4350.76</td>
<td>4819.76</td>
<td>4738.76</td>
<td>4957.76</td>
<td>5176.76</td>
<td>4595.76</td>
<td>3714.76</td>
<td>2833.76</td>
<td>3052.76</td>
<td>3271.76</td>
<td>3490.76</td>
<td>3881.76</td>
</tr>
<tr>
<td><strong>Cash Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billable Hours Paid</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>13500</td>
</tr>
<tr>
<td>Collect Accounts Receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>250</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>300</td>
<td>1100</td>
</tr>
<tr>
<td><strong>(B) Total Cash Receipts</strong></td>
<td>1650</td>
<td>1650</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>600</td>
<td>300</td>
<td>300</td>
<td>1400</td>
<td>1700</td>
<td>1400</td>
<td>1400</td>
<td>14600</td>
</tr>
<tr>
<td><strong>Cash Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary/Wages &amp; Benefits</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>824</td>
<td>9888</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Withdrawals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Labor Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>240</td>
</tr>
<tr>
<td>Occupancy Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>1104</td>
</tr>
<tr>
<td>miscellaneous Expense -Dues/Suppl</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>140</td>
<td>1680</td>
</tr>
<tr>
<td>Equipment Purchases</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Debt Payment - Old</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>1260</td>
</tr>
<tr>
<td><strong>(C) Total Cash Disbursement</strong></td>
<td>1181</td>
<td>1181</td>
<td>1481</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>1181</td>
<td>14772</td>
</tr>
<tr>
<td><strong>A+D = End Cash Balance</strong></td>
<td>4350.76</td>
<td>4819.76</td>
<td>4738.76</td>
<td>4957.76</td>
<td>5176.76</td>
<td>4595.76</td>
<td>3714.76</td>
<td>2833.76</td>
<td>3052.76</td>
<td>3271.76</td>
<td>3490.76</td>
<td>3709.76</td>
<td>3709.76</td>
</tr>
</tbody>
</table>
## Cash Flow Projection for Year Three

<table>
<thead>
<tr>
<th>Months</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) Beginning Cash Balance</td>
<td>3709.76</td>
<td>4231.76</td>
<td>4753.76</td>
<td>4620.76</td>
<td>4892.76</td>
<td>5164.76</td>
<td>4556.76</td>
<td>3648.76</td>
<td>2740.76</td>
<td>3207.76</td>
<td>3779.76</td>
<td>4241.76</td>
<td>3709.76</td>
</tr>
<tr>
<td><strong>Cash Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billable Hours Paid</td>
<td>1480</td>
<td>1480</td>
<td>1675</td>
<td>1480</td>
<td>1480</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>1675</td>
<td>1480</td>
<td>1675</td>
<td>1350</td>
<td>14675</td>
</tr>
<tr>
<td>Collect Accounts Receivable</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>250</td>
<td>250</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>300</td>
<td>1100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(B) Total Cash Receipts</strong></td>
<td>1730</td>
<td>1730</td>
<td>1675</td>
<td>1480</td>
<td>1480</td>
<td>600</td>
<td>300</td>
<td>300</td>
<td>1675</td>
<td>1780</td>
<td>1675</td>
<td>1350</td>
<td>15775</td>
</tr>
<tr>
<td><strong>Cash Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary/Wages &amp; Benefits</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>837</td>
<td>10044</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owner Withdrawals</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Labor Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Services</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>240</td>
</tr>
<tr>
<td>Occupancy Expense</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>110</td>
<td>110</td>
<td>1270</td>
<td></td>
</tr>
<tr>
<td>Misc. - Dues/Supplies</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>141</td>
<td>1565</td>
</tr>
<tr>
<td>Equipment Purchases</td>
<td>600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>600</td>
</tr>
<tr>
<td>Debt Payment - Old</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>1260</td>
</tr>
<tr>
<td><strong>(C) Total Cash Disbursement</strong></td>
<td>1208</td>
<td>1208</td>
<td>1808</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>1208</td>
<td>14979</td>
</tr>
<tr>
<td>Net Cash Flow (B-C) = D</td>
<td>522</td>
<td>522</td>
<td>-133</td>
<td>272</td>
<td>272</td>
<td>-608</td>
<td>-908</td>
<td>-908</td>
<td>467</td>
<td>572</td>
<td>462</td>
<td>264</td>
<td>796</td>
</tr>
<tr>
<td>A+D = End Cash Balance</td>
<td>4231.76</td>
<td>4753.76</td>
<td>4620.76</td>
<td>4892.76</td>
<td>5164.76</td>
<td>4556.76</td>
<td>3648.76</td>
<td>2740.76</td>
<td>3207.76</td>
<td>3779.76</td>
<td>4241.76</td>
<td>4505.76</td>
<td>4505.76</td>
</tr>
</tbody>
</table>
## C. Financial Statements

### Balance Sheet

<table>
<thead>
<tr>
<th>Current Prepared as of 5/1/97</th>
<th>Projected: Prepared as of 1/1/98</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td><strong>ASSETS</strong></td>
</tr>
<tr>
<td>Current Assets</td>
<td>Current Assets</td>
</tr>
<tr>
<td>Cash</td>
<td>Cash</td>
</tr>
<tr>
<td>$651.14</td>
<td>$3,881.76</td>
</tr>
<tr>
<td>Account Receivable</td>
<td>Account Receivable</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Inventory</td>
<td>Inventory</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>Other Current Assets</td>
</tr>
<tr>
<td><strong>Total Current Asset</strong> $651.14</td>
<td><strong>Total Current Asset</strong> $3,881.76</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Fixed Assets</td>
</tr>
<tr>
<td>Land</td>
<td>Land</td>
</tr>
<tr>
<td>Buildings (less accum depr.)</td>
<td>Buildings (less accum depr.)</td>
</tr>
<tr>
<td>Equipment</td>
<td>Equipment</td>
</tr>
<tr>
<td>$2,000.00</td>
<td>$1,335.00</td>
</tr>
<tr>
<td>Other fixed assets (phone)</td>
<td>Other fixed assets (phone)</td>
</tr>
<tr>
<td>$90.00</td>
<td>$60.00</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong> $2,090.00</td>
<td><strong>Total Fixed Assets</strong> $1,395.00</td>
</tr>
<tr>
<td><strong>(A) TOTAL ASSETS</strong> $2,741.14</td>
<td><strong>(A) TOTAL ASSETS</strong> $5,276.76</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td><strong>LIABILITIES</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>Other Current Liabilities</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>Total Current Liabilities</strong></td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>Long-term Liabilities</td>
</tr>
<tr>
<td>Debt</td>
<td>Debt</td>
</tr>
<tr>
<td>$4,000.00</td>
<td>$4,000.00</td>
</tr>
<tr>
<td>Other Long-term Liabilities</td>
<td>Other Long-term Liabilities</td>
</tr>
<tr>
<td><strong>Total Long-term liabilities</strong></td>
<td><strong>Total Long-term liabilities</strong></td>
</tr>
<tr>
<td><strong>(B) TOTAL LIABILITIES</strong></td>
<td><strong>(B) TOTAL LIABILITIES</strong></td>
</tr>
<tr>
<td>$4,000.00</td>
<td>$4,000.00</td>
</tr>
<tr>
<td><strong>(A-B) OWNER'S EQUITY</strong></td>
<td><strong>(A-B) OWNER'S EQUITY</strong></td>
</tr>
<tr>
<td>($1,258.86)</td>
<td>$1,276.76</td>
</tr>
</tbody>
</table>
Appendices
IMA A. KOREC
1000 Oxtail Drive
Yourtown, ST 88888
(888) 555-0055

HIGHLIGHTS OF QUALIFICATIONS

- Organization and Planning
- Program Development and Design
- Effective in Building Rapport and Negotiating
- Able to Make Decisions and Initiate Action

Organization and Planning
Coordinated training for two state agencies for professionals and consumers.
Five years as an information specialist in state government designing, producing and editing newsletters, press releases, internal documents and direct mail.
Five years as a human services planner researching and writing grants for a state agency.

Program Development and Design
Developed and designed a new strategic planning process for a state agency.
Designed a program to provide technical assistance to school districts.
Ability to identify and develop solutions for problems in dealing with the public and consumers.

Effective in Building Rapport and Negotiating
Ability to develop sources and networks demonstrated through nearly 12 years as an award winning newspaper editor and report.
Over five years in a lead role in developing and recruiting a consumer advocacy network in Stately.

EMPLOYMENT HISTORY

1996-present Executive Director, Prevent Child Abuse Stately
1994-1996 Executive Director Governor’s Planning Council on Develop. Disabilities
1989-1994 Human Services Planner Governor’s Planning Council on Develop. Disabilities
1985-1989 Information Specialist Sately Department of Education
1973-1980 Various Employment S. Carolina and Mississippi
- Secretary and copy editor, Sacrak, SC
- Emergency substitute teacher, Lower Brult, SC
- Freelance columnist and promotions, Pie and Roaster, SC
- General reporter, Mousely, SC
- Secretary, Beadle County Sheriff’s Office, Hurter, SC
- City Editor, Hurter Daily Planter, Hurter, SC
- Staff writer, Hurter Daily Planter, Hurter, SC

EDUCATION
Bachelor of Arts Degree in Journalism, South Carolina State University, Brookings, SC
Master of Public Administration Degree, University of Stately, Hilly, ST

COMMUNITY
Immediate past-president of the Stately Special Olympics Board of Directors
Member of the Greater Yourtown Chamber of Commerce
Member of the American Society of Public Administration
Former member/officer of Stately Press Women and the National Federation of Press Women
Former member of the Early Intervention Council, appointed by Governor Mike Sullivan
Former member/officer of Soroptimist International
Appendix B—Pricing Information


Grant proposals: $40-$100 per hour, also $500 to $1,000 each
Annual Reports: $25-$50 per hour up to 12 pages
    $600-$1,500 to meet SEC requirements, legal language
    $5,000-$10,000 large corporate
Associations: Miscellaneous writing
    Small associations, $15-$25 per hour
    Large associations, up to $50 per hour
    Flat fee $500-$1,000 up to 2,000 words
    $1,200-$1,800 up to 10 page booklet
Business content editing: $20-$35 per hour
Business letters: $100 per small business
                $500 for corporations
Business writing: General, $25-$60 per hour
                $100-$200 per day plus expenses
Business writing seminar: $250 for half-day plus travel
Ghostwriting: General, $25-$100 per hour
             $200 per day plus expenses
Government research: $35 per hour
Handbooks: $50-$100 per hour, $25 for non-profit
Newsletter, editing: $50-$500 per issue
                   Up to $850 per issue if writing included
                   or $25-$125 per published page

For the sake of comparison the American Business Writers of America (ABWA) located in Aurora, Herstate, lists the following suggested prices.
Grant proposals: $15-$35 per hour
    Retainer $250-$500 per month
Financial writing: $4,500 per presentation
Advertising copy: $250 per day
Brochures: $75 for brochure requiring research
           $5,000 for brochure campaign
Event promotion: $500-$2,500
Radio copy: $50-$100 per script
Dear -----------,

After reviewing the material with which you provided me, this letter is a preliminary estimate of the cost required to complete both phase one and phase two of the proposed project for your program.

My estimate for phase one (the Annual Statement of Objectives) is 60 hours of my time spread over at least four weeks of calendar time. The calendar time allows time for consultation with you and time during which you may wish to review and provide revisions to production of the final draft to make certain that goals, objectives and proposed measurements of outcomes accurately reflect your organization.

For phase two, the Performance Report, my preliminary estimate is 120 hours of my time spread over a minimum of two months of calendar time. This phase may require less or more hours. Less because some of the thinking about data, data collection and its relevance may be accomplished during phase one. More if significant changes are offered by your federal agency which are not currently anticipated. The time frame is constructed to provide time for consultation with you and time for you to consider the draft document for needed changes.

Attached is a specification sheet for your review. This estimate is based solely on the number of hours which I project will be required to produce a document. It does not include any travel or its associated time or any related miscellaneous expenses. This is based on my assumption that no travel will be required and that there will few if any miscellaneous costs such a long distance phone calls.

I look forward to discussing this exciting project with you in a few days.

Sincerely,

Ima A. Korec
XXX Program  
Work Estimate for Negotiation Purposes  
Submitted 9/15/96 - Offer expires October 15, 1996  

Phase I: Annual Statement of Objectives

**Time Required:** Actual hours worked by Consultant: 60 @ $30=$1,800  
Actual hours worked will occur over a period of approximately four weeks of calendar time.

**Deliverables:**  
One document entitled the Annual Statement of Objectives. The document will be written in compliance with OMB formats. The document will be provided on a 3.25” computer disc in WordPerfect 6.1 for Windows. One paper copy of the document will also be delivered.

**Payment:**  
Payment will be based upon a claim submitted by the consultant verifying the number of hours worked and any expenses to be reimbursed by (Name).

Ninety percent of the claimed payment will be due within 10 days of delivery of the completed document. The remainder will be due 10 days following a letter of formal acceptance of the document by then agency director. A letter of acceptance shall be issued within 60 days of delivery. Failure by (Name) to provide a letter of acceptance or nonacceptance will require (Name) to pay the consultant the balance owned within 90 days of delivery.

Phase II: Annual Performance Report

**Time Required:** Actual hours worked by Consultant: 120 @ $30=$3,600  
Actual hours worked will occur over a period of approximately eight weeks of calendar time.

**Deliverables:**  
One document entitled the Annual Performance
Report. The document will be constructed in compliance with OMB formats. The document will be provided on a 3.25” computer disc in WordPerfect 6.1 for Windows. One paper copy of the document will also be delivered. The consultant will also work with the agency director or other staff a directed, to assure that measurements required by OMB.

Payment: Payment will be based upon a claim submitted by the consultant verifying the number of hours worked and any expenses to be reimbursed by (Name).

Ninety percent of the claimed payment will be due within 10 days of delivery of the completed document. The remainder will be due 10 days following a letter of formal acceptance of the document by the executive director. A letter of acceptance shall be issued within 60 days of delivery. Failure by (Name) to provide a letter of acceptance or non-acceptance will require (Name) to pay the consultant the balance owned within 90 days of delivery.

Submitted by: Ima A. Korec
The Word Smith
EN DN O TES

1 Personal analysis of the cohort of associates with which I interacted during 11 years in state government and composition of non-profit boards during that time as well those with whom I currently work.