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REDLANDS NURSERY AND TREE COMPANY

A Project
Presented to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Business Administration

by
Nathan Michael Miller

December 2002

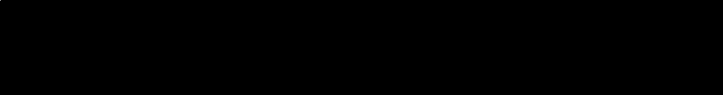
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Approved by:


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Date

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ABSTRACT

The purpose of this project is to outline a business that is in the start up phase. This business is going to come to life when the City of Redlands approves the plan. The plan is in its final stages with the City of Redlands. The business will be known as Redlands Nursery and Tree Company.

Redlands Nursery and Tree Company is the beginning of a group of three people's endeavors. Their ideas are to create several nurseries consisting of retail spaces, landscaping, brokering, and growing grounds. These nurseries will lead to the creation of a co-op that will service these, and many other nurseries.

Redlands Nursery and Tree Company will be located at 2399 West Lugonia Avenue in Redlands, California. It will be situated on 4.2 acres of land. The business will develop sales in excess of \$3,000,000.00 by the end of the fourth year.

This project, or business plan, will explain the methods, ideas, strategies, and dedication that will be embodied in this endeavor to create a successful entrepreneurial experience. The individuals creating this corporation, unless otherwise noted, have solely derived all ideas, thoughts, and accumulation of information.

ACKNOWLEDGMENTS

I want to acknowledge God for everything that has been provided for me: the wisdom, the love, the compassion, the friendships, the willingness to learn, my Mom, my Grandpa, and the Love of my Life, Becka.

Without the upbringing, support, and love from my mom I would not be the person I am today. She molded me like a true artist. I am forever thankful and appreciative to have a mother such as she. I love you dearly mom, Diana Dawn Miller.

The gentle way he cared, the willingness to portray his love to me, the guidance he brings me, and the peace of mind that I will be a man of integrity. He has taught me an insurmountable amount. I will never forget my grandfather, Paul Herbert Alner.

DEDICATION

Dedicated to the person that holds the key to my heart. This person is truly a beautiful teacher. She is teaching me to love, and to trust. It is with her encouragement that brings me to writing this project. I dedicate this project to the person that I hold so close to my heart, my best friend, and my fiancée, Rebecca Ann Kooiman.

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CHAPTER ONE

EXECUTIVE SUMMARY

Redlands Nursery and Tree Company is a corporation seeking to fill the void for an all inclusive botanical nursery. Its solution is Redlands Nursery and Tree Company, which will offer onsite sales, landscaping, brokering, and growing in the Inland Empire. The purpose of this business plan is to give the owners guidance and understanding as Redlands Nursery and Tree Company comes to life.

Business Concept

The mission of Redlands Nursery and Tree Company is to provide high quality service and products designed to accommodate the needs of each individual customer. Whether that customer is an avid backyard gardener, a landscaper, a municipality, or a large corporation. Redlands Nursery and Tree Company will provide each customer with the service and products that are anticipated.

Strategic Approach to Opportunity

Onsite sales, landscaping, brokering, and growing are all needed facets in the horticulture industry. There is not a nursery or business in the Inland Empire that is

offering all the services that this company is recognizing. People in the industry realize how difficult it is to find quality products combined with quality services that are tailored to the individual customers' needs. Competitors are offering some of these needs, however, they are losing focus, desire, and ambition. Unknowingly leaving a void that is waiting to be filled.

Target Market

Redlands Nursery and Tree Company's initial target market is comprised of three types of customers and there needs; 1) the gardener with onsite sales, 2) the landscaper with wholesale and brokering, and 3) the residential or commercial client seeking new or replacement landscaping. Once these markets are effectively targeted the company will then seek growing and selling to retail clients as well as housing a John Deere Lawn and Garden Equipment dealership.

Entry and Growth Strategy

The strategy of Redlands Nursery and Tree Company is to reach its target market by establishing a business at 2399 West Lugonia Avenue in Redlands. The company currently owns 4.2 acres, which is sufficient for its initial target market. To penetrate into the growing and

selling market the company will have to acquire more land and expand. There will be adequate room on the 4.2 acres for the John Deere Lawn and Garden Equipment dealership.

The company intends to position itself as the premier horticultural facility in the Inland Empire. The company intends to be recognized positively in the Industry. Once the company has successfully created its nursery in the Inland Empire the company will locate other nurseries in other areas where there is a need, and continue its growth with the same opportunities.

Competitive Position

Redlands Nursery and Tree Company is penetrating into a market that has been recognized in the past, but competitors have not responded to customers needs and evolved as a corporation. Their products and theories are old. There are common needs to be sought, however, there is not a nursery in the area that is satisfying these needs effectively. There is the possibility that the company will wake up a sleeping dog and have competition faster than the company expects. If and when this occurs the company will continue its commitment to the customer by listening to their wants and needs, changing as needed,

and evolving into a successful horticultural facility with a reputation in the industry.

The Management Team

The founders, principal owners, and managers of Redlands Nursery and Tree Company are Bruce Block, Nathan M. Miller, and Zan J. Zak. Bruce Block is the Office Manager for Coldwell Banker and Sky Ridge Realty in Blue Jay, California. Bruce has been selling real estate in Lake Arrowhead for over thirty years. During the past fifteen years he also has been selling commercial real estate in Nevada. Nathan Miller is an Assistant Manager at Mountain View Nursery in Cedar Glen, California. He earned a B.A. degree in Business Management with a minor in Finance at California State University San Bernardino where he will also be obtaining his MBA in Entrepreneurship in December 2002. Zan Zak is the sole proprietor of ZZ Financials, which houses, Mountain View Nursery, Mountain View Landscapes, and Mountain Firewood.

Financial Highlights

Redlands Nursery and Tree Company expects to have a positive cash flow by the eighth month of sales and a promising income statement in the third and fourth years of operation with sales reaching over \$3,000,000.

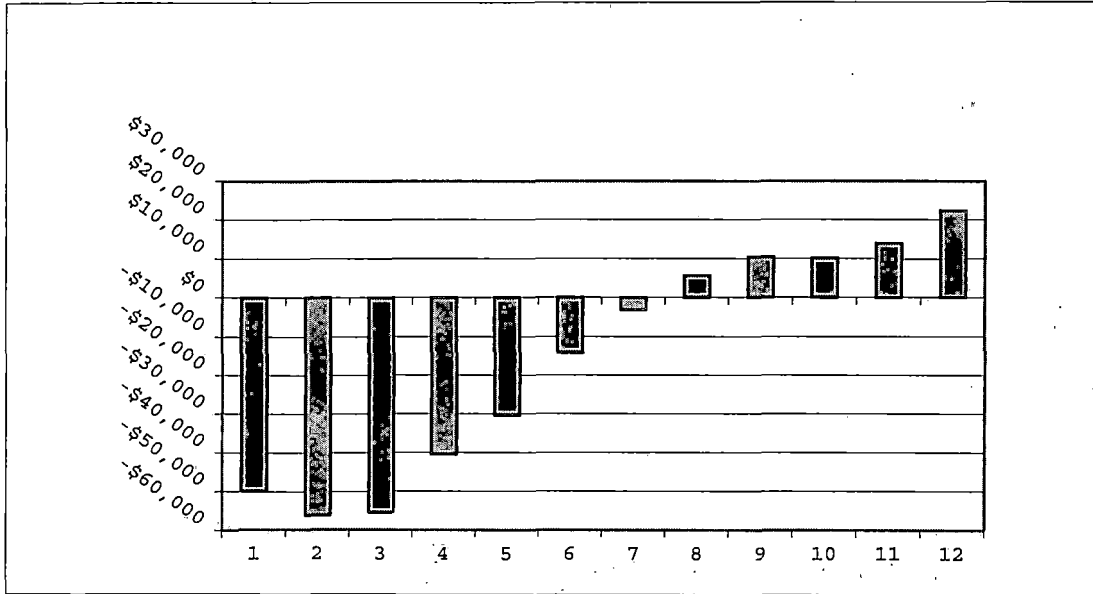


Figure 1. Cashflow Year One

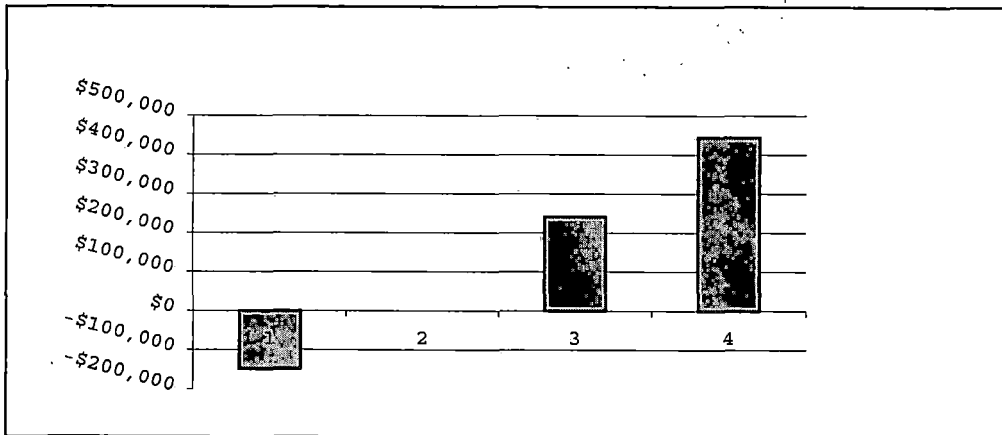


Figure 2. Income Statements

CHAPTER TWO

COMPANY CONCEPT AND OVERVIEW

Redlands Nursery and Tree Company will be an all inclusive horticultural facility that will provide the much needed services in the industry for the Inland Empire; which the company considers to be 1) ideas, 2) solutions, 3) quality plants, 4) knowledge, and 5) service. The lackadaisical attitude of the local competitors will allow us quick entry and an eager clientele.

The Problem

People enjoy beautiful landscapes. The affect that intense colors, creative designs, and intriguing plants have on people is staggering. The horticulture industry is constantly growing. People that shop for plants are always seeking to locate beautiful places to shop. A beautiful location would be one that provides 1) ideas, 2) solutions, 3) quality plants, 4) knowledge, and 5) service in a relaxing inviting environment.

There are independent nurseries that open and close every year. With the influx of "box stores", for example, Home Depot, Wal-Mart, and Lowes, customers are finding new

places to shop. However, the box stores are not providing the 5 basic needs efficiently.

The Solution

Redlands Nursery and Tree Company have observed several nurseries during their life cycle. With this knowledge and understanding the company will expand on the strengths of others and limit it from their weaknesses.

Full service retail nursery should start with the five key components listed above, and usually they end with only property to sell. Redlands Nursery and Tree Company will start with the same five key components, but the company will not end like the others. The parent company is going to position itself so that the creators may harvest their efforts and walk away leaving somebody with a thriving business. Its goal is to own five to eight nurseries throughout southern California and a co-op, West Coast Horticulture, which the company can sell or continue to expand.

To accomplish this the company has to position itself in a market that is willing to purchase its business. With one, two, or three nurseries the company will only be able to sell its business, individually, to a potential individual who loves plants and feels that they can

continue the business as is. However, with five to eight nurseries and a co-op the company is positioning itself to be purchased by a large corporation already in the industry such as Armstrong's, Kellogg's, or Bandini.

The Opportunity

The business opportunity of Redlands Nursery and Tree Company is built on the convergence of four factors.

- 1) Adhering to the five key components listed above.
- 2) Continuing to grow and develop five to eight nurseries.
- 3) The parent company creating "West Coast Horticulture", the co-op that will allow other independent nurseries to compete with the box stores.
- 4) Positioning itself in the industry so that the company may harvest and/or attract the talent the company needs to continue to grow the business.

Nature of the Industry and the Industry Analysis

The lawn and garden industry is expected to grow at an average rate of 4.32%¹ for the next 5 years. A graph depicting the expected gross sales for the industry follows.

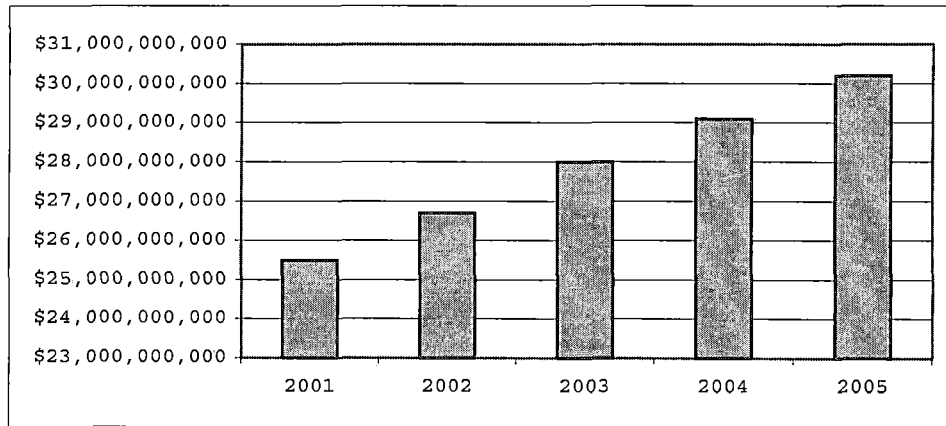


Figure 3. Total Industry Sales

There is a constant growth in the lawn and garden industry. There are nine major categories comprising the total industry sales. Shown below are their respective percentages of total sales.

¹ National Home Center News, 27 (14): 24, July 16, 2001.

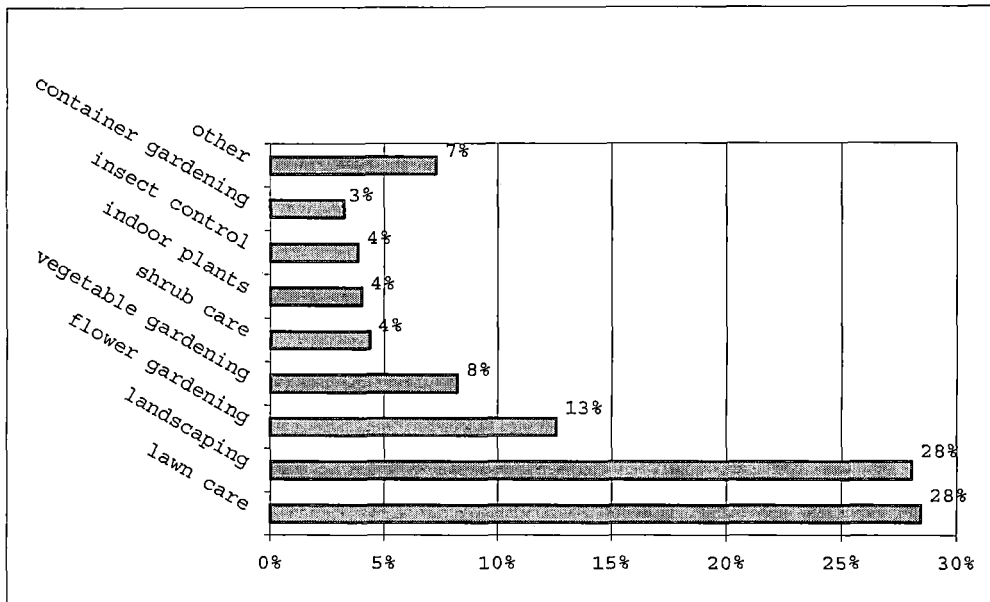


Figure 4. Percentage of Total Sales

Its market will comprise customers from Highland, Redlands, Grand Terrace, and Loma Linda. Below, the table shows the population of each city as well as the median household income. This information was acquired when I telephoned each cities Chamber of Commerce.

Table 1. Population and Household Income

City	Population	Median Household income
Highland	45,287	\$25,275.00
Redlands	68,326	\$37,504.00
Grand Terrace	13,350	\$45,129.00
Loma Linda	18,948	\$49,704.00
Average	36,478	\$39,403.00

Impact of Economic Conditions

The impacts that economic conditions have on this industry appear to be minimal. After the terrorists activities of September 11th, 2001 there has been an increase in sales for the lawn and garden industry. People are not traveling as much and desire their homes to have more color and beauty. With this there appears to be promising results out of a devastating event. An event that would presumably cause decreased sales.

As for overall economic conditions: the company is placing itself in a market where there should always be disposable income. With this in mind the company does not foresee any real negative impacts that the economy might contribute to.

CHAPTER THREE

PRODUCT AND SERVICE OFFERING

The Redlands Nursery and Tree Company concept is not original and products and services with similar features and benefits do exist. Market acceptance is favorable as the desire to garden is prevalent, and the yearning for a fulfilling shopping experience exists.

Product Offering

Redlands Nursery and Tree Company will provide a full service horticulture retail facility that will have an emphasis quality plants and gardening products with friendly customer service, experience based knowledge, ideas, solutions, and an overall pleasurable shopping experience.

The company will offer everything needed for the garden; plants, soils, fertilizers, tools, and the like. The avid gardener will be as intrigued by its selection as the occasional gardener will be intrigued by its ability to simplify and meet their needs.

Service Offering

Redlands Nursery and Tree Company will provide a full landscaping service, residential and commercial, as well as brokerage sales for nursery professionals.

Landscaping

The company is planning for a full service-landscaping department that will efficiently meet the needs of the customer. Whether it is a simple backyard landscape to compliment an existing pool, or a full landscape installation for a new commercial center, Redlands Nursery and Tree Company will provide these services.

Brokerage

The company will offer a brokerage service to local landscape professionals that will allow the customer to purchase their materials at a reduced price, and with the ease of a one-stop shopping center. This will be available through its trade knowledge and contacts.

Proprietary Position

Redlands Nursery and Tree Company will be the only nursery in the area offering on ground sales, landscaping, and brokering. Its proprietary positioning relies on this advantage.

Present Status of the Product and Service

Currently there are only four full service retail nurseries in the area; Dangermond's, in Redlands, Leland's in south San Bernardino, Flowerland in north San Bernardino, and Newell's in Yucaipa. Two of the four locations have a poor appearance. The buildings look tired, and the product is poorly presented. Flowerland and Newell's have the nicest facilities in the area, however, they are located far enough away that the company is not in direct competition with them.

As for the box stores; Lowes, Home Depot, and Wal-Mart, the company will be in competition with them, however, the company is relying on its five key components: 1) ideas, 2) solutions, 3) quality plants, 4) knowledge, and 5) service in a relaxing inviting environment, to minimize the competition.

Product Potential and Sustainable Competitive Advantage

The potential for Redlands Nursery and Tree Company to succeed is promising. The company is filling a void in a market where the company believes there is a demand. After speaking with the receptionist at the Economic Development Department for Loma Linda, and the

receptionist for the Chamber of Commerce for Grand Terrace; they both feel that the residents, in their respective cities, prefer a friendlier shopping location and that the residents take pride in their homes and keep them inviting and well maintained.

Redlands Nursery and Tree Company's sustainable competitive advantage is its promise to continually provide the five key components, listen to the needs and wants of the customers, and grow a business into a company so that the company's owners may harvest the business, versus growing a life style business and passing it through the generations.

Specific Benefits of the Products and Services

Retail Customers

The retail customer will have the ability to shop for plants and garden décor while receiving ideas, solutions, quality plants, knowledge, and service in a relaxing inviting environment.

Landscape Customers

The landscape customer will have the comfort of knowing a business is installing their landscape and that they will be able to locate them easily as well as see the specific plants that will go into their yard and knowing

that if they have questions about the plants the company is simply a jaunt down the street or a phone call away.

Brokerage Customers

A onestop shopping location for all the gardening professionals needs with a wide variety of plants, amendments, fertilizers and knowledge at a reasonable price.

CHAPTER FOUR

MARKET RESEARCH AND ANALYSIS

The target market of the retail and landscape customer is the homeowner who takes pride in their house and has an average household income above \$30,000. The target market for the brokerage customer is the gardening professional that does more than \$100,000 in business each year. With its market research and statistics, the company feels that it is going to fill a void in the market and its potential to be successful is immense.

Market Research and Analysis

The retail nursery business has an established customer base and is maintaining growth at about five percent a year. The industry is mature and well established. There will always be a need for full service retail establishments².

Industry Description and Outlook

Out of the top 25 United States lawn and gardening supply retailers, four are from California with impressive sales. Below is a chart stating their sales for the year 2000 along with the number of locations each company has

and then the company's figured an average sales per store and the average sales per store for the 4 California based stores that ranked in the top 25 lawn and gardening supply retailers³.

Table 2. Lawn and Gardening Supply Retailers Sales for the Year 2000

Rank	Company	Number of Locations	Sales (\$ millions)	Avg Sales per Location
2	Smith & Hawken, Novato	43	113.0	2.63
5	Armstrong Garden Centers, Glendora Green Thumb	34	74.0	2.18
16	International, North Hills	7	22.8	3.26
21	Roger's Gardens, Corona del Mar	1	19.0	19.00
Totals/ Average		85	228.8	2.69

With 85 locations having an average of \$2,690,000 in sales, Redlands Nursery and Tree Company has a very promising and lucrative future.

² National Home Center News, 27 (14): 23, July 16, 2001.

³ National Home Center News, 27 (14): 23, July 16, 2001.

Targeted Market

Retail Customers/Landscape Customers

The target market of the retail, and landscape customer is the homeowner who takes pride in their house and has an average household income above \$30,000. The retail customer will have the ability to shop for plants and garden décor while receiving; ideas, solutions, quality plants, knowledge, and service in a relaxing inviting environment. The landscape customer will have the comfort of knowing a business is installing their landscape and that they will be able to locate the business easily as well as seeing the specific plants that will go into their yard and knowing that if they have questions about the plants the company is simply a jaunt down the street or a phone call away.

Brokerage Customers

The target market for the brokerage customer is the gardening professional that does more than \$100,000 in business a year. This customer will receive a one stop shopping location for all the gardening professionals needs with a wide variety of plants, amendments, fertilizers and knowledge at a reasonable price.

Barriers to Entry

There are a few barriers to entry. These barriers are setup costs, time, brand loyalty, and knowledgeable personnel.

Cost

The cost incurred to start a nursery from the ground up is anywhere from a quarter of a million dollars to a half a million dollars depending on property location and the type of building. This is also assuming there are already established relationships in the industry.

Time

Time is an interesting barrier. It is a barrier due to the complexity of starting a business in an area of middle to upperclass residents. The city's regulations and requirements are more extensive, thorough, and in general take longer to process and satisfy than other cities. If one of the individuals starting the business runs out of money, gets married, has a child, or simply needs more money and has to start a new career these time limitations will hinder entry.

Brand Loyalty

Brand loyalty is a barrier assuming that there is competition in the market. People like to shop where they know everyone and are comfortable.

Personnel

Personnel are critical to success in a service-based industry. Unfortunately this industry requires friendly, plant familiar, and helpful individuals who do not mind working with the public. Trying to locate employees who have quality customer service is difficult. In this industry a service business cannot afford to have employees who do not care about the customer.

Market Test Results

There have been no formal market tests other than discussions with suppliers of the industry. Nathan and Zan have talked with Ed Peabody, Excell Nursery Products, Eric Jones, Premier Color, Susan Wilson, Do Right's Nursery, Jim O'Connor, Alta Nursery, Ed Bingham, Beaumont Garden Center and Wholesale Nursery, and Terry Wheatherford, Kellogg Garden Products, and all have felt that there is a need for a full service retail nursery in the area where the company is locating.

The company has spoken with countless individuals, ranging from people who understand the industry to those who have no understanding other than simple gut feelings such as business owners, gardeners, and other professionals. Nathan and Zan have only spoken with one

person, Gene Bauer, who expressed concerns about the nursery. That person is a good friend and client, Jean Bauer. She feels that there will be too much competition. One person out of countless with negative feedback is far better than I expected.

Competition

Retail Nurseries (Direct)

- 1) Dangermond's Nursery, Redlands
- 2) LeLand's Nursery, South San Bernardino
- 3) Flowerland Nursery, North San Bernardino
- 4) Newell's Nursery, Yucaipa

Box Stores with Nursery Centers (Indirect)

- 1) H & E Hardware, Redlands
- 2) Home Depot, Redlands
- 3) Lowes, Redlands
- 4) Wal-Mart, Redlands
- 5) Kmart, Redlands
- 6) Home Depot, South San Bernardino

Potential New Competitors

The company does not foresee any potential new competitors. Given the complexity of working with the city, finding a location, and the fear of the box stores, the company does not see that there is going to be an

experience of any new competition. However, the existing competition might recognize us as a threat and rethink their business tactics, thus causing more extensive competition.

Similarities/Dissimilarities of Competitors

Similarities

The direct competitors are going to be the competition that has similarities with us. They are the businesses designed and ran like full service retail nurseries. The company feels that the direct competitors initial intent was similar to Redlands Nursery and Tree Company with the exception of creating an organization not a life style business.

Dissimilarities

The indirect competitors will be the competition that is the most dissimilar from us. They are in the industry because it is what they feel their customers want, not because they want to run a nursery or a garden center. Their customers are dictating them.

Internal and External Strengths and Weaknesses of the Competitors

Direct Competitors

Their strengths are their names, brand loyalty; they are already recognized in the community. They have some of the current business from Redlands Nursery and Tree Company's potential customers. They already understand the idiosyncrasies of the community and customers. Their weaknesses are that they have become lazy in their practices. They are not changing with the times. They continue to do business as their parents did business. They are also getting tired and appear to be losing interest.

Indirect Competitors

Their strength is their captive audience. They already have a steady stream of customers coming in for other products unrelated to the industry and making purchases. They have buying power and are able to get the price down as low as possible. Their pockets are deep and they can withstand price wars. Their biggest weakness would be their inability to change quickly and their lack of customer service. They do not provide quality customer service.

Growth Potential of Competitors

Redlands Nursery and Tree Company's direct competitors truly have a fantastic ability to grow assuming they have the right management team and resources. Looking at the Timmons Model⁴ one would see that they are most likely weak in the team section only because of motivation, and in the resource unknowing of their resource potential. The opportunity, however, is very impressive. If the company is expecting to succeed and make \$3,000,000 by the end of the fourth year then there definitely is potential.

⁴ New Venture Creation, 37-43: McGraw-Hill 1999.

CHAPTER FIVE
MARKETING PLAN

Redlands Nursery and Tree Company will position itself as the premier nursery, landscaping, and brokerage facility in the Inland Empire. The company will be accepted because of its understanding of the market and product, because of its willingness to listen to its customers and provide them with what they are seeking. The company is going to seek three main markets; retail customers, landscape customers, and brokerage customers.

Marketing Penetration Strategy

Its initial entry strategy is going to be on gaining the local retail/landscape/brokerage clientele. The company anticipates that there are a large number of people who shop where they do today, because there is not a suitable improved establishment for them to shop. The company is targeting the retail and landscape customer who is a homeowner that takes pride in their house and has an average household income above \$30,000. The target market for the brokerage customer is the gardening professional that does more than \$100,000 in business a year. The company will solicit its new customers through the mail, with radio ads, and by using local papers.

Communication

Since Redlands Nursery and Tree Company wants to position itself in a middle to upper class community the company is going to have to put ads in the areas that these people look; on the radio during commute time, in local papers and publications, in the schools through contributions and support, in direct mailers, and with presence at local events and meetings.

Sales Cycle and Tactics

The company is anticipating a six-day sales cycle in the retail section. This is allowing for banking transactions. The landscaping sales cycle will be considerably longer, somewhere in the neighborhood of forty-five-days. The company has to make the house call, create an estimate, seal the deal, draw up plans, install the landscape, make any corrections, collect payment, and wait for banking transactions. The brokerage side will have a sales cycle anywhere from fifteen-days to forty-five-days. It will depend on the nature of the transaction. Whether or not the customer has an account is the true distinction. When an account is involved the company will have to bill, collect, and process the payment.

Service and Warranty Policies

Redlands Nursery and Tree Company will not have any explicit warranties on the retail and brokerage sales of plants and products. When dealing with perishable products that are reliant upon care, a business cannot control how the product is cared for once the product leaves the establishment. However, the company will guarantee that the product is in excellent condition when it leaves the facility. The Landscape customers will be handled differently, there will be a guarantee of six months on the plants installed as long as Redlands Nursery and Tree Company installed a full irrigation system and the company has recommended who should acquire the maintenance contract for those six months.

Sales Force

Redlands Nursery and Tree Company's sales force is going to be comprised of experts already in the field and new recruits who are willing to learn. The company is going to utilize the owners of the business. Nathan will concentrate on the retail and brokerage area while Zan concentrates on the landscaping area of the business.

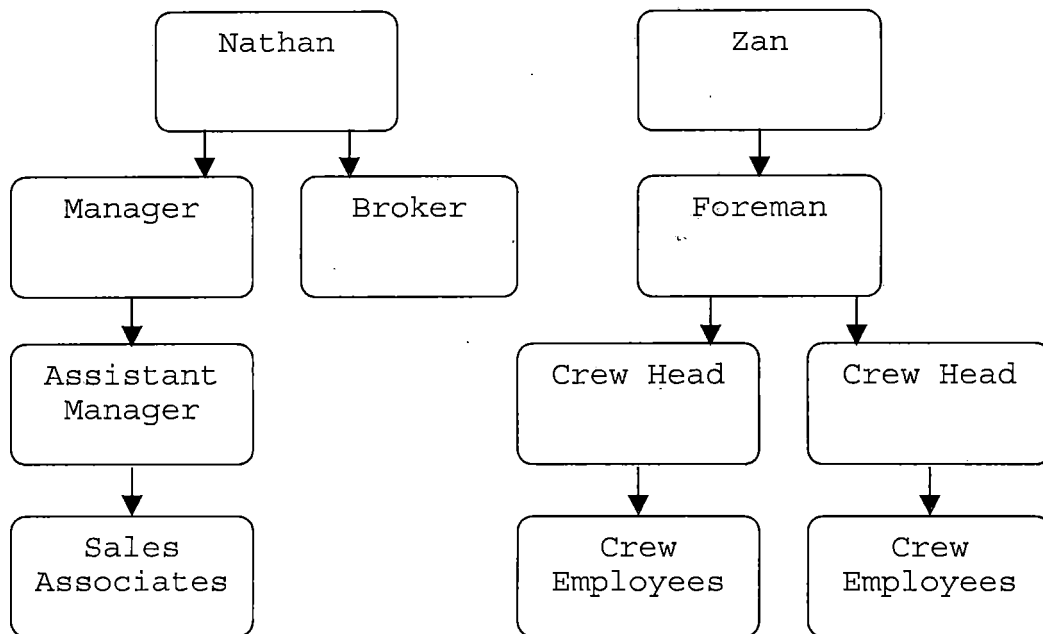


Figure 5. Owners Responsibilities

Sales and Pricing Strategy

The sales and pricing strategy is going to take some time to develop. The company has a rough idea as to what the company is going to charge, however, that is tough to say until the company realizes how the market reacts. Initially the company is going to charge over roughly eighty to one hundred percent of the cost of the product on the retail side. Landscaping is not something easily identifiable for pricing. Some people charge by the sprinkler head, others charge by the square footage. Whatever method the company uses, the company will be comparable with its competitors. The brokering will depend

on what the company purchases the products for. The company anticipates that they will charge around twenty percent over the cost of the product. It will truly depend on the volume and cost of the products and the customers.

Promotion

The company is going to promote its products through five main channels.

- 1) On the radio during commute, KFRG 95.1, KOLA 99.9, and KTDD 1350.
- 2) On the Krikorian Cinema screens
- 3) In local papers and publications
- 4) In the schools through contributions and support
- 5) With direct mailers
- 6) With the company's presence at local events and meetings

CHAPTER SIX
OPERATIONS PLAN

Redlands Nursery and Tree Company's operations plan is not complex because the company will be purchasing its products for resale as well as supplying services to its customers and the company will be able to do this effectively with its superior location.

Strategy and Process

The objective of the company's operations strategy is to purchase quality products at reasonable prices. The company will accomplish this by understanding which suppliers produce the best products. With this knowledge and its current standings in the industry, the company will be able to have a large pool of suppliers to draw from.

Production and Service Capabilities

Internal

The company will have the ability to fully service its customer base for all three areas of the business. The company is positioned on 4.2 acres of land. The company does not foresee the need for more land until the company starts its growing operation. The company will also employ

enough knowledgeable staff to successfully accommodate the customers.

External

The current standing of the owners of the business in the industry will allow trade credit with its suppliers as well as the ability to leverage it needs. The company's standing with its suppliers and the industry will allow it to locate and acquire almost any product the company needs to satisfy the customer.

Factors Affecting Cost and Delivery

There are some uncontrollable factors that will affect the cost and the delivery of the product or service. These include, fluctuating fuel prices, and agriculture misfortunes that may occur.

Operating Competitive Advantages

The company is positioned right off of the I-10 freeway in Redlands, California, which is a main artery leading in and out of the Inland Empire. The company is also centrally located between Redlands and Grand Terrace with Loma Linda in the center. These three communities are the primary communities of business. The customers coming from Highland will have easy access to the nursery from the freeway. Along with its location, Nathan and Zan have

seven and fifteen years respectively in the industry
allowing for added knowledge, reputations, and confidence.

CHAPTER SEVEN

ORGANIZATION PLAN

Nathan M. Miler and Zan J. Zak are two of the founders and majority owners of Redlands Nursery and Tree Company. Under their leadership the company will expand to approximately twenty-five employees in the retail and brokerage area and eighteen employees in the landscaping area by the end of the fourth year. Together, they have over twenty-two years of business experience in the industry, retaining two Eagle Scout Awards from the B.S.A., and hold three college degrees, the latest being an MBA degree with a concentration in Entrepreneurship from California State University, San Bernardino.

Ownership

Redlands Nursery and Tree Company will be formed as an S corporation. Nathan and Zan will retain a total of seventy percent of the business equally; Bruce will retain fifteen percent, while the corporation will retain fifteen percent for investor reasons as well as employee wealth. Redlands Nursery and Tree Company will be set up as follows until there becomes a need to reorganize and add key managers to the team. Reorganization should take place within two years.

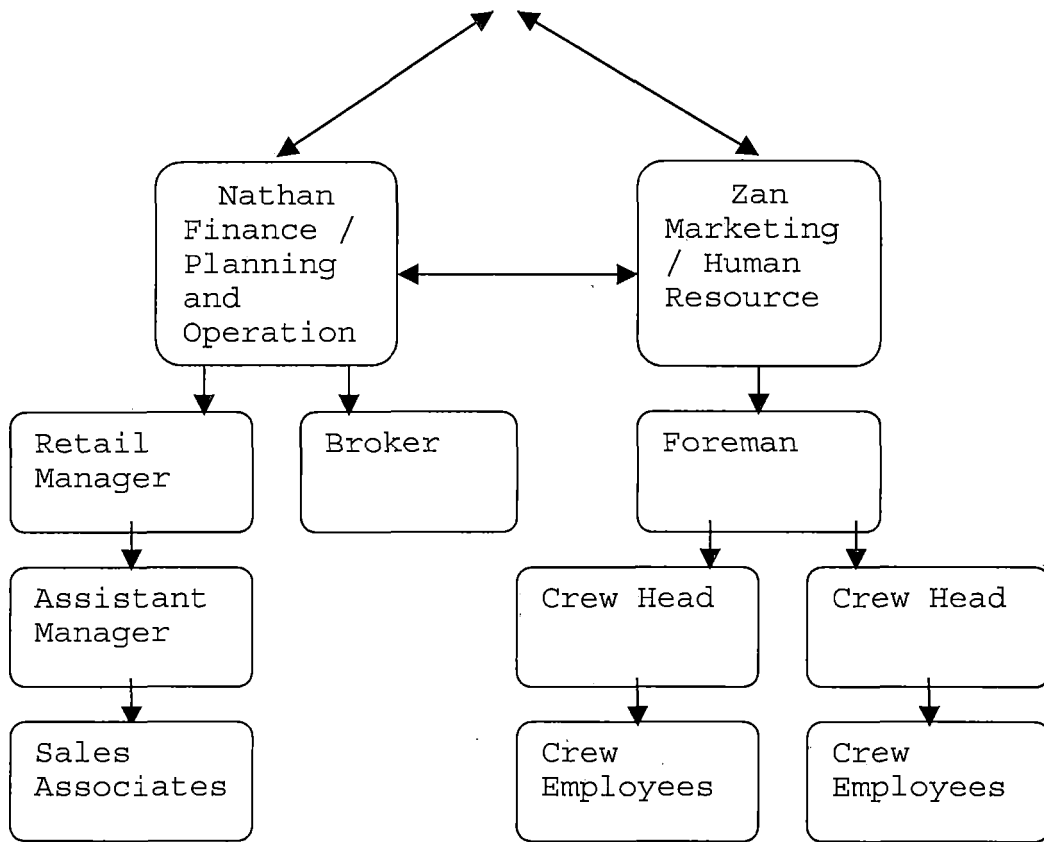


Figure 6. Redlands Nursery and Tree Company Organize

Management

The chart above depicts how the management style will be formed. As can be seen, there is no clear CEO. Zan and Nathan have been working equally on this project with equal drive. Until one of them pulls ahead with vision or drive there will not be a single CEO. The owners of the company do not feel that this will be a problem until Redlands Nursery and Tree Company reaches significant magnitude where the company is hiring other key managers.

The management structure is being designed as the company develops.

Bruce Block

Currently is the Office Manager for Coldwell Banker and Sky Ridge Realty in Blue Jay, California. Bruce an accomplished figure skater retired from his passion and began selling real estate in Lake Arrowhead for over thirty years. During the past fifteen years he has been selling commercial real estate in Nevada. With the success of his hard work and dedication he became the Office Manager for Coldwell Banker and Sky Ridge Reality in Blue Jay, California.

Bruce will be the main investor. He will help with the long-term decisions of the company. The ability for second round finances with him exist.

Nathan M. Miller

Attained the rank of Eagle Scout from the Boy Scouts of America in 1995. Earned his A.A. at Crafton Hills College in Yucaipa in 1997, a B.A. at California State University San Bernardino (CSUSB) in 2000 majoring in Business Management with a minor in Finance. He will receive his M.B.A. from CSUSB in December of 2002 concentrating in Entrepreneurship. Nathan has worked hands on in the horticulture business for over seven years.

Nathan will be in charge of Finance, Planning, and Operations. His duties will include everything necessary to keep the company financial sound and strongly secure in its forward movement.

Zan J. Zak

Attained the rank of Eagle Scout from the Boy Scouts of America in 1976. Zan has always created his own employment. He currently owns ZZ Financial, which owns Mountain View Nursery, Mountain View Landscaping, and Mountain Firewood. His ventures have grown to more than \$750,000 in revenues each year. Zan was raised farming and has owned ZZ Financial for 15 years.

Zan will be in charge of Human Resources and Marketing. His duties will include everything necessary to portray Redlands Nursery and Tree Company as a leader in the industry and a company that values and respects its employees.

Compensation and Benefits

Nathan will receive \$30,000 annual starting pay. During this time he will be setting up the business. At this same time Bruce and Zan will continue to work/run their existing business(s) and assist when necessary drawing \$500 and \$1,000 a month, respectively, for

consultation fees. After the business gets off its feet Zan will come in fulltime. He and Nathan will work side-by-side receiving the same annual income, which is dependant upon the financial status of Redlands Nursery and Tree Company. Along with annual salaries Redlands Nursery and Tree Company will offer, as soon as possible, health care coverage for the management and their families. The company also intends to extend the health care coverage to the employees as permissible by business revenues.

Team Experience

Zan and Nathan have worked together for seven years. Nathan was the Assistant Manager for Mountain View Nursery for four years. The company has been working on this project for approximately two years, all putting their heads together and pursuing this project with true dedication. The two have figured out a way to pass responsibility back and forth during this time. Neither one feels as though the other is doing more work. Both primary owners of the nursery agree that the company could not accomplish this task alone and are eagerly anticipating the growth of a corporation. Burn out is very

easy to contract, but with Zan and Nathan working together they have been able to avoid such troubles.

Board of Directors and Outside Resources

Redlands Nursery and Tree Company has not decided on how much outside assistance the company will need at this time. However, when the company realizes such needs, the company will approach professional individuals, some already in the industry. Provided is a list of some potential Board of Directors.

- 1) Ed Peabody, Excell Sales
- 2) Eric Jones, Premier Color Nursery
- 3) Jim O'Connor, Alta Nursery
- 4) Terry Wheatherford, Kellogg Garden Supply

Management Additions

At this time the company is anticipating the need for key management additions. Once the company creates and/or acquires more nurseries the company is going to need individuals to oversee those businesses. With this the company will need to add to its current Finance and Accounting Department, and the company will also need an Information Technology Department. The company realizes that to create this corporation to the size the owners

anticipate, the company is going to need to add to its team. The company's owners have the drive and passion, but the company will need some more expertise.

Personnel

As stated earlier the company is going to need to have some basic personnel at the beginning; Sales Associates, Yard Workers, and Crew Workers. Once the company establishes itself the company will be able to attract more employees. A code of ethics along with a rules and policies manual is being created for Redlands Nursery and Tree Company. Redlands Nursery and Tree Company is going to continually train its employees. "What if you train your employees and they leave?" someone once asked. Replied was this simply statement, "What if you don't train them and they stay?" Continually increasing employee knowledge will provide them with job satisfaction and empower them to do their very best.

CHAPTER EIGHT

CRITICAL RISKS

The principals of Redlands Nursery and Tree Company are highly aware of the new business failure statistics and are willing to honestly recognize some weaknesses and potential threats to the business.

Known Weaknesses and Threats

Redlands Nursery and Tree Company currently has funding and the company understands the risks of losing the money. The company was set up with funding two years ago. Its investor has been patient while the company continues to pursue the City of Redlands for approval. Since the company has not received the funding yet, the company very well could lose it, a risk prior to starting.

There are a few possibilities that might occur. The site is under Southern California Edison power lines and they could collapse, immediately halting business. The company is drilling a water well for its irrigation, if that turns up sour or dry the company will have to acquire \$110,000 for the water deposit fee that the City of Redlands has disclosed. If there is exponential growth and the company cannot meet the demand the company will lose customer loyalty. The company also takes the risk of

making poor business decisions, which will lead it down the wrong path. The most critical risk is that of Nathan and Zan not knowing what they don't know.

As for Redlands Nursery and Tree Company there will not need to be a second round of financing. Although there will be a need of a second round for West Coast Horticulture. If that funding is not located then the potential corporation turns into a life style business.

Managements Weaknesses

There are always things that the company can do to limit its potential failure. Some are out of its control. The company has no control over the power lines. However, the company can control the funding, the water well, and the arrogance. Most importantly the owners need to focus on the business and refer to this business plan the whole time, continually revising and understanding the business and its intended direction.

CHAPTER NINE

FINANCIAL PLAN

This section provides a condensed overview of Redlands Nursery and Tree Company's pro forma financial statements. The financial projections, which are based on realistic market forecasts, provide a clear understanding that Redlands Nursery and Tree Company will be a successful business.

Startup Costs

The initial startup cost is for roughly \$225,000. This will allow for the development of a 4.2 acres parcel of barren land. The remaining money will be used for inventory.

Cash Flow Analysis

The business will have a positive cash flow in the eighth month. From the eighth month on the financials look good for the business.

Income Statement

The business has a negative income statement in the first and second year. The second year income statement is minimal. However, in the third and fourth years the income statement is very promising.

Assumptions

- 1) The owners will invest \$40,000
- 2) The business will receive a loan in the amount of \$225,000
- 3) The interest rate of the loan will be 8.00%
- 4) The loan will be repaid in 7 years or 84 months

APPENDIX A
INCOME STATEMENT

Projected Income Statements

Sales	Start																
	Up	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Year 1	Year 2	Year 3	Year 4
Total Sales Nursery		\$47,938	\$69,675	\$44,538	\$60,400	\$38,534	\$69,784	\$65,159	\$38,557	\$46,980	\$31,188	\$31,688	\$40,655	\$625,152	\$1,250,303	\$2,188,030	\$3,063,242
Total Sales Brokerage		\$2,500	\$3,000	\$1,500	\$7,500	\$7,500	\$7,500	\$7,500	\$5,000	\$1,000	\$1,000	\$1,000	\$5,000				
Miscellaneous Sales																	

Total Sales \$50,438 \$72,675 \$46,038 \$67,900 \$66,034 \$77,284 \$72,659 \$63,557 \$47,980 \$32,188 \$32,688 \$45,655 \$625,152 \$1,250,303 \$2,188,030 \$3,063,242

Cost of Sales																	
Startup Costs	\$184,581																
Total Inventory Purchases	\$75,000	\$11,984	\$17,419	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$10,164	\$144,304			
Total Fixed Assets Purchase																	
Total Purchases on Account	\$25,000	\$11,984	\$17,419	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$10,164	\$144,304			
Payment of Current Accounts Payable		\$12,500	\$29,919	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$15,914				

Gross Profit Margin \$38,453 \$30,772 \$12,434 \$30,531 \$21,238 \$30,546 \$21,477 \$16,346 \$6,951 \$901 \$9,172 \$19,647 \$213,600 \$427,199 \$747,598 \$1,046,638

Expenses																	
Accounting	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200			
Advertising	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000			
Alarm Service	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400			
Auto and Truck Expenses (Pmt, Ins, Gas, Repair)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000			
Bad Debts / Checks (Tele Check)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400			
Bank Service Charges	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900			
Casual Labor																	
Cleaning & Janitorial (Supplies)	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900			
Computer Misc (Internet/Repair/Websites)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200			
Credit Card Discounts (Percent of total sales)																	
Depreciation Expenses																	
Donations	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400			
Dumpster Fees	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800			
Dues and Subscriptions	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200			
Employee Bonuses								\$200	\$200	\$200	\$200	\$200	\$200	\$1,000			
Entertainment																	
Equipment - Rental / Lease (Tractor)	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000			
Insurance-General (Fire/Earthquake/Theft)	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$5,004			
Insurance-Medical (3 Exec)																	
Insurance-Life (3 Exec)	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$4,500			
Insurance-Liability (2 mil)	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$5,040			
Interest Expense																	
Labor Burden (16% of payroll)	\$2,586	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$31,844			
Legal	\$1,000	\$500															
Licenses	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900			
Petty Cash	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400			
Nursery Supplies (Hoses, Carts, Hand Trucks)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400			
Office Supplies	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000			

Payroll - Employees														
Manager (1 @ Salary \$30,000)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Asst. Manager (1 @ \$12)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Sales Associates (4 @ \$10)	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$30,004
Yard Workers (1 @ \$9, 2 @ \$8)	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,004
Payroll - Officers / Consulting														
Payroll- Secretary (2 days @ \$12)	\$825	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$15,015
Postage	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Rent for Office	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$6,360
Repair & Maintenance	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Small Tools & Supplies	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Property Taxes	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Telephone	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Travel	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Utilities														
Electric	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$9,000
Water/Sewer	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Total Expenses	\$29,581	\$28,661	\$28,701	\$28,201	\$28,201	\$28,201	\$28,201	\$28,401	\$28,401	\$28,401	\$28,401	\$28,401	\$28,401	\$338,871
Net Profit Before Interest and Taxes	\$9,792	\$2,071	-\$40,635	\$2,330	-\$6,963	\$2,345	-\$6,724	-\$12,055	-\$21,450	-\$27,500	-\$19,229	-\$8,754	-\$125,271	\$20,554
Interest Expense														
Interest Expense - Existing Det	\$1,767	\$1,751	\$1,735	\$1,719	\$1,703	\$1,687	\$1,671	\$1,654	\$1,638	\$1,621	\$1,604	\$1,587	\$20,137	\$17,694
Interest Expense - New Debt														\$15,048
Net Profit Before Taxes (EBT)	\$8,025	\$320	-\$42,370	\$611	-\$8,666	\$658	-\$8,394	-\$13,705	-\$23,087	-\$29,121	-\$20,833	-\$10,341	-\$145,406	\$2,860
Estimated Taxes														
Federal														-\$52,347
State														\$143
Net Profit														-\$85,791

APPENDIX B
AMORTIZATION

Amortization of New Debt (Loan)

\$265,000.00 **Amount of Loan**
 8.00% **Annual Interest Rate**
 0.67% **Interest Rate Per Period**
 84 **Number of Payments**

\$4,130.35 Payment Amount

Payment	Interest	Principle	Remaining Balance		
1	\$1,766.67	\$2,363.68	\$260,869.65		
2	\$1,750.91	\$2,379.44	\$256,739.31		
3	\$1,735.05	\$2,395.30	\$252,608.96	Year 1 Interest	\$20,136.52
4	\$1,719.08	\$2,411.27	\$248,478.61	Year 2 Interest	\$17,694.04
5	\$1,703.00	\$2,427.34	\$244,348.27	Year 3 Interest	\$15,048.83
6	\$1,686.82	\$2,443.53	\$240,217.92	Year 4 Interest	\$12,184.08
7	\$1,670.53	\$2,459.82	\$236,087.57		
8	\$1,654.13	\$2,476.22	\$231,957.23		
9	\$1,637.62	\$2,492.72	\$227,826.88		
10	\$1,621.00	\$2,509.34	\$223,696.53		
11	\$1,604.28	\$2,526.07	\$219,566.19		
12	\$1,587.44	\$2,542.91	\$215,435.84		
13	\$1,570.48	\$2,559.86	\$211,305.49		
14	\$1,553.42	\$2,576.93	\$207,175.14		
15	\$1,536.24	\$2,594.11	\$203,044.80		
16	\$1,518.94	\$2,611.40	\$198,914.45		
17	\$1,501.53	\$2,628.81	\$194,784.10		
18	\$1,484.01	\$2,646.34	\$190,653.76		
19	\$1,466.37	\$2,663.98	\$186,523.41		
20	\$1,448.61	\$2,681.74	\$182,393.06		
21	\$1,430.73	\$2,699.62	\$178,262.72		
22	\$1,412.73	\$2,717.62	\$174,132.37		
23	\$1,394.61	\$2,735.73	\$170,002.02		
24	\$1,376.37	\$2,753.97	\$165,871.68		
25	\$1,358.01	\$2,772.33	\$161,741.33		
26	\$1,339.53	\$2,790.81	\$157,610.98		
27	\$1,320.93	\$2,809.42	\$153,480.64		
28	\$1,302.20	\$2,828.15	\$149,350.29		
29	\$1,283.34	\$2,847.00	\$145,219.94		
30	\$1,264.36	\$2,865.98	\$141,089.60		
31	\$1,245.26	\$2,885.09	\$136,959.25		
32	\$1,226.02	\$2,904.32	\$132,828.90		
33	\$1,206.66	\$2,923.69	\$128,698.56		
34	\$1,187.17	\$2,943.18	\$124,568.21		
35	\$1,167.55	\$2,962.80	\$120,437.86		

36	\$1,147.80	\$2,982.55	\$116,307.51
37	\$1,127.91	\$3,002.43	\$112,177.17
38	\$1,107.90	\$3,022.45	\$108,046.82
39	\$1,087.75	\$3,042.60	\$103,916.47
40	\$1,067.46	\$3,062.88	\$99,786.13
41	\$1,047.04	\$3,083.30	\$95,655.78
42	\$1,026.49	\$3,103.86	\$91,525.43
43	\$1,005.80	\$3,124.55	\$87,395.09
44	\$984.97	\$3,145.38	\$83,264.74
45	\$964.00	\$3,166.35	\$79,134.39
46	\$942.89	\$3,187.46	\$75,004.05
47	\$921.64	\$3,208.71	\$70,873.70
48	\$900.25	\$3,230.10	\$66,743.35

APPENDIX C
BALANCE SHEET

Projected Balance Sheet

Assets

Current Assets			
	Cash		
	Accounts Receivable		
	Inventory		\$125,000
	Raw Materials		
	Other		
		Total Current Assets	\$125,000
Fixed Assets			
	Net Fixed Assets		\$65,000
	Less: Accumulated Depreciation		
		Total Fixed Assets	\$65,000
Intangible Assets			
	Patents		
	Goodwill		
		Total Intangible Assets	\$0
		Total Assets	\$315,000

Liabilities

Current Liabilities			
	Accounts Payable		\$50,000
	Wages/Payroll Expenses		
	Current Long Term Debt		
	Line of Credit		
	Other		
		Total Current Liabilities	\$50,000
Long Term Liabilities			
	Long Term Debt		\$225,000
		Total Long Term Liabilities	\$225,000
Owners Equity			
	Paid in Capital		\$40,000
	Owners Equity		
		Total Equity	\$40,000
		Total Liabilities	\$315,000

APPENDIX D

CASH FLOW

Redlands Cash Flow Projections for Year 1

CASH IN	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total Year 1
Beginning Cash Balance	\$(44,581)	\$(49,743)	\$(56,020)	\$(55,300)	\$(40,365)	\$(30,304)	\$(14,188)	\$(3,185)	\$ 5,679	\$10,396	\$10,115	\$14,031	\$(253,464)
Loan/Investment Proceeds	\$225,000												
New Investment by Owner	\$ 40,000												
Line of Credit Proceeds													
Cash Received													
Total Sales	\$47,938	\$69,675	\$44,538	\$60,400	\$58,584	\$69,784	\$65,159	\$58,567	\$46,980	\$31,188	\$31,688	\$40,655	\$625,152
Sales on Account													
Current Accounts Receivable Collections													

Total Cash In **\$265,000 \$ 3,357 \$19,932 \$(11,482) \$ 5,100 \$18,219 \$39,480 \$50,971 \$55,382 \$52,658 \$41,584 \$41,802 \$54,688 \$371,687**

CASH OUT	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total Year 1
Startup Costs	\$184,581												
Total Inventory Purchases	\$75,000	\$11,984	\$17,419	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$10,164
Total Fixed Assets Purchase													
Total Purchases on Account	\$50,000	\$11,984	\$17,419	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$10,164
Payment of Current Accounts Payable	\$25,000	\$36,984	\$17,419	\$11,134	\$15,100	\$14,646	\$17,446	\$16,290	\$14,642	\$11,745	\$7,797	\$7,922	\$196,124
Total Purchases Cash Out													

Operating Expenses													
Accounting	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200
Advertising	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Alarm Service	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Auto and Truck Expenses (Pmt, Ins, Gas, Repair)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Bad Debts / Checks (Tele Check)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Bank Service Charges	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900
Casual Labor													\$0
Cleaning & Janitorial (Supplies)	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900
Computer Misc (Internet/Repair/Websites)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Credit Card Discounts (Percent of total sales)													
Depreciation Expenses													
Donations	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Dumpster Fees	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Dues and Subscriptions	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Employee Bounses								\$200	\$200	\$200	\$200	\$200	\$1,000
Entertainment													\$0
Equipment - Rental /	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000

Lease (Tractor)														
Insurance-General (Fire/Earthquake/Th eft)	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$5,004
Insurance-Medical (2 Exec)														\$0
Insurance-Life (2 Exec)	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$4,500
Insurance-Liability (2 mil)	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$420	\$5,040
Interest Expense Labor Burden (16% of payroll)	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$2,660	\$31,918
Legal	\$1,000	\$500												
Licenses	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900
Petty Cash	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Nursery Supplies (Hoses, Carts, Dolleys)	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Office Supplies	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Payroll - Employees														
Manager (1 @ Sal)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Asst. Manager (1 @ \$12)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Sales Associates (4 @ \$10)	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$80,004
Yard Workers (1 @ \$9, 2 @ \$8)	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,004
Payroll - Officers / Consulting	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Payroll- Secretary (3 days @ \$12)	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$1,290	\$15,480
Postage	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Rent for Office	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$530	\$6,360
Repair & Maintenance	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Small Tools & Supplies	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Property Taxes	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Telephone	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Travel	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Utilities														
Electric	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$9,000
Water / Sewer	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Total Operating Expenses	\$30,801	\$30,301	\$29,801	\$29,801	\$29,801	\$29,801	\$29,801	\$29,801	\$30,001	\$30,001	\$30,001	\$30,001	\$30,001	\$358,610

Total Cash Out **\$309,581** **\$48,969** **\$71,822** **\$39,688** **\$41,334** **\$44,392** **\$49,538** **\$50,025** **\$45,573** **\$38,132** **\$27,339** **\$23,641** **\$28,249** **\$508,700**

Net Cash Flow **-\$44,581** **-\$45,612** **-\$51,889** **-\$51,170** **-\$36,235** **-\$26,173** **-\$10,058** **\$945** **\$9,809** **\$14,527** **\$14,245** **\$18,162** **\$26,437** **-\$137,013**

Adjustment to Net Cash Flow

 New Debt Payment **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$4,130** **\$49,564**

 Line of Credit Payment

Ending Cash Balance **-\$44,581** **-\$49,743** **-\$56,020** **-\$55,300** **-\$40,365** **-\$30,304** **-\$14,188** **-\$3,185** **\$5,679** **\$10,396** **\$10,115** **\$14,031** **\$22,306** **-\$186,577**

APPENDIX E
START UP COSTS

Startup Costs
Redlands Nursery & Tree Company

Chain link fencing (1)			
Materials	\$	8,573.00	
Labor	\$	2,000.00	
	\$	<u>10,573.00</u>	\$ 10,573.00
 Contract			
Attorney Fees (Approximate)	\$	5,000.00	
	\$	<u>5,000.00</u>	\$ 5,000.00
 Plans			
Scott Peterson (Architect)			\$ 5,000.00
 Survey and Line Markers			
Brad Brior	\$	1,600.00	
	\$	<u>1,600.00</u>	\$ 1,600.00
 Ornamental Fencing			
Materials and Labor	\$	6,374.00	
	\$	<u>6,374.00</u>	\$ 6,374.00
 Gravel and Weed Barrier			
Gravel	\$	6,700.00	
Weed Barrier	\$	3,000.00	
Labor	\$	1,500.00	
	\$	<u>11,200.00</u>	\$ 11,200.00
 Shade Cloth and Structures			
 *Framing for planting area			
Materials / Labor	\$	5,000.00	
	\$	<u>5,000.00</u>	\$ 5,000.00
 Sign for front of property			
Concrete/Stamped	\$	3,800.00	
	\$	<u>3,800.00</u>	\$ 3,800.00
 *Cost of irrigation system			
Materials / Labor	\$	4,000.00	
	\$	<u>4,000.00</u>	\$ 4,000.00

Trash enclosure			
Materials / Labor	\$ 2,500.00		
	<u>\$ 2,500.00</u>	\$	2,500.00
Paving / Painting for entrance and parking			
Materials / Labor Paving	\$ 8,000.00		
Materials / Labor Painting	\$ 750.00		
	<u>\$ 8,750.00</u>	\$	8,750.00
Well Drilling			
Materials / Labor	\$ 15,800.00		
	<u>\$ 15,800.00</u>	\$	15,800.00
*Electrical to property			
Materials / Labor	\$ 3,000.00		
	<u>\$ 3,000.00</u>	\$	3,000.00
Office Building			
Lease / Purchase	\$ 13,125.00		
52,500.00 * 25% (down)			
Install Fire Protection	\$ 2,500.00		
Hookup water/sewer/electrical			
	<u>\$ 15,625.00</u>	\$	15,625.00
*Landscape property to city specs			
Materials / Labor	\$ 2,500.00		
	<u>\$ 2,500.00</u>	\$	2,500.00
Curb and Gutter			
Materials / Labor	\$ 800.00		
	<u>\$ 800.00</u>	\$	800.00
*Grading of property			
Labor / Equipment	\$ 5,000.00		
	<u>\$ 5,000.00</u>	\$	5,000.00
*Computer equipment			
Equipment (Visa/M.C.)	\$ 2,000.00		
Equipment (computers)	\$ 8,000.00		
	<u>\$ 10,000.00</u>	\$	10,000.00
*Truck / Tractor lease/purchase			
Truck	\$ 5,000.00		
Tractor	\$ 5,000.00		
	<u>\$ 10,000.00</u>	\$	10,000.00

Misc. Expenses			
Oversights	\$ 15,000.00		
	\$ 15,000.00	\$	15,000.00
Water Fees			
Water source aquisition	\$ 140.00		
Water capital improvement	\$ 720.00		
Water main frontage	\$ 3,876.00		
Water backflow device (1")	\$ 500.00		
Installation to water meters	\$ 2,900.00		
Install of water / sewer lines to building	\$ 1,000.00		
	\$ 9,136.00	\$	9,136.00
Sewer Fees			
Permits and fees for water/sewer	\$ 1,000.00		
Sewer main frontage charge	\$ 3,876.00		
Sewer capital improvement	\$ 2,090.00		
Solid waste capital improvement	\$ 3,120.00		
Installation of sewer line	\$ 5,800.00		
	\$ 15,886.00	\$	15,886.00
City Fees			
Application Fee	\$ 4,420.00		
Development Fee	\$ 13,617.00		
	\$ 18,037.00	\$	18,037.00
		TOTAL \$	184,581.00