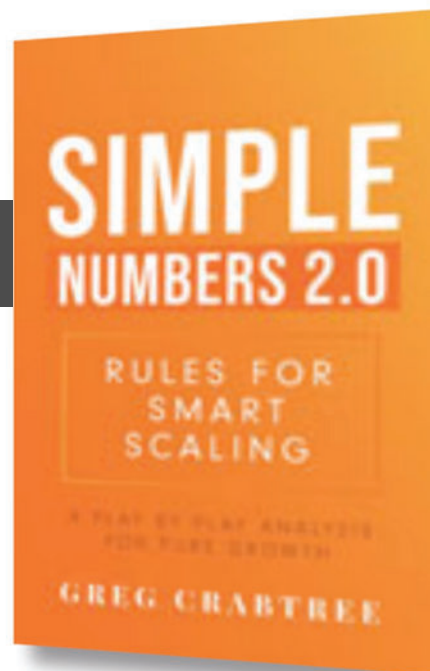


Simple Numbers[®]

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Resource Tables for Audiobook Listeners



Simple Numbers 2.0: Rules for Smart Scaling
by Greg Crabtree

	Run to harvest	Harvest to premium sale	Build to sell
Revenue	5,000,000	30,000,000	8,500,000
EBITDA	600,000	5,250,000	1,000,000
EBITDA % to revenue	12%	18%	12%
Equity	1,000,000	5,000,000	500,000
Value	2,800,000	60,000,000	40,000,000
Value to revenue	0.56	2.00	4.71
Value to EBITDA	4.67	11.43	40.00

Characteristics

Customer funded	No	No	Yes
Recurring revenue	No	No	Yes
High use of labor	Yes	No	No
Sticky customers	No	Yes	Yes
Perceived scalability	Low	Moderate	High
Ability to create	High	Moderate	Low



Good



Great



At Risk



Bad

Invested capital	Year 1	Year 2	Year 3
Cash invested	\$100,000	\$100,000	\$100,000
Retained earnings	\$60,000	\$180,000	\$360,000
Sweat equity	\$100,000	\$100,000	\$100,000
Total invested capital	\$260,000	\$380,000	\$560,000
Pretax net income (including expensing sweat equity)	\$100,000	\$200,000	\$300,000
Tax (40%)	\$40,000	\$80,000	\$120,000
After-tax net income	\$60,000	\$120,000	\$180,000
ROIC	38%	53%	54%

Invested capital	Year 1	Year 2	Year 3
Invested capital starting year	12,877,503	16,826,758	22,295,191
After-tax profits retained	7,252,669	10,743,031	10,456,627
After-tax distributions	(3,303,414)	(5,274,598)	(5,135,965)
Total invested capital	16,826,758	22,295,191	27,615,852
Pretax net income	12,087,781	17,905,051	17,427,711
Tax (40%)	4,835,113	7,162,020	6,971,084
Revenue growth rate over prior year	20%	14%	15%
ROIC	72%	80%	63%
Months of core capital	1.35	1.74	1.61
Profit utilization			
Taxes	40%	40%	40%
Distributions	27%	29%	29%
Retention	33%	31%	31%

50% Example	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investment (start)	100,000	130,000	169,000	219,700	285,610	371,293	\$482,681	627,485	815,731	1,060,450
Interest (50%)	50,000	65,000	84,500	109,850	142,805	185,647	241,340	313,340	407,865	530,225
Tax (40%)	(20,000)	(26,000)	(33,800)	(43,940)	(57,122)	(74,259)	(96,536)	(125,497)	(163,146)	(212,090)
Investment (end)	\$130,000	\$169,000	\$219,700	\$285,610	\$371,293	\$482,681	\$627,485	\$815,731	\$1,060,450	\$1,378,585

75% Example	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investment (start)	100,000	145,000	210,000	304,863	442,051	640,973	929,411	1,347,647	1,954,088	2,833,427
Interest (75%)	75,000	108,750	157,688	228,647	331,538	480,730	697,059	1,010,735	1,465,566	2,125,070
Tax (40%)	(30,000)	(43,500)	(63,075)	(91,459)	(132,615)	(192,292)	(278,823)	(404,294)	(586,226)	(850,028)
Investment (end)	\$145,000	\$210,250	\$304,863	\$442,051	\$640,973	\$929,411	\$1,347,647	\$1,954,088	\$2,833,427	\$4,108,469

100% Example	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 11
Investment (start)	100,000	160,000	256,000	409,600	655,360	1,048,576	1,677,722	2,684,355	4,294,967	6,871,948
Interest (100%)	100,000	160,000	256,000	409,600	655,360	1,048,576	1,677,722	2,684,355	4,294,967	6,871,948
Tax (40%)	(40,000)	(64,000)	(102,400)	(163,840)	(262,144)	(419,430)	(671,089)	(1,073,742)	(1,717,987)	(2,748,779)
Investment (end)	\$160,000	\$256,000	\$409,600	\$655,360	\$1,048,576	\$1,677,722	\$2,684,355	\$4,294,967	\$6,871,948	\$10,995,116

	Year 1	Year 2	Year 3
Revenue	10,000,000	9,750,000	10,500,000
Gross margin	4,500,000	4,250,000	4,600,000
Pretax net income	1,000,000	980,000	1,100,000
Net income as % to revenue	10%	10%	10%
Net income as % to gross margin	22%	23%	24%
Equity	1,500,000	1,450,000	1,600,000
Economic value calculation			
Last 3 years pretax net income			\$3,080,000
Equity			\$1,600,000
Estimated value			\$4,680,000

Pretax net income (annual average)	1,026,667
Tax (40%)	410,667
After-tax net income (maximum debt payment to service note)	616,000
Purchase price (50%)	2,340,000
Months to pay off at 5%	51

	Year 1	Year 2	Year 3
Revenue	10,000,000	10,000,000	10,000,000
Gross margin	4,500,000	4,250,000	4,600,000
Pretax net income	1,000,000	980,000	1,100,000
Net income as % to revenue	10%	10%	10%
Net income as % to gross margin	22%	23%	24%
Equity	1,500,000	1,450,000	1,600,000
Market value calculation	5x net income	7.5x net income	10x net income
Average of last 3 years net income	1,026,667	1,026,667	1,026,667
Estimated value	5,133,333	7,700,000	10,266,667
Tax at 40%	410,667	410,667	410,667
After-tax net income (maximum debt payment to service note)	616,000	616,000	616,000
Purchase price (100%)	5,133,333	7,700,000	10,266,667
Months to pay off at 5% interest for 100% purchase	130	236	431
Years	10.83	19.67	35.92

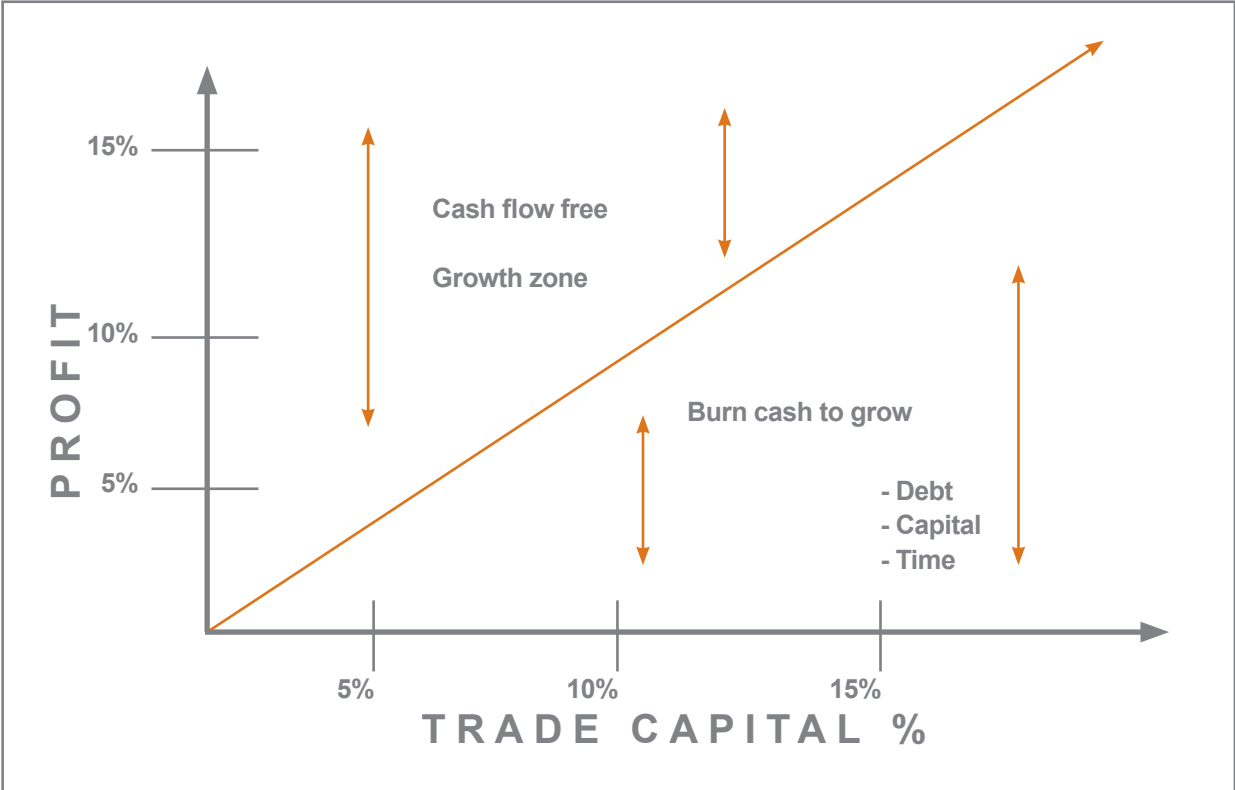
Revenue	10,000,000
Net income	1,000,000
Equity needed for full capitalization	1,500,000
Incremental capital % revenue	7%

Event:	Invested capital	Revenue	Net income	ROIC
Purchase for 10x	10,000,000	10,000,000	1,000,000	10%
Addition needed to double company	700,000	10,000,000	1,000,000	
Stage 1 company size/ROIC	10,700,000	20,000,000	2,000,000	19%
Addition needed to double company	1,400,000	20,000,000	2,000,000	
Stage 2 company size/ROIC	12,100,000	40,000,000	4,000,000	33%

	5x	7x	10x
Revenue	10,000,000	10,000,000	10,000,000
Net income	1,000,000	1,000,000	1,000,000
Net income as % to revenue	10%	10%	10%
Equity (invested capital)	1,500,000	1,500,000	1,500,000
Estimated value	5,000,000	7,000,000	10,000,000
Estimated taxes on sale (25%)	1,250,000	1,750,000	2,500,000
Net after-tax proceeds from sale	3,750,000	5,250,000	7,500,000
Replacement return needed	27%	19%	13%
Annual ROIC	67%	67%	67%

	Make stuff	Sell stuff	Do stuff
Revenue	4,400,000	40,000,000	10,000,000
Cost of goods sold	1,800,000	34,650,000	500,000
Gross margin	2,600,000	5,350,000	9,500,000
As % to sales	59.09%	13.38%	95%
Direct labor	900,000	1,100,000	4,750,000
Contribution margin (CM)	1,700,000	4,250,000	4,750,000
As % to sales	38.64%	10.63%	47.50%
dLER (Gross margin / direct labor)	2.89	4.86	2
Operating expenses			
Facilities	240,000	270,000	890,000
Marketing	36,000	180,000	160,000
Management labor	450,000	1,500,000	1,100,000
Payroll tax & benefits	180,000	400,000	800,000
Other operating expenses	100,000	430,000	600,000
Total operating expenses	1,006,000	2,780,000	3,550,000
As % to sales	22.86%	6.95%	35.5%
mLER (CM / management labor)	3.78	2.83	4.32
Net operating income	694,000	1,470,000	1,200,000
As % to sales	15.77%	3.68%	12%
As % to gross margin	26.69%	27.48%	12.63%
Other income (expense)			
Interest income	1,000	1,500	3,000
Depreciation	(100,000)	(75,000)	(50,000)
Reinvestment expenses	-	(150,000)	(100,000)
Other expenses	(10,000)	(5,000)	(15,000)
Total other income (expense)	(109,000)	(228,500)	(162,000)
Net income	585,000	1,241,500	1,038,000
As % to sales	13.3%	3.1%	10.38%
As % to gross margin	22.5%	23.21%	10.93%

	Make stuff	Sell stuff	Do stuff
Net income	585,000	1,241,500	1,038,000
As % to revenue	13.90%	3.10%	10.38%
Trade capital			
Accounts receivable	542,465.75	2,191,780.82	1,232,876.71
Inventory	295,890.41	2,847,945.21	-
Work in progress	-	-	410,958.90
Accounts payable	(295,890.41)	(4,272,917.81)	-
Deferred revenue	-	-	-1,095,890.41
<i>Net trade capital</i>	542,465.75	767,808.22	547,945.21
As % to revenue	12.30%	3.10%	5.47%
Infrastructure capital (net of debt)	250,000	750,000	100,000
Buffer capital	317,666.67	646,666.67	1,383,333.33
Required capital	1,110,132.42	2,164,474.89	2,031,278.54
ROIC	53%	57%	51%



		Catalyst Expectation	189%
	2012-12		2013-12
Revenue	703,838.19		2,030,784.16
Cost of goods sold	282,182.31		1,008,499.02
Gross margin	421,655.88		1,022,285.14
As % to sales	60%		50%
Direct Labor	70,000		150,000
As % to sales	10%		7%
dLER	6.02		6.82
Contribution margin	351,655.88		872,285.14
As % to sales	50%		43%
Operating expenses			
Marketing	75,048.80	121,222.20	196,271
Management labor	138,821.36		245,653.54
Other operating expenses	74,328.78		311,851.80
Total operating expenses	288,198.94		753,776.34
As % to sales	41%		37%
mLER	2.53		3.55
Net operating income	63,456.94	60,611.10	118,508.80
As % to sales	9.02%	124,068.04	5.84%
Marketing spend increases (Launch capital)			121,222.20
Profit increase			55,051.86
Return			45%
Increase in labor spend*			186,832.18
Marketing (As % to sales)	10.66%		9.66%
Other operating expense (as % to contribution margin)	21%		36%

* Labor was added after revenue increased

		189%	Catalyst Expectation	78%
	2012-12	2013-12		2014-12
Revenue	703,838.19	2,030,784.16		3,617,685.49
Cost of goods sold	282,182.31	1,008,499.02		1,582,514.53
Gross margin	421,655.88	1,022,285.14		2,035,170.96
As % to sales	60%	50%		56%
Direct labor	70,000	150,000		250,000
As % to sales	10%	7%		7%
dLER	6.02	6.82		8.14
Contribution margin	351,655.88	872,285.14		1,785,170.96
As % to sales	50%	43%		49%
Operating expenses				
Marketing	75,048.80	196,271.00	103,268.79	299,539.79
Management labor	138,821.36	245,653.54		441,845.36
Other operating expenses	74,328.78	311,851.80		415,780.01
Total operating expenses	288,198.94	753,776.34		1,157,165.16
As % to sales	41%	37%		32%
mLER	2.53	3.55		4.04
Net operating income	63,456.94	118,508.80	51,634.40	628,005.80
As % to sales	9.02%	5.84%	170,143.20	17.36%
Marketing spend increases (Launch capital)		121,222.20		103,268.79
Profit increase		55,051.86		509,497
Return		45%		493%
Increase in labor spend*		186,832.18		296,191.82
Marketing (As % to sales)	10.66%	9.66%		8.28%
Other operating expense (As % to contribution margin)	21%	36%		23%

* Labor was added after revenue increased

		189%	78%	Catalyst Expectation	44%
	2012-12	2013-12	2014-12		2015-12
Revenue	703,838.19	2,030,784.16	3,617,685.49		5,210,309.68
Cost of goods sold	282,182.31	1,008,499.02	1,582,514.53		2,359,088.80
Gross margin	421,655.88	1,022,285.14			2,851,220.88
As % to sales	60%	50%	56%		55%
Direct labor	70,000	150,000	250,000		270,857.17
As % to sales	10%	7%	7%		5%
dLER	6.02	6.82	8.14		10.53
Contribution margin	351,655.88	872,285.14			2,580,363.71
As % to sales	50%	43%			50%
Operating expenses					
Marketing	75,048.80	196,271.00	299,539.79	394,465.28	694,005.07
Management labor	138,821.36	245,653.54	441,845.36		650,655.82
Other operating expenses	74,328.78	311,851.80	415,780.01		617,213.18
Total operating expenses	288,198.94	753,776.34	1,157,165.16		1,961,874.07
As % to sales	41%	37%	32%		38%
mLER	2.53	3.55	4.04		3.97
Net operating income	63,456.94	118,508.80	628,005.80	197,232.64	618,489.64
As % to sales	9.02%	5.84%	17.36%	825,238.44	11.87%
Marketing spend increases (Launch capital)		121,222.20	103,268.79		394,465.28
Profit increase		55,051.86	509,497		(9,516.16)
Return		45%	493%		(2%)
Increase in labor spend*		186,832.18	296,191.82		229,667.63
Marketing (As % to sales)	10.66%	9.66%			13.32%
Other operating expense (As % to contribution margin)	21%	36%	23%		24%

* Labor was added after revenue increased

		189%	78%	44%	49%	37%
	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12
Revenue	703,838.19	2,030,784.16	3,617,685.49	5,210,309.68	7,787,634.84	10,673,156.12
Cost of goods sold	282,182.31	1,008,499.02	1,582,514.53	2,359,088.80	3,492,869.83	4,752,695.88
Gross margin	421,655.88	1,022,285.14		2,851,220.88	4,294,765.01	5,920,460.24
As % to sales	60%	50%	56%	55%	55%	55%
Direct Labor	70,000	150,000	250,000	270,857.17	621,226.42	866,815.20
As % to sales	10%	7%	7%	5%	8%	8%
dLER	6.02	6.82	8.14	10.53	6.91	6.83
Contribution margin	351,655.88	872,285.14		2,580,363.71	3,673,538.59	5,053,645.04
As % to sales	50%	43%		50%	47%	47%
Operating expenses						
Marketing	75,048.80	196,271.00	299,539.79	694,005.07	860,635.08	1,014,995.81
Management labor	138,821.36	245,653.54	441,845.36	650,655.82	1,118,476.77	1,507,236.75
Other operating expenses	74,328.78	311,851.80	415,780.01	617,213.18	924,980.23	1,320,305.30
Total operating expenses	288,198.94	753,776.34	1,157,165.16	1,961,874.07	2,904,092.08	3,842,537.86
As % to sales	41%	37%	32%	38%	37%	36%
mLER	2.53	3.55	4.04	3.97	3.28	3.35
Net operating income	63,456.94	118,508.80	628,005.80	618,489.64	769,446.51	1,211,107.18
As % to sales	9.02%	5.84%	17.36%	11.87%	9.88%	11.35%
Marketing spend increases (Launch capital)		121,222.20	103,268.79	394,465.28	166,630.01	154,360.73
Profit increase		55,051.86	509,497	-9,516.16	150,956.87	441,660.67
Return		45%	493%	-2%	91%	286%
Increase in labor spend*		186,832.18	296,191.82	229,667.63	818,190.20	634,348.76
Marketing (As % to sales)	10.66%	9.66%		13.32%	11.05%	9.51%
Other operating expense (As % to contribution margin)	21%	36%	23%	24%	25%	26%

		-1%	7%
	For the 12 months ended		
	20X1-09	20X2-09	20X3-09
Revenue	7,563,000	7,510,000	8,032,000
Cost of goods sold	1,663,860	1,727,300	1,847,360
Gross margin	5,899,140	5,782,700	6,184,640
As % to sales	78%	77%	77%
Direct labor	1,573,104	1,584,301	1,938,759
As % to sales	21%	21%	24%
dLER	3.75	3.65	3.19
Contribution margin	4,326,036	4,198,399	4,245,881
As % to sales	57%	56%	53%
Operating expenses			
Facilities	951,000	973,000	1,173,000
Marketing	246,000	335,000	376,000
Management labor	995,000	923,000	1,202,000
Payroll tax & benefits	300,000	318,000	362,000
Other operating expenses	800,000	782,000	754,000
Total operating expense	3,292,000	3,331,000	3,867,000
As % to sales	44%	44%	48%
mLER (compared to contribution margin)	4.35	4.55	3.53
Net operating income	1,034,036	867,399	378,881
As % to sales	14%	12%	5%

	For the 12 months ended			For the 3 months ended		
		-1%	7%		5%	16%
	20X1-09	20X2-09	20X3-09	20X1-09	20X2-09	20X3-09
Revenue	7,563,000	7,510,000	8,032,000	1,708,000	1,794,000	2,074,000
Cost of goods sold	1,663,860	1,727,300	1,847,360	392,840	430,560	414,800
Gross margin	5,899,140	5,782,700	6,184,640	1,315,160	1,363,440	1,659,200
As % to sales	78%	77%	77%	77%	76%	80%
Direct labor	1,573,104	1,584,301	1,938,759	390,255	394,058	442,453
As % to sales	21%	21%	24%	23%	22%	21%
dLER	3.75	3.65	3.19	3.37	3.46	3.75
Contribution margin	4,326,036	4,198,399	4,245,881	924,905	969,382	1,216,747
As % to sales	57%	56%	53%	54%	54%	59%
Operating expenses						
Facilities	951,000	973,000	1,173,000	256,000	241,000	349,000
Marketing	246,000	335,000	376,000	63,000	99,000	108,000
Management labor	995,000	923,000	1,202,000	281,000	215,000	293,000
Payroll tax & benefits	300,000	318,000	362,000	76,000	80,000	85,000
Other operating expenses	800,000	782,000	754,000	169,000	252,000	226,000
Total operating expenses	3,292,000	3,331,000	3,867,000	845,000	887,000	1,061,000
As % to sales	44%	44%	48%	49%	49%	51%
mLER (compared to contribution margin)	4.35	4.55	3.53	3.29	4.51	4.15
Net operating income	1,034,036	867,399	378,881	79,905	82,382	155,747
As % to sales	14%	12%	5%	5%	5%	8%

	Rolling 12	Rolling 3	Annualized	Expansion	New Normative	
	20X3-09	20X3-09	Rolling 3	Spending	P&L Run Rate	
Revenue	8,032,000	2,074,000	8,296,000		8,296,000	
Cost of goods sold	1,847,360	414,500	1,659,200		1,659,200	
Gross margin	6,184,640	1,659,200	6,636,800		6,636,800	
As % to sales	77%	80%	80%		80%	
Direct labor	1,938,759	442,453	1,769,813		1,769,813	
As % to sales	24%	21%	21%		21%	
dLER	3.19	3.75	3.75		3.75	
Contribution margin	4,245,881	1,216,747	4,866,987		4,866,987	
As % to sales	53%	59%	59%		59%	
Operating expenses						
Facilities	1,173,000	349,000	1,396,000	423,000	973,000	
Marketing	376,000	108,000	432,000	97,000	335,000	
Management labor	1,202,000	293,000	1,172,000	120,000	1,052,000	
Payroll tax & benefits	362,000	85,000	340,000		340,000	
Other operating expenses	754,000	226,000	904,000	50,000	854,000	
Total operating expense	3,867,000	1,061,000	4,244,000	690,000	3,554,000	
As % to sales	48%	51%	51%		43%	
mLER (compared to contribution margin)	3.53	4.15	4.15		4.63	
Net operating income	378,881	155,747	622,987		1,312,987	NOI if didn't spend on expansion
As % to sales	5%	8%	8%		16%	
Annualized expansion spend	690,000				345,000	Minimum amount of return needed 2019
Net operating income – normalized for launch capital spend	1,068,881				1,657,987	Minimum profit target 2019

	Year 1	Year 2	Year 3
Revenue	15,000,000	12,500,000	26,000,000
Cost of goods sold	11,000,000	9,400,000	18,250,000
Gross margin	4,000,000	3,100,000	7,750,000
As % to sales	27%	25%	30%
Direct Labor	1,250,000	1,260,000	2,500,000
As % to sales	8%	10%	10%
dLER	3.2	2.46	3.1
Contribution margin	2,750,000	1,840,000	5,250,000
As % to sales	18%	15%	20%
Operating expenses			
Facilities	225,000	250,000	275,000
Marketing	150,000	225,000	400,000
Management labor	775,000	1,100,000	1,400,000
Payroll tax & benefits	150,000	200,000	350,000
Other operating expenses	450,000	520,000	800,000
Total operating expense	1,750,000	2,295,000	3,225,000
As % to sales	12%	18%	12%
mLER (compared to contribution margin)	3.55	1.67	3.75
Net operating income	1,000,000	(455,000)	2,025,000
As % to sales	7%	(4%)	8%
As % to gross margin	25%	(15%)	26%
Other income (expense)			
Interest expense	(20,000)	(30,000)	(35,000)
Depreciation	(25,000)	(30,000)	(35,000)
Total other income (expense)	(45,000)	(60,000)	(70,000)
Net income	955,000	515,000	1,955,000
As % to sales	6%	(4%)	
Facilities (As % to contribution margin)	8.18%	13.59%	5.24%
Marketing (As % to revenue)	1%	1.8%	1.54%
Payroll tax and benefits (As % to all labor)	7.41%	8.47%	8.97%
Other operating expense (As % to contribution margin)	16.36%	28.26%	15.24%

	Year 3	Contribution margin	Direct labor	Gross margin	Revenue	Operating expenses
Revenue	26,000,000				27,678,571.43	27,678,571.43
Cost of goods sold	18,250,000				19,375,000	19,375,000
Gross margin	7,750,000			8,303,571.43	8,303,571.43	8,303,571.43
As % to sales	30%			30%	30%	30%
Direct labor	2,500,000		2,678,571.43	2,678,571.43	2,678,571.43	2,678,571.43
As % to sales	10%				10%	10%
dLER	3.1		3.1	3.1	3.1	3.1
Contribution margin	5,250,000	5,625,000	5,625,000	5,625,000	5,625,000	5,625,000
As % to sales	20%				20%	20%
Operating expenses						
Facilities	275,000					250,000
Marketing	400,000					415,178.57
Management labor	1,400,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Payroll tax & benefits	350,000					376,071.43
Other operating expenses	800,000					843,750
Total operating expense	3,225,000					3,385,000
As % to sales	12%					12%
mLER (compared to contribution margin)	3.75	3.75	3.75	3.75	3.75	3.75
Net operating income	2,025,000					2,240,000
As % to sales	8%					8%
As % to gross margin	26%					27%
Other income (expense)						
Interest expense	(35,000)					(15,000)
Depreciation	(35,000)					(30,000)
Total other income (expense)	(70,000)					(45,000)
Net income	1,955,000					2,195,000
As % to sales	8%					8%
As % to gross margin	25%					26%
Facilities (as % to contribution margin)	5.24%					4.44%
Marketing (as % to revenue)	1.54%					1.5%
Payroll tax and benefits (as % of all labor)	8.97%					9%
Other operating expenses (as % to contribution margin)	15.24%					15%

	Year 3	Minimum	Target	Stretch
Revenue	26,000,000	27,678,571.43	29,523,809.52	35,030,303.03
Cost of goods sold	18,250,000	19,375,000	20,666,666.67	24,521,212.12
Gross margin	7,750,000	8,303,571.43	8,857,142.86	10,509,090.91
As % to sales	30%	30%	30%	30%
Direct Labor	2,500,000	2,678,571.43	2,857,142.86	3,284,090.91
As % to sales	10%	10%	10%	
dLER	3.1	3.1	3.1	3.2
Contribution margin	5,250,000	5,625,000	6,000,000	7,225,000
As % to sales	20%	20%	20%	21%
Operating expenses				
Facilities	275,000	250,000	250,000	250,000
Marketing	400,000	415,178.57	442,857.14	525,454.55
Management labor	1,400,000	1,500,000	1,500,000	1,700,000
Payroll tax & benefits	350,000	376,071.43	392,142.86	448,568.18
Other operating expenses	800,000	843,750	900,000	1,083,750
Total operating expense	3,225,000	3,385,000	3,485,000	4,007,772.73
As % to sales	12%	12%	12%	11%
mLER (compared to contribution margin)	3.75	3.75	4.00	4.25
Net operating income	2,025,000	2,240,000	2,515,000	3,217,227.27
As % to sales	8%	8%	9%	9%
As % to gross margin	26%	27%	28%	31%
Other income (expense)				
Interest expense	(35,000)	(15,000)	(15,000)	(15,000)
Depreciation	(35,000)	(30,000)	(30,000)	(30,000)
Total other income (expense)	(70,000)	(45,000)	(45,000)	(45,000)
Net income	1,955,000	2,195,000	2,470,000	3,172,227.27
As % to sales	8%	8%	8%	9%
As % to gross margin	25%	26%	28%	30%
Facilities (as % to contribution margin)	5.24%	4.44%	4.17%	3.46%
Marketing (as % to revenue)	1.54%	1.5%	1.5%	1.5%
Payroll tax and benefits (as % of all labor)	8.97%	9%	9%	9%
Other operating expenses (as % to contribution margin)	15.24%	15%	15%	15%

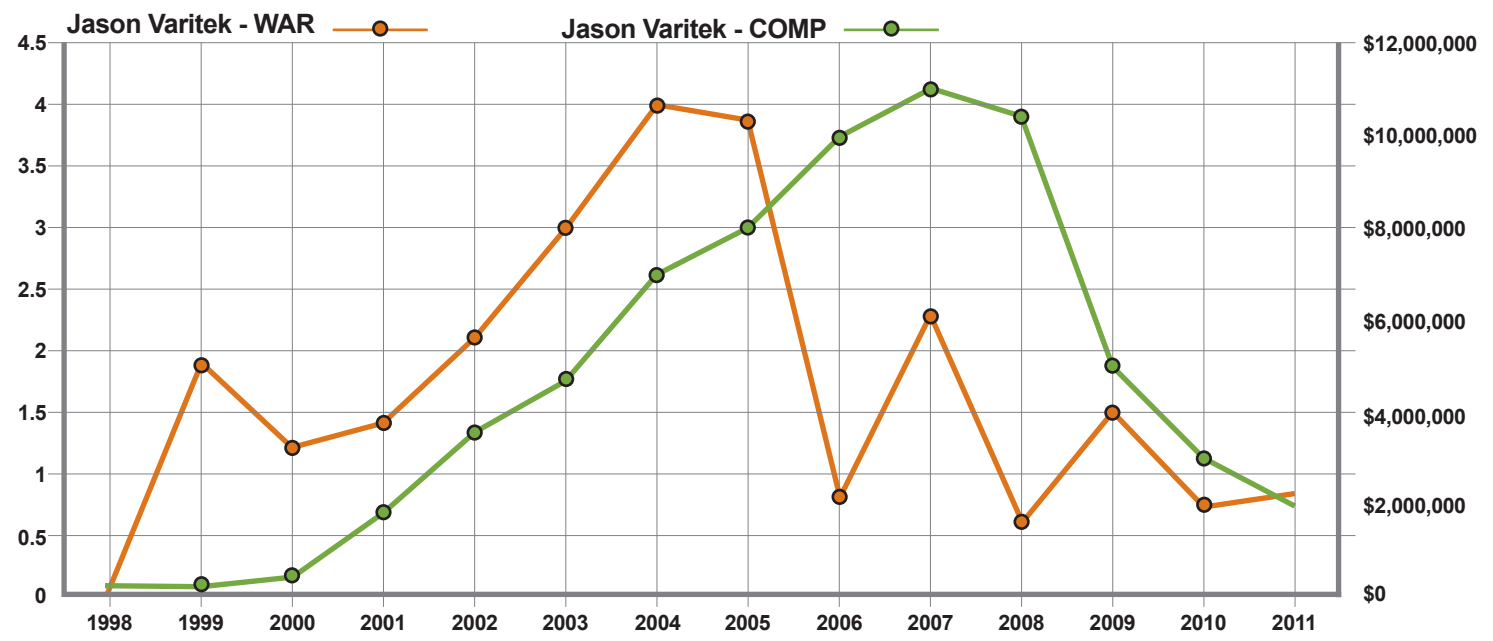
Trade capital			
	Minimum	Target	Stretch
Accounts receivable days	75	75	75
AP days	80	80	80
AR	5,687,377.69	6,066,536.20	7,198,007.47
AP	(4,246,575.34)	(4,529,680.37)	(5,374,512.25)
Net trade capital	1,440,802.35	1,536,855.84	1,823,495.23
Infrastructure capital	500,000	500,000	500,000
Buffer capital			
Direct labor	223,214.29	238,095.24	273,674.24
Operating expenses	282,083.33	290,416.67	333,981.06
One month of operating costs	505,297.62	528,511.90	607,655.30
Two months recommended cash	1,010,595.24	1,057,023.81	1,215,310.61
Total required invested capital	2,951,397.59	3,093,879.65	3,538,805.83
Net income	2,195,000	2,470,000	3,172,227.27
ROIC	74%	80%	90%

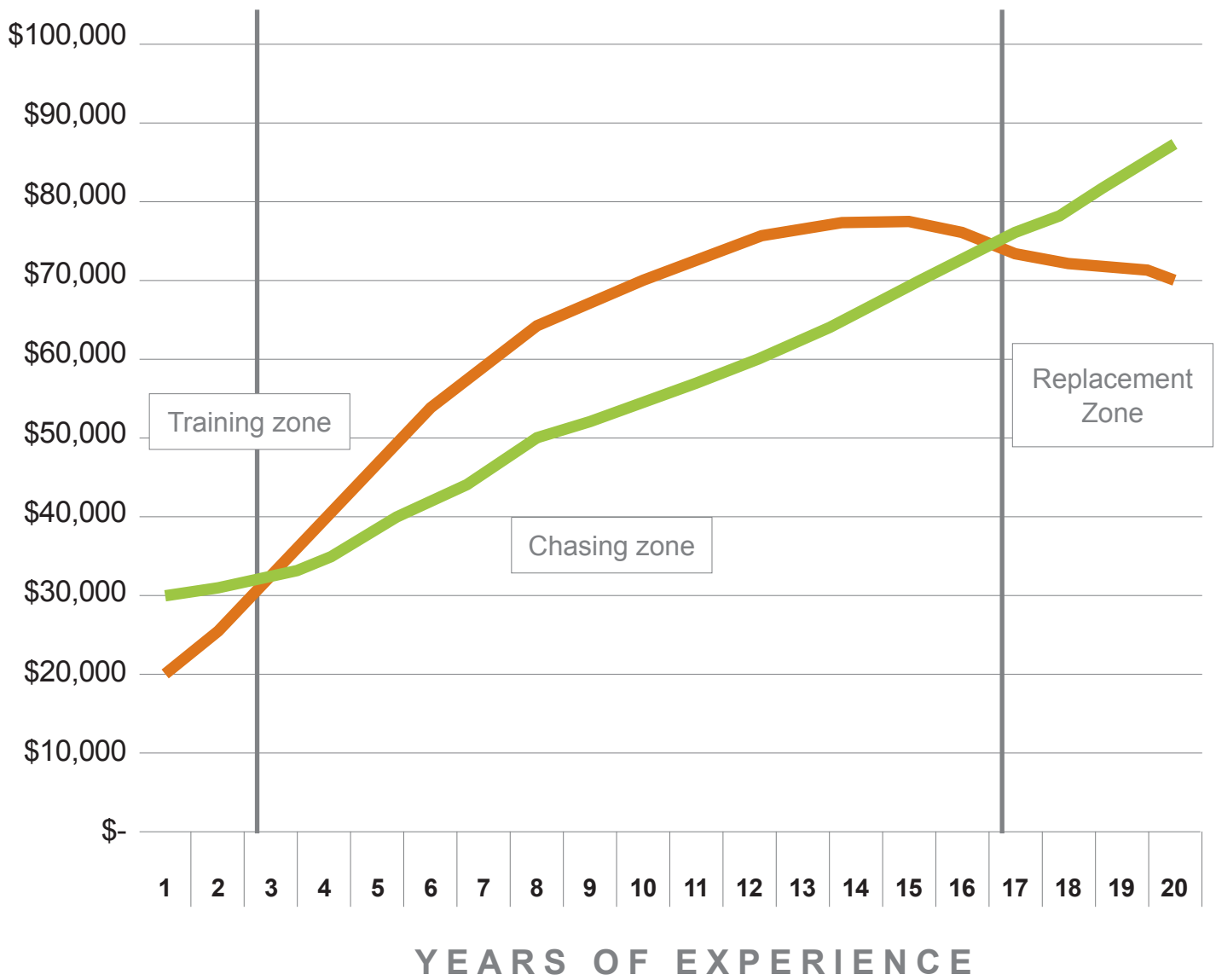
Annual Revenue Growth		Forecasted: 12%	
	Year 1	Initial Plan	
Revenue	2,970,000	3,325,000	
Cost of goods sold	320,000	306,000	
Gross margin	2,650,000	3,019,000	
As % to revenue	89.2%	90.8%	
Direct labor	1,010,000	1,000,000	
As % to revenue	34.0%	30.1%	
dLER	2.62	3.02	
Contribution margin	1,640,000	2,019,000	
As % to revenue	55.2%	60.7%	
Operating expenses			
Marketing	343,000	309,000	
Management labor	245,000	300,000	
Facilities, payroll taxes & other opex	925,000	805,000	
Total operating expenses	1,513,000	1,414,000	
As % to revenue	50.9%	42.5%	
mLER	6.69	6.73	
Net operating income	127,000	605,000	
As % revenue	4.3%	18.2%	
Total other income (expense)	(277,000)	(241,000)	
Net income	(150,000)	364,000	
As % to revenue	-5.1%	10.9%	
Marketing (as % to sales)	11.5%	9.3%	
Other operating expenses (as % to contribution margin)	56.4%	39.9%	
Cash	167,539	167,539	
Line of credit balance	395,000	31,000	
Annual distributions (contribution)	151,053	-	
Invested capital	320,436	320,436	
ROIC (Counting LOC as temporary capital)	-47%	114%	

Annual Revenue Growth	Forecasted: 12%		-6%	
	Year 1	Initial Plan	Year 2	Variance to plan
Revenue	2,970,000	3,325,000	2,780,000	(545,000)
Cost of goods sold	320,000	306,000	289,000	(17,000)
Gross margin	2,650,000	3,019,000	2,491,000	
As % to revenue	89.2%	90.8%	89.6%	
Direct labor	1,010,000	1,000,000	955,000	(45,000)
As % to revenue	34.0%	30.1%	34.4%	
dLER	2.62	3.02	2.61	
Contribution margin	1,640,000	2,019,000	1,536,000	(483,000)
As % to revenue	55.2%	60.7%	55.3%	
Operating expenses				
Marketing	343,000	309,000	324,000	15,000
Management labor	245,000	300,000	297,000	(3,000)
Facilities, payroll taxes & other opex	925,000	805,000	834,000	29,000
Total operating expenses	1,513,000	1,414,000	1,455,000	41,000
As % to revenue	50.9%	42.5%	52.3%	
mLER	6.69	6.73	5.17	
Net operating income	127,000	605,000	81,000	(524,000)
As % to revenue	4.3%	18.2%	2.9%	
Total other income (expense)	(277,000)	(241,000)	(199,000)	42,000
Net income	(150,000)	364,000	(118,000)	(4822,000)
As % to revenue	-5.1%	10.9%	-4.2%	
Marketing (as % to sales)	11.5%	9.3%	11.7%	
Other operating expense (as % to contribution margin)	56.4%	39.9%	54.3%	
Cash	167,539	167,539	128,052	
Line of credit balance	395,000	31,000	373,798	
Annual distributions (contribution)	151,053	-	(19,819)	
Invested capital	320,436	320,436	136,226	
ROIC (Counting LOC as temporary capital)	-47%	114%	-87%	

Annual Revenue Growth		-6%	4%
	Year 1	Year 2	Year 3
Revenue	2,970,000	2,780,000	2,900,000
Cost of goods sold	320,000	289,000	304,000
Gross margin	2,650,000	2,491,000	2,596,000
As % to revenue	89.2%	89.6%	89.5%
Direct labor	1,010,000	955,000	790,000
As % to revenue	34.0%	34.4%	27.2%
dLER	2.62	2.61	3.29
Contribution margin	1,640,000	1,536,000	1,806,000
As % to revenue	55.2%	55.3%	62.3%
Operating expenses			
Marketing	343,000	324,000	312,000
Management labor	245,000	297,000	301,000
Facilities, payroll taxes & other opex	925,000	834,000	952,000
Total operating expenses	1,513,000	1,455,000	1,565,000
As % to revenue	50.9%	52.3%	54.0%
mLER	6.69	5.17	6.00
Net operating income	127,000	81,000	241,000
As % to revenue	4.3%	2.9%	8.3%
Total other income (expense)	(277,000)	(199,000)	(216,000)
Net income	(150,000)	(118,000)	(216,000)
As % to revenue	-5.1%	-4.2%	0.9%
Marketing (as % to sales)	11.5%	11.7%	10.8%
Other operating expense (as % to contribution margin)	56.4%	54.3%	52.7%
Cash	167,539	128,052	110,185
Line of credit balance	395,000	373,798	345,608
Annual distributions (contribution)	151,053	(19,819)	(105,482)
Invested capital	320,436	136,226	218,845
ROIC (Counting LOC as temporary capital)	-47%	-87%	11%

Annual Revenue Growth	4%	7%	13%	14%	20%
	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue	2,900,000	3,100,000	3,500,000	3,990,000	4,770,000
Cost of goods sold	304,000	360,000	291,000	266,000	378,000
Gross margin	2,596,000	2,740,000	3,209,000	3,724,000	4,392,000
As % to revenue	89.5%	88.4%	91.7%	93.3%	92.1%
Direct labor	790,000	802,000	783,000	991,000	1,260,000
As % to revenue	27.2%	25.9%	22.4%	24.8%	26.4%
dLER	3.29	3.42	4.10	3.76	3.49
Contribution margin	1,806,000	1,938,000	2,426,000	2,733,000	3,132,000
As % to revenue	62.3%	62.5%	69.3%	68.5%	65.7%
Operating expenses					
Marketing	312,000	188,000	183,000	241,000	278,000
Management labor	301,000	362,000	483,000	524,000	546,000
Facilities, payroll taxes & other opex	952,000	905,000	954,000	1,061,000	1,112,000
Total operating expenses	1,565,000	1,455,000	1,620,000	1,826,000	1,936,000
As % to revenue	54.0%	46.9%	46.3%	45.8%	40.6%
mLER	6.00	5.35	5.02	5.22	5.74
Net operating income	241,000	483,000	806,000	907,000	1,196,000
As % to revenue	8.3%	15.6%	23.0%	22.7%	25.1%
Total other income (expense)	(216,000)	(182,000)	(199,000)	(142,000)	(154,000)
Net income	25,000	301,000	607,000	765,000	1,042,000
As % to revenue	0.9%	9.7%	17.3%	19.2%	21.8%
Marketing (as % to sales)	10.8%	6.1%	5.2%	6.0%	5.8%
Other operating expense (as % to contribution margin)	52.7%	46.7%	39.3%	38.8%	35.5%
Cash	110,185	203,226	219,541	368,170	605,739
Line of credit balance	345,608	300,162	-	-	-
Annual distributions (contribution)	(105,482)	169,688	197,475	498,787	753,286
Invested capital	218,845	304,710	414,073	555,286	844,001
ROIC (Counting LOC as temporary capital)	11%	99%	147%	138%	123%





	Level 1	Level 2	Level 3
Revenue	1,000,000	1,000,000	1,000,000
Cost of goods sold	275,000	275,000	275,000
Gross margin	725,000	725,000	725,000
As % to revenue	73%	73%	73%
Direct labor		225,000	225,000
As % to sales		23%	23%
dLER		3.22	3.22
Contribution margin		500,000	500,000
As % to sales		50%	50%
Operating expenses (segment only)			
Facilities			75,000
Marketing			25,000
Management labor			125,000
Payroll tax and benefits			40,000
Other operating expenses			45,000
Total operating expenses			310,000
As % to sales			31%
mLER (compared to contribution margin)			4.00
Net operating income of segment			190,000
As % to sales			19%
Payroll taxes % to all labor			11%
Opex % to contribution margin			9%

	For 12 months ended 20xx0xx					
	Store 1	Store 2	Store 3	Store 4	Total	Optimized
Revenue	1,125,000	1,350,000	1,050,000	850,000	4,375,000	1,350,000
Cost of goods sold	585,000	710,000	565,000	460,000	2,320,000	4,055,000
Gross margin	540,000	640,000	485,000	390,000	2,055,000	648,000
As % to revenue	48.00%	47.41%	46.19%	45.88%	47%	48.00%
Direct labor	145,000	175,000	125,000	110,000	555,000	167,010
As % to sales	13%	13%	12%	13%	13%	12%
dLER	3.72	3.66	3.88	3.55	3.70	3.88
Contribution margin	395,000	465,000	360,000	280,000	1,500,000	480,990
As % to sales	35.11%	34.44%	34.29%	32.94%	34.29%	35.63%
Store facilities, Marketing & opex	160,000	210,000	175,000	150,000	695,000	191,970
As % to sales	14.22%	15.56%	16.67%	17.65%	15.89%	14.22%
Net store profit before corporate	235,000	255,000	185,000	130,000	805,000	289,020
As % to sales	20.89%	18.89	17.62%	15.29%	18.40%	21.41%

	For 12 months ended 20xx0xx					
	Store 1	Store 2	Store 3	Store 4	Total	Optimized
Revenue	1,125,000	1,350,000	1,050,000	850,000	4,375,000	1,350,000
Cost of goods sold	585,000	710,000	565,000	460,000	2,320,000	4,055,000
Gross margin	540,000	640,000	485,000	390,000	2,055,000	648,000
As % to revenue	48.00%	47.41%	46.19%	45.88%	47%	48.00%
Direct labor	145,000	175,000	125,000	110,000	555,000	167,010
As % to sales	13%	13%	12%	13%	13%	12%
dLER	3.72	3.66	3.88	3.55	3.70	3.88
Contribution margin	395,000	465,000	360,000	280,000	1,500,000	480,990
As % to sales	35.11%	34.44%	34.29%	32.94%	34.29%	35.63%
Store facilities, Marketing & opex	160,000	210,000	175,000	150,000	695,000	191,970
As % to sales	14.22%	15.56%	16.67%	17.65%	15.89%	14.22%
Net store profit before corporate	235,000	255,000	185,000	130,000	805,000	289,020
As % to sales	20.89%	18.89	17.62%	15.29%	18.40%	21.41%
Inventory turns	4.10	3.75	4.50	5.00	4.22	
Average inventory	142,683	189,333	125,556	92,000	549,572	
Store buildout	250,000	300,000	225,000	100,000	875,000	
Total store investment	392,683	489,333	350,556	192,000	1,424,572	
ROIC	60%	52%	53%	68%	57%	

	Rolling 12 - Before			Total	Rolling 12 - After			Total
	Projects	Recurring	Construction		Projects	Recurring	Construction	
Revenue	3,500,000	2,900,000	1,000,000	7,400,000	4,000,000	3,100,000	500,000	7,600,000
Cost of goods sold	1,500,000	400,000	750,000	2,650,000	1,725,000	425,000	375,000	2,525,000
Gross margin	2,000,000	2,500,000	250,000	4,750,000	2,275,000	2,675,000	125,000	5,075,000
As % to sales	57%	86%	25%	64%	57%	86%	25%	67%
Direct labor	900,000	660,000	100,000	1,660,000	800,000	690,000	50,000	1,540,000
As % to sales	26%	23%	10%	22%	20%	22%	10%	20%
dLER	2.22	3.79	2.50	2.86	2.84	3.88	2.50	3.30
Contribution margin	1,100,000	1,840,000	150,000	3,090,000	1,475,000	1,985,000	75,000	3,535,000
As % to sales	31%	63%	15%	42%	37%	64%	15%	47%
Operating expenses								
Facilities				900,000				900,000
Marketing				150,000				150,000
Management labor				900,000				900,000
Payroll tax and benefits				300,000				285,000
Other operating expenses				320,000				340,000
Total operating expenses				2,570,000				2,575,000
As % to sales				35%				34%
Management LER (compared to contribution margin)				3.43				3.93
Net operating income				520,000				960,000
As % to sales				7%				13%

	Rolling 12 - Before			Total	Rolling 12 - After			Total
	Projects	Recurring	Construction		Projects	Recurring	Construction	
Revenue	3,500,000	2,900,000	1,000,000	7,400,000	4,000,000	3,100,000	500,000	7,600,000
Cost of goods sold	1,500,000	400,000	750,000	2,650,000	1,725,000	425,000	375,000	2,525,000
Gross margin	2,000,000	2,500,000	250,000	4,750,000	2,275,000	2,675,000	125,000	5,075,000
As % to sales	57%	86%	25%	64%	57%	86%	25%	67%
Direct labor	900,000	660,000	100,000	1,660,000	800,000	690,000	50,000	1,540,000
As % to sales	26%	23%	10%	22%	20%	22%	10%	20%
dLER	2.22	3.79	2.50	2.86	2.84	3.88	2.50	3.30
Contribution margin	1,100,000	1,840,000	150,000	3,090,000	1,475,000	1,985,000	75,000	3,535,000
As % to sales	31%	63%	15%	42%	37%	64%	15%	47%
Total operating expenses				2,570,000				2,575,000
As % to sales				35%				34%
mLER (compared to contribution margin)				3.43				3.93
Net operating income				520,000				960,000
As % to sales				7%				13%
AR DSO	45	5	75		30	5	60	
AP days	30	30	30		30	30	30	
AR (including WIP)	431,507	39,726	205,479	676,712	328,767	42,466	82,192	453,425
AP	(123,288)	(32,877)	(61,644)	(217,808)	(141,781)	(34,932)	(30,822)	(207,534)
Net trade capital	308,219	6,849	143,836	458,904	186,986	7,534	51,370	245,890
Contribution margin per trade capital \$	3.57	268.64	1.04	6.73	7.89	263.46	1.46	14.38

Year over year growth	For the 12 months ended			For the 3 months ended		
		-1%	7%		5%	16%
	20X1-09	20X2-09	20X3-09	20X1-09	20X2-09	20X3-09
Revenue	7,563,000	7,510,000	8,032,000	1,708,000	1,794,000	2,074,000
Cost of goods sold	1,663,860	1,727,300	1,847,360	392,840	430,560	414,800
Gross margin	5,899,140	5,782,700	6,184,640	1,315,160	1,363,440	1,659,200
As % to sales	78%	77%	77%	77%	76%	80%
Direct labor	1,573,104	1,584,301	1,938,759	390,255	394,058	442,453
As % to sales	21%	21%	24%	23%	22%	21%
dLER	3.75	3.65	3.19	3.37	3.46	3.75
Contribution margin	4,326,036	4,198,399	4,245,881	924,905	969,382	1,216,747
As % to sales	57%	56%	53%	54%	54%	59%
Operating expenses						
Facilities	951,000	973,000	1,173,000	256,000	241,000	349,000
Marketing	246,000	335,000	376,000	63,000	99,000	108,000
Management labor	995,000	923,000	1,202,000	281,000	215,000	293,000
Payroll tax & benefits	300,000	318,000	362,000	76,000	80,000	85,000
Other operating expenses	800,000	782,000	754,000	169,000	252,000	226,000
Total operating expenses	3,292,000	3,331,000	3,867,000	845,000	887,000	1,061,000
As % to sales	44%	44%	48%	49%	49%	51%
mLER (compared to contribution margin)	4.35	4.55	3.53	3.29	4.51	4.15
Net operating income	1,034,036	867,399	378,881	79,905	82,382	155,747
As % to sales	14%	12%	5%	5%	5%	8%