



Convenience Store & Bait Shop

BUSINESS PLAN THE DOCK STORE

*South 6018 Rebecca
Road Lake Zurich, Ohio 45325*

The Dock Store, LLC details how it will be successful as the only combination live bait and tackle/ convenience retail store in a small but thriving lake resort. This business/marketing plan was prepared to help the company obtain a \$248,090 small business loan for development-related costs.

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EXECUTIVE SUMMARY

The Dock Store is a start-up convenience food and bait shop operation, located in Lake Zurich, Ohio. Our location is on the main road leading to one of two public boat launches, approximately a half mile from the lakeshore. Our store will be the only live bait and tackle retail store for five miles, and the only convenience and beverage retail operation for five miles. This ideal retail outlet location will carry "made-on-site" sandwich/soup food items amongst staple type grocery products. These activities are the basis of the Dock Store and the makings of a highly profitable venture.

Management of the Dock Store is presently seeking funds to develop and grow the business in a phased approach, as highlighted within this planning tool. Future growth opportunities include the area's only boat rental operations, expansion of food product offerings and development of a sit-down area for dining. This plan only details the funds needed to develop Phase I activities at this time.

The president, Mr. Jim Black, has an extensive knowledge of Lake Zurich and has identified a niche market retail opportunity to make this venture highly successful, combining his 20 years of work experience in a variety of businesses.

The foundation for this plan is a combination of primary and secondary research, upon which the marketing strategies are built. Discussions and interviews were held with a variety of individuals and other area retail small businesses to develop financial and proforma detail. We consulted census data, county business patterns, and other directories to develop the market potential and competitive situation.



The Dock Store shall provide the southern portion of Lake Zurich with the only bait, tackle, and food and grocery items for miles. Seasonal new job opportunities for area residents shall be created. Store hours of operation are from 5:00 A.M. to 9:00 P.M. , seven days a week, year round. Hours may be extended as needed during peak summer season. As growth warrants, store floor space, bait, and seating area expansion can be realized (Phase II).

Business Plan Purpose

Introduction

In today's highly competitive environment, formal business planning is an essential element in achieving business success. A well-written business plan is primarily a communication tool to be used in obtaining financing. In certain instances, particularly with our early stage company, this business plan also serves as a strategic plan.

Considering that lenders are inundated by numerous investment opportunities from which they choose only a few, this business plan describes our story and how we intend to grow with your assistance. The Dock Store management has made an in-depth analysis of its opportunities and weaknesses and has concluded that the company has an excellent chance to succeed. Please do not hesitate to address any questions, comments or concerns to Mr. Jim Black.

Methodology for business planning

Sophisticated business planning helps management answer questions such as: What will be our record of achievement? How have we fared compared to our competitors? Are we setting realistic and attainable goals and objectives?

Constructive and useful business planning requires a broad-based understanding of changes taking place in the marketplace in which the company competes, or plans to compete, and the ever-changing financial markets. In-depth technical skills in a variety of disciplines such as tax, financial analysis, sales, marketing, and managing growth are critical components in assessing a company's opportunities and risks.

Developing the business plan

The management of the Dock Store has developed this disciplined planning methodology to help the company anticipate its start-up economic requirements and other critical information, and it has arrived at this realistic plan.

Guidance from outside professionals

Jim Black has sought out assistance and advisors to the Dock Store in developing this business plan. However, Jim will maintain an active management involvement in every aspect of the formation of this business. This planning tool reflects his concept of the future for the Dock Store.

The experienced professionals Mr. Black has retained have assisted the company in:

- Helping develop a realistic business plan
- Reviewing financial projections incorporating all of the assumptions and quantitative data presented in the business plan
- Assisting in structuring funding options and lending offerings
- Conducting market research
- Researching growth potential for convenience stores
- Identifying competitive forces and products



- Offering creative marketing approaches

Five Objectives of The Dock Store

1. Attract \$248,090 of SBA backed commercial funding
2. Focus ideas and establish goals
3. Identify and quantify objectives
4. Track and direct growth
5. Create benchmarks for measuring success

The Dock Store was recently formed as a start-up retail operation in Lake Zurich, Ohio. We shall serve our neighbors and the fishing/boating communities in providing convenience groceries, made-on-site sandwiches, and bait and tackle shopping experience. The location had been previously a convenience store operation for nearly 47 years. Our food items, groceries, and bait will fill a niche vacated by closure of this operation three years ago. The integration of market niche analysis and other disciplines will result in an innovative and needed retail operation for the entire south portion of Lake Zurich.

Mission Statement

The Dock Store will provide residents and guests to the southern portion of Lake Zurich with a quality and dependable retail operation from which they may purchase food items, groceries, bait, and tackle on a year-round basis. The Dock Store shall try to provide its quality food and fishing products in a comprehensive and cost competitive manner, while providing our customers the finest service available.

COMPANY SUMMARY

This business plan serves to detail the direction, vision, and planning necessary to achieve our goal for providing a superior grocery and carryout food item selection. The extensive live bait and fishing tackle supplies are selected to the fishing patterns and variety of the Lake Zurich fish population.

Company Ownership

Jim Black and the late Mr. Frank Black (uncle to Jim) founded the Dock Store in 2000 as an Ohio Limited Liability Corporation (LLC). The Dock Store is being reopened, after an extensive renovation, to address the needs of southern Lake Zurich. Jim is also completing the Fast Trac entrepreneurial training program to fine-tune his skills.

The Dock Store has relied upon several key professionals to assist it: Mr. Darryl Keegan, attorney; Ms. Lisa Walker, accounting; and Mr. Frank O'Brien, business development specialist. Each person has assisted the Dock Store in the development, strategic planning, and marketing phases.

Management & Organizational Summary

Jim Black will manage all aspects of the business and service development to ensure effective customer responsiveness while monitoring day-to-day operations; inventory and retail merchandise mix/cost control, etc. Qualified and trained clerks personally trained by Jim in customer service skills will provide additional support services. Support staff will be added as seasonal or extended hours mandate.

Corporate Development Plan

For purposes of this business plan document, the Dock Store's Phase I and Phase II growth are defined below:

Phase I —This phase involves renovation, preparation, and development of the Dock Store's Lake



Zurich, Ohio, operation. The Dock Store is housed at South 6018 Rebecca Road in Lake Zurich, Ohio, 45325. Its 1,200-square-foot retail selling space will reopen in a restored 50-year-old building that housed a general store operation for nearly 47 years. Previously ownership lost interest in the operation and voluntarily closed it.

Jim Black's new operation will establish its own identity by servicing the local community and area fishing/boating enthusiasts. Our locations cannot be missed since traffic passes in front of our store on the way to and from one of two public boat launches. The Dock Store will develop key "base staples," groceries (bread, milk, etc.) and convenience health and beauty necessities, beverages, packaged goods, cigarettes, and fishing tackle and bait. Through proper product placement, space allocation, and in-store promotion, sales space will be geared towards high profit margin products.

The preparation and sale of carryout soup/sandwich food items will fill a niche need for the area's year-round residents. With snowmobile and ice fishing in the winter, beach, fishing, and boating in the spring, summer, and fall, the Lake area remains a tourist and sportsmen's paradise year round.

Phase I capital (start-up) funds are documented later on in this business plan.

Phase II —Continue implementation of sales, advertising, and marketing strategies developed in Phase I. Expand the physical plant with a garage and bait store attachment. Several types of boats could be rented, the bait area removed for the convenience store portion of the building, allowing for an expansion of each line. Identify and pursue other business service opportunities, like expanded food service/seating and/or video rental, fax services, etc.

The Dock Store anticipates additional support staff and efforts to meet additional demands brought about by Phase II expansion growth. This plan does not contain funding needs for this Phase.

Initially, the Dock Store management will focus its efforts in Phase I activities. Phase II efforts depend upon the timely development of Phase I and the analysis of its customer service base. The Dock Store's growth will directly impact the rate at which Phase II activities are considered.

Geographical Considerations

We are located just blocks from Lake Zurich, which has several golf courses, two ski hills, water recreation activities, numerous dining establishments, various retail and specialty shops, art galleries, theater entertainment venues, and the beauty and serenity of Lake Zurich, a famous Midwest tourist destination for nearly 135 years. The city of Lake Zurich began to prosper in the 1870s after becoming famous as a resort area. Many homes and estates date back to this era. Enormous "summer cottages" were built on the lakeshore and some are still in evidence today. The essence of Lake Zurich is its down-home charm. Through the economic boom era of the 1990s, the area surrounding the Dock Store has seen several subdivisions spring up, filled with year-round residents enjoying the beauty of this area.

Potawatomi Indians inhabited the area in the early 1800s and named it "Kish-Way-Kee-Tow" meaning "clear water." The lake originated from an Ohio glacier, and most of its water comes from rainfall, springs, and streams, most of which originate at the western end of the lake. The lake has a surface of 4,458 acres and is 9 miles long and 3.7 miles wide. It is Ohio's second-deepest lake, making it a fishing destination for generations. A path along the lakeshore is about 26 miles in length and is enjoyed by hikers year round.



CONVENIENCE & BAIT SHOP OVERVIEW

U.S. convenience 1997 in-store sales (excluding gasoline and tackle related) were \$52.8 billion and the store count reached 90,192 location store operations. Data summary by Midwest and

U.S. listing product category is provided below.

Product	Midwest	U.S.
Tobacco	3,172,806	13,298,130
Beverage	1,404,609	5,887,111
Beer	1,598,556	6,700,000
Foodservice	1,501,709	6,294,084
Candy	775,664	3,251,029
Grocery	774,405	3,245,749
Dairy	823,396	3,451,084
GM	629,574	2,638,722
Snacks	532,726	2,232,806
Newspaper	290,544	1,217,750
HBC	242,686	1,017,167
Pckg. baked	218,128	914,236
Other food	387,517	1,624,195
Services	241,679	1,012,944

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*Figures are U.S. 1997 Dollar Sales (000)

Source: Convenience.net

Source: <http://www.c-store.com/report97.htm>

Beverages include packaged juices, sodas, drinks (sold in bottles, cans, etc.). Does not include fountain sodas or drinks. Food service includes fast food, other freshly prepared foods, fresh coffee, fountain sodas, drinks, and slush. Grocery includes packaged foods such as cereal, pasta, baby foods, frozen foods, canned foods, sugar, flour, condiments, cooking oils, etc. Dairy includes milk, ice cream, butter/margarine, yogurt, etc. Other foods include packaged meats, packaged deli salads/foods. Midwest region is defined as: Illinois, Indiana, Michigan, Ohio, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota.

In Ohio, the average convenience store gross annual sales volume exceeds that of the U.S. and region totals, as shown below.

Источник бизнес-плана: <http://www.referenceforbusiness.com>



State & Region	Sales \$MM	C-Stores #	C-Stores Density	Sales/C-Stores
OH	1,061	1,665	3,104	\$637
Midwest	7,369	13,059	3,360	\$564
U.S.	52,785	90,192	2,967	\$585

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Sources: Convenience.net c-store database; U.S. Commerce Dept.; Bureau of the Census.

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Convenience store data in the above chart is for in-store sales only as of 12/31/97—gasoline and tackle related sales are excluded in this analysis. Retail density is the relationship between total population (1997) and the number of convenience stores. It is expressed as the number of potential customers in a state for each convenience store.

Our Dock Store's first year annualized proforma sales including tackle and bait sales is \$517,558 falling conservatively below the U.S., Midwest, and Ohio State 1997 industry summary totals. The previous pattern of growth is a 7.1 percent increase from 1998 figures. Grocery store December 1999 sales (which include convenience stores) increased 2.0 percent from November 1999 but grew 7.1 percent from December 1998. The association predicts future growth patterns to remain similar at a 7 to 9 percent annual rate of expansion.

The Dock Store has identified a niche market growth opportunity. As research revealed product placement, word-of-mouth recommendations, food product tasting promotions and other referrals will be the primary way in which our store will gain steady growth. The Yellow Pages and other newspaper advertising will establish name recognition and prompt customers to call for information or pricing. Between 1990 and 1996, an estimated 6,400 people moved into Generals County (Southeast Ohio Regional Planning Commission Annual Report 1996).

Local growth in the residential areas surrounding the Dock Store is evidence to this growth pattern. Sustained growth throughout the Greater Generals County area, and the development of a new shopping center in Lake Zurich, will continue to bring additional people to the area, resulting in continued growth for the Dock Store.

Competitive Advantage

Strengths of the Dock Store include:

1. Jim Black's broad base of experience in different types of work environments. For example, Jim's fishing knowledge of Lake Zurich will bring in customers trying to understand the Lake's "hot spots."
2. Jim's emphasis on quality and timely response to meet consumer demands, while controlling operational costs will ensure the pier's success.
3. Location, Location, Location. The only convenience and bait/tackle operation on the southern end of the Lake and for five miles in either direction.
4. The carryout food niche is nonexistent in this area of Lake Zurich.
5. The ability to stock items requested by local residents.
6. Future growth potential (Phase II).

Keys to Success

1. A service designed specifically for the area
2. Total quality food and customer service
3. Controlled overhead and operational costs
4. Regular and ongoing customer feedback
5. Inventory and DNR technology/software capacity



6. Dedicated management and trained support staff

MARKET ANALYSIS SUMMARY

Forces and trends in the market environment affect the Dock Store and Bait Shop, like all businesses. These include economic, competitive, legal/political, technology, and recordkeeping issues.

- **Economic Environment** —Positive forces include the generally prosperous economy that is currently in place, full employment, rising wages and low inflation, leading more people and businesses to be willing to purchase prepared foods rather than preparing meal from scratch at home. The strong stock market means people are making more money, primarily in the form of capital gains, and disposable income is up. For example, in 1996 alone there were 95 new business start-ups in Generals County (County Business Patterns, U.S. Department of Commerce, Bureau of the Census 1995). The Dock Store is proud to grow with the strong national, state, and local economy.
- **Legal/Political Environment** —Town of Lake Zurich supports the reopening of this needed business venture and has issued and approved building permits and licenses to support use of the property.
- **Technology and Recordkeeping Environment** —Use of computerized scales and cash registers will capture and generate accounting/inventory detail. Computer programs greatly simplify the financial recordkeeping and tax preparation with which all businesses must comply. The Dock Store will outsource the accounting tax functions, however, Jim will maintain the daily financial records in-house and generate the reports from his office.

Competitive Environment Summary

In southeastern Ohio (source through Midwest Directories) the competition is as follows:

Other General Store-like Businesses

- Country Store - 6 miles
- Kipp's Store - 70 miles
- Citgo Fontana Convenience Station - 10 miles

Large Full-service Stores

- Sentry - 4 miles
- Wal-Mart (limited bait supply) - 3.5 miles

Bait and Tackle Stores

- Lake Zurich Bait and Tackle - 8 miles

The Dock Store has identified a niche in the area market—that of a small, customer-oriented convenience food and staples, bait and tackle, carryout-prepared general food store operation. A review of other area competitors' retail mix shows none with the extensive selection of bait and tackle offered by the Dock Store.

A threat to be aware of is the emergence of new competitors. The barriers to entry are a comparable location, a subsequent investment, and the time and dedication of ownership.

Overall, the environment appears very positive for the Dock Store and Bait Shop. The forces driving market demand, mainly economic, are strong, with industry growth healthy and new residents moving into the area resulting in a greater demand for carryout food service.



STRATEGY & IMPLEMENTATION SUMMARY

All business is helped by advertising and referrals, so for the first few years the Dock Store will need to be aggressive in getting new customers, who will then pass the word on, and the business can begin to experience sustained growth.

Target Markets:

- Residents to the southern Lake Zurich area
- Lake enthusiasts (boating, fishing, beachgoers)

Positioning and Product Strategy: The Dock Store will aim to attract area resident and lake enthusiasts who need convenience food items or personal health staples, carryout food items, and tackle/bait needs.

Distribution Strategy: Customers can contact the Dock Store by telephone, fax, and by dropping in. The Dock Store's nearest competitors' are five miles around the lake in either direction. The store can stock request items for regular area residents.

Mix & Pricing Strategy

The Dock Store will offer the top 31 best-selling industry items as determined by Convenience Net Association, plus bait and Lake Zurich area specific products.

List of 32 Line Categories

Alternative Snacks	Ice
Automotive Products	Liquor
Bait and Tackle	Lottery/Gaming
Beer	Nonedible Grocery
Candy	Other Dairy
Cigarettes	Other Tobacco
Cold Dispensed Beverages	Packaged Beverages (Non-Alcohol)
Edible Grocery	Packaged Bread
Fishing Licenses	Packaged Ice Cream/Novelties
Fluid Milk Products	Packaged Sandwich/Deli Products
Food Service	Packaged Sweet Snacks
Frozen Foods	Perishable Grocery
General Merchandise	Publications
Health and Beauty Care	Salty Snacks
Homemade Food Items	Store Services
Hot Dispensed Beverages	Wine

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General Merchandise	Publications
Health and Beauty Care	Salty Snacks
Homemade Food Items	Store Services



Hot Dispensed Beverages Wine

The product listing takes into account regularly requested items and the ability to offer standing order items for area residents as space requirements allow.

Services & Support Philosophy

Giving careful consideration to customer responsiveness, the Dock Store's goal will be to meet and exceed every service expectation of its food products and retail merchandise. Quality service and quick responsiveness will be the philosophy guiding a customer approach to the Dock Store.

PROMOTION PLAN SUMMARY

Promotion strategies will be focused to the target market segment. Given the importance of word-of-mouth/referrals among the areas resident. We shall strive to service all our customers to gain their business regularly, which is the recipe for our long-term success. We shall focus on direct resident marketing, publicity, trial food demonstrations, and advertising as proposed.

Marketing Plan

Grocery and Restaurant Segment —To build name recognition and to announce the entry of the Dock Store, we will offer a mail package consisting of a tri-fold brochure containing a coupon for a free cup of coffee to welcome our new customers. From those identified local residential customers we shall ask them to complete a survey and ask them of their perception of the store, any specific product or food items that they would like to see, etc. Those customers returning completed surveys would receive a gift or discount.

The local residential lists can be obtained from the Yellow Pages, the city clerk, or through International Business Lists, Inc. (Chicago, Illinois) and is compiled from Secretary of State registrations, business license applications, announcements from newspaper clippings, and tax records.

Local Carryout Food Products —Local newspapers for advertising to build name recognition and to announce any weekly or monthly food specials will be introduced.

The Dock Store will develop a one-page menu/newsletter to be handed out to customers to take home with them as they visit the store. The menu/newsletter can be used to update clients on pricing and food special promotional developments, but also serves as a reminder of what sets the Dock Store apart—homemade quality and freshness. The newsletter would contain fishing area "hot spot" information and other tips. The menu/newsletter can be produced in-house and for the cost of paper and computer time.

Publicity and Public Relations —A news release will be sent to area newspapers and magazines announcing the launch of the Dock Store and Bait Shop. Jim Black may join the area Chamber of Commerce as a means of networking in the community. Becoming a sponsor in a community event (various parades, blood drives, etc.) is a low-cost way (average \$100) of increasing awareness and building goodwill in the community.

Customer Reward Program —For the carryout customer and as a means of building business by word-of-mouth, present customers should be encouraged and rewarded as repeat customers. This can be accomplished by offering a free lunch meal, by raffle of a weekly customer business card or name slip as a means to generate excitement.

Advertising —Advertising is utilized primarily to attract new customers. It also serves to build awareness and name recognition of the company in general—important for word-of-mouth referrals ("Oh yes, I've seen their ads before").

- *Local Lake Zurich & Generals County Shopper/Sunday Shopper* —advertising in this Wednesday and Sunday primarily classified newspaper reaches over 33,000 homes and businesses in the county twice



each week. A 12-week schedule (24 insertions) commencing upon store opening would be the initial placement. A six-week, every-other-week schedule (12 insertions) is also proposed for the peak season to promote specials.

- *Yellow Pages—Ameritech Pages Plus, Greater Generals County Telephone Directory.* Research indicated that new residents or people who don't have many personal acquaintances will look to the Yellow Pages to establish a list of potential businesses to call upon. Even a small 2" x 2" boxed ad can create awareness and attract the desired target client, above and beyond the ability of a simple listing. Ameritech Yellow Pages covers the relevant market area, delivering over 30,000 copies to residents and businesses. Midwest Directories covers greater Generals County, with 90,000 circulation, but is considered a second-tier directory to Ameritech.
- Additional places to post advertising include playbills for local theater groups.

Example Promotion Budget

2000 (Amount Included in Start-Up Funds)

Company brochure and newsletter (B&W, 1,000 quantity, stock paper, in-house produced)	\$150
Postage (mailing 150 residents, twice)	\$100
Newspaper advertising	\$750
Yellow Pages advertising	\$200
Total for 2000	\$1,200

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Company brochure and newsletter (B&W, 1,000 quantity, stock paper, in-house produced)	\$150
Postage (mailing 150 residents, twice)	\$100
Newspaper advertising	\$750
Yellow Pages advertising	\$200
Total for 2000	\$1,200

Evaluation & Control Strategies

Objectives have been established for the Dock Store so that actual performance can be measured against them. Thus, at the end of its first year, the Dock Store should have:

- \$517,558 in total revenue
- Gross profit margin of 17.1 percent, or \$88,592 before taxes.

Each subsequent year, new objectives will be set for these benchmarks and actual performance will be measured against them. If actual performance falls short of objectives, investigation will be made into the cause and plans adjusted accordingly.

Each subsequent year's budget should adjust spending toward the types of promotion that are accounting for the most new customers. Continuing customer satisfaction polling (questioning) shall be conducted throughout the life of the business. The feedback shall be evaluated and changes made accordingly.

Identify Opportunities (SWOT Analysis)

A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis can help answer questions that can determine the success or failure of a business entity. Retailers and pier store partners can develop the SWOT analysis together, and formal data is not typically needed. SWOT provides overall insights and observations to populate each of the four analytical areas. Key areas for examination include such factors as operations, facilities, location, employees, price/ promotions, assortment, etc.:

- **Strengths:** What are the retailer's key category strengths? What factors are responsible for the retailer's current category success?
- **Weaknesses:** What are the retailer's key category weaknesses? What factors hinder category



performance?

- **Opportunities:** What key internal opportunities could improve category performance?• **Threats:** What are the key external threats to the retailer's category performance?

Dock Store management has identified the following as its SWOT analysis.

Strengths:

- The location of the Dock Store is in the heart of an upscale neighborhood and is in close proximity to a popular boat launch and public beach with ample parking facilities.
- The facility has been established as a retail grocery store for 47 years. The nearest competition is 5 miles from the Dock Store and does not carry live bait and tackle and has a minimal inventory of convenience goods.
- The Dock Store will be extensively renovated, with many upgrades already completed. After completion of this project the premises should not require any extensive upkeep until future expansion of the business (Phase II).
- The Dock Store has the ability to change inventory with the seasonal requirements. • The owner has been a contractor for 10 years.

Weaknesses:

- The store has been closed for three years; therefore, I would have to reestablish a client base. I also would need to access what the client needs are in the area.
- Off-season effect.
- Lack of developmental capital to complete Phase I start-up.

Opportunities:

- Phase II expansion.
- Owner lives on the site of the business.
- Seasonal changes in inventory.
- Guide business will attract sales in both fishing and convenience goods.

Threats:

- New competition if any land was rezoned nearby.
- Economic downturn may cause decline in the number of people traveling to the area.

FINANCIAL PLAN SUMMARY

The following proforma contains the Dock Store's projections for a Ten-Year Basis.

Phase I Funding Amounts Sought

We are seeking \$248,090 in developmental costs for the start-up of this convenience store, bait/ tackle, and carryout food business. This schedule defines the financial needs to develop a successful business and is the basis for the financial start-up capital amounts listed in the Ten-Year Proforma.

The following schedules highlight the anticipated remaining developmental costs and the first-year Dock Store capital expenditures and assumptions.



Capital Summary Overview	
Land, Building, and Improvements	\$162,700
Equipment & Installation Expenses	\$30,740
Development Expense (detail below)	\$44,650*
First Quarter Working Capital (Mortgage, labor, and operating expense)	\$10,000
Total	\$248,090

*Developmental Start-Up Expenses Detail	
Marketing, Advertising, and Promotion	\$1,000
Accounting	\$400
Permitting Legal and Consulting	\$1,000
Association Dues & Office Expense Start-Up	\$250
Engineering and Architect Fees	\$500
Bags and Supplies	\$1,500
Beginning Inventory	\$39,000
Unforeseen Contingency	\$1,000
Total	\$44,650
Owners' Equity Contribution to Date	\$54,675

Capital Summary Overview

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*Developmental Start-Up Expenses Detail

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Total	\$44,650
Owners' Equity Contribution to Date	\$54,675

Phase II growth amounts will be developed and sought at a later date, based upon needs to be determined at that time.

Financial Plan Assumptions

1. The following assumptions have been incorporated into the Dock Store Proforma statements.
2. All operating costs are based on the Dock Store's management research of similar operating companies.
3. Automated informational systems will reduce the Dock Store staff requirements.
4. Food and grocery inventory expense is 65 percent of revenue sales; tackle/bait inventory expense is 55 percent of revenue sales.
5. Developmental start-up costs are amortized over a five-year period.
6. Home office or other apartment expenses are not included.
7. Overhead and operations costs are calculated on an annual basis.
8. The Dock Store founders' salary is based on a fixed monthly salary expense basis.
9. All fixed and variable labor costs are scheduled to rise annually at 7.5 percent.
10. All revenues are figured to rise annually at 10 percent.
11. Administrative and office expenses rise at an annual rate of 2.5 percent.
12. Operating costs increase at 5 percent annually.
13. Loan amount interest rate at 9 percent.