

 THE EMBROIDERY COACH

# Create Your Embroidery Business Growth Plan

## Module 4



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 THE EMBROIDERY COACH

# Part 1-Creating Your Projections



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# Learning Objective:

Create Your Monthly Projections, Your Sales Forecast & Cash Flow Statement



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 **Info To Keep In Mind When Preparing Projections**

- How many hours a day?
- Hours or min. per hour machine running?
- How much time for design creation?
- How many large jobs?
- How many small jobs?
- Figure some jobs for service only

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 **Info To Keep In Mind When Preparing Projections**

- Company reselling the products with your embroidery- Wholesale Priced Embroidery
- Anyone providing their garment for you to embroider – Retail Priced Embroidery
- Figure some jobs as garment & embroidery combinations
- Work with quantities you normally work with in your projections.

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 **Info To Keep In Mind When Preparing Projections**

- Is it Seasonal?
- Make sure you are aware of your Breakeven point!
- Embroidery service separate from Resale
- Keep each service a separate line item.
- Add in Design charges
- Add Shipping Income

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 **Info To Keep In Mind When Preparing Projections**

- Figure the markup on the garment alone
- Figure markup on embroidery
- For the Sales Forecast-make it conservative
- Retail Embroidery-100% Markup
- Wholesale Embroidery-25% multi-head shop  
50% markup for a single head shop

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 **Info To Keep In Mind When Preparing Projections**

- Corporate Embroidery-50 % to 75% markup
- For the Sales Forecast use an average of 75%
- 50% markup=breakeven cost times 1.50
- 75% markup=breakeven cost times 1.75
- 100% markup=breakeven cost times 2
- Hard to hit breakeven doing embroidery only

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 **Part 2  
Creating Your  
Sales Forecast**

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 **Creating Sales Forecast**

- What customers say about their intentions to continue buying your products
- What customers are doing in your market
- What customers have done in the past
- Send your current customers a survey
- To create your Sales Forecast, use the past figures and add a small percentage.

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 **Creating Sales Forecast**

- The figures from your Embroidery Monthly worksheets will flow into the Sales Forecast
- Green Numbers will flow into the Embroidery Sales portion
- Brown numbers will flow into Resale portion
- Fuchsia numbers will flow into the Purchases
- Red Numbers are only the Total Job Revenue
- Purple numbers = Other Department revenue

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 **Creating Sales Forecast**

- The Designs portion & Shipping income will need to be fill in with whatever you are bringing in.
- Shipping Income is approximately 7% of sales
- The Teal numbers –Sub Total revenue on the Sales Forecast will flow into the Sales revenue on the Cash Flow Statement.

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 **Part 3**  
**Creating Your**  
**Cash Flow Statement**



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 **Cash Flow Statement**

- Sales
- Cost of Goods
- Selling Expenses
- Operating Expenses
- Income Before Taxes
- Provision for Taxes



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 **Cash Flow Statement**

- Total Income after Taxes
- Depreciation Expense
- Loan Payments
- Total Cash Available



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 **THE EMBROIDERY COACH**

### Sales Revenue

- Sales Revenue
- Shipping Revenue
- Total Revenue



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 **THE EMBROIDERY COACH**

### Expenses

- Cost of Goods
- Selling Expense
- Operating Expense



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 **THE EMBROIDERY COACH**

### Formula For Cash Flow Statement

**Sales-(total of Cost of Goods + total of Selling Expense + total of Operating Expense) = Income Before Taxes**



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 **Projection Income Workbook**

- Cost Analysis Spreadsheet
- Embroidery Machine Production Schedule
- Embroidery Monthly Projection Worksheet
- Other Departments Income Worksheet
- Sales Forecast
- Cash Flow Statement



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 **Action Steps:**

1. **Quick Win:** Go over all of the information to keep in mind before preparing your projections-Discover what is your most profitable type of embroidery?
2. Create your Embroidery Monthly Worksheets
3. Create Your Sales Forecast
4. Create Your Cash Flow Statement

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 **Questions?**

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