

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business

A Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business in Sandpoint, ID

MSA 699 Project Report

Submitted in Partial Fulfillment of the Requirements
For the Degree of
Master of Science in Administration
(Concentration in Leadership)
Central Michigan University

Submitted by

Dr. Thomas Whipple
Monitor

June 24, 2013

Executive Summary

Purpose of the Research

The purpose of this research is to determine the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho.

Problem Statement

The panhandle region of northern Idaho contains some of the best alpine skiing in America. This region supports a diverse economy and is home to more than four ski areas. These ski areas support a growing winter skiing population. Despite strong demand for the winter sport of alpine skiing, a competitively priced handcrafted ski manufacturing business does not exist in northern Idaho.

Research Questions

This feasibility study will address the following questions:

1. Does the business owner possess the personal success consistent with entrepreneurial success?
2. Will the target market area (within a 150-mile radius) sustain this business?
3. Will the business achieve profitability within five years?

Methodology

Secondary data has been collected from a variety of sources including, but not limited to, independent research consulting companies, periodicals, books, handcrafted ski company websites, newspapers, online retailers, U.S. census data, Idaho State Tax Commission, Idaho Department of Labor, Bonner County Chamber of Commerce, and the U.S. Small Business

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business

Association. The data collected for this feasibility study will focus on entrepreneurial qualities of successful business owners, sustainability of the target market area and profitability of the business within five years.

Findings

The feasibility study to start a small ski manufacturing business in Sandpoint, Idaho supports research questions one and two, but not question number three. Specific guidance regarding research question number three is included in Chapter 5.

Table of Contents

Executive Summary	ii
List of Tables	vii
List of Appendices	viii
Research Review Application Approval	ix
Acknowledgements	x
CHAPTER 1: DEFINITION OF THE PROBLEM	
Introduction	1
Problem Statement	1
Purpose of the Research	2
Research Questions	2
Assumptions	2
Limitations	3
Definition of Terms	3
Summary	4
CHAPTER 2: LITERATURE REVIEW	
Introduction	5
Manufacturing Trends	5

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business

Market Demand	6
Acquisition and Planning	8
Strategy and Marketing	10
Finance	11
Federal, State, and Local Considerations	13
Entrepreneur Qualities	15
Summary	18
CHAPTER 3: METHODOLOGY	
The Problem Restated	20
Population and Sample	20
Data Collection Methods	20
Data Analysis Methods	21
Research Questions	21
CHAPTER 4: DATA ANALYSIS	
Introduction	22
Data Presentation and Analysis	22
Target Market	24

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business

Competition	25
Operations & Management	26
Research Question Analysis	27
Summary	31
CHAPTER 5: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS	
Summary	33
Conclusions	34
Recommendations	35
Final Recommendation	37
REFERENCES	38

List of Figures

Figure 1	Mintel Survey concerning Downhill Skiing Participation	7
Figure 2	Calendar for Federal Taxes for Sole Proprietor Structured Business	14
Figure 3	Hours of Operation	27

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business

List of Appendices

Appendix 1	Projected Annual Sales	43
Appendix 2	Income Statement, Five-Year Projections	43
Appendix 3	Cash Flow Projections	46
Appendix 4	Balance Sheet	49
Appendix 5	Equipment and Training Expenditures	50

Acknowledgement

TO MY WIFE. SHE ALWAYS LISTENS TO MY GREAT IDEAS AND CONTINUOUSLY
SUPPORTS MY DREAMS. I HAVE DEDICATED THIS PROJECT TO HER EVER-LASTING
SUPPORT AND TO OUR LIFE AFTER THE MILITARY.

Chapter 1: Definition of the Problem

Introduction

Downhill skiing is one of the fastest growing winter sports in America. Retail sales of snow-sport equipment “increased 18% in 2010 compared to 2009” and accounted for roughly \$1.2 billion in sales in the United States (Intel, 2011, p. 1). Additionally, the snow-sport segment of action/extreme sports is “the largest segment (sporting goods) with more than 32.2 million participants” in the United States (Intel, 2011, p. 1). Despite the rapid growth of the snow-sport industry, the increasing price of snow-sport equipment has financially strained lower and middle-income participants.

The cost of equipping the modern skier can run in excess of fifteen hundred dollars for skis, bindings, boots, and poles (REI, Internet). This extraordinary price has financially strained lower and middle-income customers and possibly limited the sports expansion within this key demographic. “Not surprisingly, participation rates generally correlate with household income – the higher the income, the more likely the participation” (Intel, 2011, p. 24).

The financial disconnect between quality ski equipment and astronomical prices have supported the proliferation of locally focused small-scale handcrafted ski manufacturing businesses. These businesses will handcraft a pair of skis, based upon individual preferences, usually at a cost equal to or less than the major manufacturers. This snow-sport industry paradigm shift supports small-scale ski manufacturers who cater to a customer’s personal skiing style and ability at an affordable price.

Problem Statement

The panhandle region of northern Idaho contains some of the best alpine skiing in America. This region supports a diverse economy and is home to more than four ski areas. These ski areas support a growing winter skiing population. Despite strong demand for the winter sport of alpine skiing, a competitively priced handcrafted ski manufacturing business does not exist in northern Idaho. As the region expands in both population and industry, so too will the demand for handcrafted skis at an affordable price.

Purpose of the Research

The purpose of this research is to determine the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho. The research will examine economic and demographic data to determine the profitability and sustainability of this business within the target market area. The research will also examine the characteristics of successful entrepreneurs to determine if the proposed business owner possesses qualities that are similar to successful business owners.

Research Questions

This feasibility study will focus on the following questions:

1. Does the business owner possess the personal success consistent with entrepreneurial success?
2. Will the target market area (within a 150-mile radius) sustain this business?
3. Will the business achieve profitability within five years?

Assumptions

This feasibility study assumes demographic and snow-sport industry research data can reasonably predict a market for handcrafted skis in Sandpoint, Idaho. This feasibility study has accepted the assumption that customers prefer a competitively priced handcrafted ski rather than a mass-production ski from a major ski manufacturer. For the purpose of this study, the definition of a competitively priced pair of alpine skis is \$500.

Limitations

Conversely, the information and data collected for this study does not constitute a direct analysis of the intended market area. Instead, the data simply suggests a comparative analysis concerning a potential market for handcrafted skis in Sandpoint, Idaho.

Definition of Terms

The following terms and phrases will be used throughout this feasibility study.

Alpine skis/skiing – synonymous with downhill skis/skiing.

CY – Calendar Year.

DNA – Information collected from an individual skier when placing an order for handcrafted skis. This information usually includes height, weight, age, type of terrain normally skied, and type of terrain the skier would like to ski.

Northern Idaho – Consists primarily of the area considered the panhandle of Idaho.

Geographically, this represents the area north of Lewiston, Idaho within the boundaries of the state of Idaho.

Handcrafted – a ski manufacturing process that designs a ski for the personal skiing style of the customer.

IRS – Internal Revenue Service.

SnowSport Industries of America (SIA) - National not-for-profit, North American member-owned trade association representing suppliers of consumer snow-sports with constituents in the retailer, rep and resort communities.

Summary

The snow-sport industry, specifically downhill skiing, is one of the fast growing segments within the sporting group market. “The U.S. snow-sports retail market brought in a record \$3.3 billion over the full 2010-11 winter season, besting the previous highest sales record of \$3 billion, set in 2007-08” (First Tracks Online, Internet). Equally remarkable is the statistic of “snow-sports sales were up 8% in units sold, and 12% in dollars sold” and “equipment prices were 10% higher than they were at the close of last season” (First Tracks Online, Internet). This persistent demand for snow-sport products and increasing equipment prices on a year over year basis supports a market for a handcrafted ski business focusing on a local skiing population.

Chapter 2: Literature Review

Introduction

The literature review examines ski industry manufacturing trends, market demand, acquisition and planning, strategy and marketing, and finance. This chapter establishes a framework concerning the ski manufacturing business requirements concerning Federal, State, Local levels of government. This chapter also examines the entrepreneurial qualities of successful business owners.

Manufacturing Trends

The ski industry has experienced a significant paradigm shift during the past few years. “The supply of exclusive skis has ballooned in the past five years, with almost two dozen boutique ski makers opening shops in the U.S.” (Bevins, 2009). This shift has created a market for handcrafted skis that has experienced a “50 percent annual growth in sales revenue since the 2005-06 season” (Bevins, 2009). The increase in demand for handcrafted skis and the resurgence of pride concerning the ownership of American manufacturing goods has supported a paradigm shift within the ski industry. This movement supports the demand for affordable handcrafted skis specifically designed to support the customer’s personal style and skiing ability.

Wagner skis, located in Telluride, Colorado is a leader in the handcrafted ski business. Wagner skis methodology “is to deliver durability and an uncommon ski tailored toward a specific experience” (Bevins, 2009). The Wagner ski manufacturing process begins with the skier type (or skier DNA). “Among other things, the form asks customers to list their sex and weight, the types of terrain where they like to ski — groomed runs, tree runs, backcountry powder, etc. — and the model of skis they’ve used in the past” (LaPorte, 2012).

Another handcrafted ski business, Folsom Skis in Boulder, Colorado follows a similar approach. “Folsom Skis are built for you based on your gender, body type, weight, skiing style, and preferred terrain” (Folsom, Internet). Folsom also acknowledges the drawback of mass production alpine skis, “[m]ost skis are built to appeal to an average person and in a way that reduces production costs” (Folsom, Internet). Folsom supports the individualized approach to ski manufacturing and states that if you purchase a pair of skis from Folsom “you get a BETTER ski which makes you a better skier” (Folsom, Internet).

Market Demand

The participation rate for downhill skiing in the United States (U.S.) is steadily increasing. From a macroeconomic perspective, participation will increase by more than one percent of the overall U.S. population by 2017 (IBIS World, 2012). According to the 2010 U.S. census data, this represents 3.08 million new ski industry customers (U.S. Census, Internet). The IBIS World Outdoor Equipment Industry Report states “[d]espite overseas competition, sales of athletic equipment will pick up” and indicated a 1% year over year industry growth for outdoor equipment manufactured in the United States (IBIS, 2012, p. 1).

SnowSports Industries of America (SIA) indicates the total number of skier visits to ski resorts within the United States has increased from 55.1 million during the 2006/2007 season to 60.5 million during the 2010/2011 season (SIA, Internet). This data represents a 10% increase in skier visits during the last five years. From a microeconomic perspective, SIA reports the Pacific Northwest region, which is the targeted geographic area for this feasibility study, reported an increase from 10.3 million skier visits during the 2006/2007 season to 12.2 million during the

2010/2011 season (SIA, Internet). This represents an 18% increase in skier visits during the past five years and almost doubles the national rate of participation (SIA, Internet).

Recent statistics concerning ski equipment sales reveals increasing annual sales from \$676,900,103 in 2007/2008 to \$760,802,736 in 2011/2012 (SIA, Internet). This reflects a 12% increase in ski equipment sales. Although these statistics represent all ski equipment and not specifically individual ski sale data, ski sales should increase at the same rate through the 2017/2018 based on the historical data (SIA, Internet).

According to Mintel Group, which conducts action and extreme sports research, recent surveys concerning the three most influential demographics defining the ski industry are “[y]outh, wealth, and unconventional personality” (p. 1). Furthermore, Mintel illustrates the most significant number of participants in snow-sports have an annual household income of \$150,000 or more (Mintel, 2011, p. 4-5).

Figure 1: Sports-played/participated last 12 months	Total	Under \$25K	\$25K - \$49.9K	\$50K - \$74.9K	\$75K - \$99.9K	\$100K - \$149.9K	\$150K+
Base: all adults 18+	23,656	3,505	5,358	4,350	3,116	3,630	3,697
	%	%	%	%	%	%	%
Downhill/cross-country snow skiing	5	2	4	3	5	7	13

Source: Mintel/Experian Simmons NCS/NHCS: Summer 2010 Adult Full Year—POP

Conversely, creating a superior product at an affordable price could unlock a key growth segment within the ski industry demography. The three center brackets representing the annual household income of \$25,000-99,999. These incomes represent a key 12% market share that could potentially support the handcrafted ski industry.

Acquisition and Planning

The acquisition and planning section will cover the procedures required to start a new ski manufacturing business. This section will focus on finance, start-up costs, facility acquisition, and strategies to ensure the success of the business.

According to the Small Business Administration (SBA), there are many requirements for starting a small business in the United States (SBA, Internet). The SBA provides a great resource concerning the creation of a business plan, choosing a business structure, registering your business and obtaining business licenses and permits (SBA, Internet). The SBA also provides resources concerning business law and regulations, finance, acquisition of equipment, and hiring and retaining employees (SBA, Internet).

One of the most important decisions concerning a business plan is the operational structure of the business. Typical small businesses operate as sole proprietorship, partnerships, or limited liability corporations (LLC). For the purpose of this feasibility study, this ski manufacturing business will assume operation as a sole proprietorship. A sole proprietorship is “an unincorporated business owned and run by one individual” in which the owner retains “complete control of the business and is responsible for all business decisions and financial obligations” (SBA & Idaho Small Business Solutions, Internet). Additionally, a sole proprietorship’s tax preparation is relatively simple since business revenue is taxed at the owner’s personal tax rate” (Idaho State Tax Commission, Internet).

Some of the disadvantages of a sole proprietorship include unlimited personal liability since business debts are “considered the owner’s personal liabilities” (Idaho Small Business Solutions, Internet). Another disadvantage is the difficulty to raise capital since a sole

proprietor cannot sell stock in the business and typically lacks the credit necessary to receive a business loan.

The startup capital required for a sole proprietorship small handcrafted ski manufacturing business is roughly \$23,160 (Home, Ski, Materials, 2013; Appendix 5, 2013). This amount includes the acquisition of equipment, training and education required to operate ski-manufacturing equipment. This expense does not include the initial operating costs, raw materials, rent, utilities, and miscellaneous operating costs. Due to these operational expenses, the required total startup capital is roughly \$50,000. This estimate is an arbitrary amount based upon twice the initial start-up expenditures rounded up to the nearest ten thousandth dollar.

The purchase or lease of a business facility is usually one of the most costly liabilities concerning starting a small business. The benefits of purchasing a facility include retaining complete control of the building and its contents, as well as building equity in the business via the mortgage. The disadvantages include higher initial debt due to the mortgage. The benefits of renting a facility include the fixed overhead cost of the rental amount and the ability to relocate the business as the business expands. The disadvantages of renting a facility include no return on investment for the rental payment and the potential for the property owner to increase the rental amount.

The best option for the start-up phase of this business is to lease a facility instead of purchase. The benefits of leasing a facility vastly exceed the increased debt of a mortgage during the startup phase of the business. The low initial startup costs and the predictability of the rental amount have heavily influenced this decision.

During the startup phase of the business, the SBA provides grants and/or loans to business owners to increase the business's cash flow, as well as provide financial management and/or assistance for military veteran entrepreneurs. The SBA guarantees repayment of more than 90% of business loans in the event of business default (SBA, Internet). In the event the business defaults on its financial obligations, the SBA guarantees the repayment of more than 90% of SBA guaranteed business loans (SBA, Internet). More importantly, the business survival rate for small business funded by SBA guaranteed loans is astonishing. The latest SBA statistics indicate that over 75% of small businesses funded by SBA loans achieve profitability within five years (SBA, Internet).

Strategy and Marketing

The business strategy will focus on sustained and profitable growth within the business's manageable manufacturing capacity. The majority of ski sales are expected during the Fall season sales cycle (October through December). As a result, maximum manufacturing capacity should be expected during this timeframe. Achieving an estimated two-week manufacturing turnaround from order placement until delivery will require substantial material inventory in order to satisfy the targeted sales goals. If sales quotas are satisfied early in the business year, a limited supply of manufacturing materials will be reordered to support sales estimates for the rest of the winter season (January to April). This tiered approach to materials is designed to meet demand without excessively increasing overhead. The estimated slowest period within the business cycle will be Spring through Summer (May – September). During this time, the business will focus on next year's business strategy. This focus will include marketing, ski design, lean manufacturing techniques, expansion, employee recruiting (as required), and the reduction of operating cost in support of profitability.

The marketing approach will focus on low cost factory direct promotions designed to achieve target sales goals with a minimal budget. Most of this marketing will occur from October through December and will focus on regional winter sports exhibitions, ski swaps, featured articles in local journals and newspapers, internet advertising and radio broadcasts. The marketing approach from January through April will focus on ski demonstrations at regional ski resorts, as well as discounted pricing for new ski orders. The marketing approach from May through September will focus on internet ski sales to reduce the decrease in off-season manufacturing.

Finance

Understanding the details of business finance can be the difference between business success and failure. Knowledge of factors influencing business finances is very important to business owners. The financial aspects examined as part of this feasibility study will include:

Income Statement, Cash Flow Projection and Balance Sheet.

An **Income Statement**, also known as a profit and loss statement, “shows your business financial activity over a period of time, usually your tax year” (Pinson, 2008, p. 104). An income statement exposes strengths and weaknesses within your business and ultimately enables the business owner to operate the business more efficiently and effectively. For example, income statements may illustrate “some heavy advertising in March did not effectively increase your sales” (Pinson, 2008, p. 104). This analysis will encourage the business owner to advertise when customers are more likely to spend money. Comparing income statements over “several years will give you an even better picture of the trends in your business” (Pinson, 2008, p. 104).

Cash Flow Statements, also known as a Pro Forma Statements, are “the financial document that projects what your Business Plan means in terms of dollars” (Pinson, 2008, p. 84). This statement is often referred to as a budget since its implementation is very similar. The cash flow statement is primarily used for internal planning. It also projects the amount of cash that will flow in and out of the business in the coming year. The statement usually “deals only with actual cash transactions and not with depreciation and amortization of goodwill or other non-cash expense items” (Pinson, 2008, p. 84). The statement should be prepared monthly to support the quarterly analysis of the business (Pinson, 2008, p. 84).

Balance Sheets are financial statements that display the financial position of the business on a fixed date (Pinson, 2008, p. 101). The balance sheet displays the strength or weakness of the business by presenting a snap shot of the business at any given moment. This snap shot paints a “picture of what the business owns and owes at a particular given moment” (Pinson, 2008, p. 101). According to Linda Pinson, the author of “Anatomy of a Business Plan,” all balance sheets are separated into three categories:

Assets = anything your business owns that has monetary value.

Liabilities = debts owned by the business to its creditors.

Net Worth (Capital) = owner’s equity.

This relationship illustrates as: **Assets – Liabilities = Net Worth** (Pinson, 2008, p. 101). Similar to the Cash Flow Statement, Balance Sheets examine the financial health of the business at key intervals. These intervals usually pertain to specific company goals and/or milestones.

Federal, State and Local Considerations

Comprehensive understanding federal, state, and local taxes are particularly important for operating a business in the U.S. According to Linda Pinson and her book - Anatomy of a Business Plan:

Comparison of the U.S. Tax System and business accounting is like studying the chicken and the egg. They cannot be separated. Many new business owners attempt to set up an accounting system without examining and understanding the IRS's tax forms to be completed at the end of the year. This is a gross error for two reasons. The first is failure to account for financial information required by the IRS at tax time. More important, however, is the failure to utilize information and services that will help you to develop an effective accounting system, which will, in turn, enable you to analyze your business and implement changes to keep it on the track to profitability (Pinson, 2008, p. 128).

“The relationship between business planning and the tax system can be more easily perceived by studying a Schedule C for a sole proprietorship” (Pinson, 2008, p. 128). The reference to the Schedule C is part of the IRS Form 1040 tax filing. During each tax year, businesses must comply with IRS reporting regulations and submit periodic payments of taxes. The astute small business owner must be familiar with tax reporting and payment requirements. “If you fail to account for tax liabilities, you will find yourself with an unbalanced budget and it is possible that a serious cash deficiency could result” (Pinson, 2008, p. 128).

The following chart illustrates the IRS's recommended annual tax calendar for a sole proprietor business (Pinson, 2008, p. 130).

Figure: 2		Sole Proprietor	
Calendar of Federal Taxes for Which You May Be Liable			
January	15	Estimated Tax	Form 1040ES
	31	Providing information on social security (FICA) tax and the withholding of income tax	W-2 (to employee)
	31	Federal unemployment (FUTA) tax	940-EZ or 940
	31	Federal unemployment (FUTA) tax (only if liability for unpaid taxes exceeds \$100)	8109 (to make deposits)
	31	Information returns to non-employees and transactions with other persons	Form 1099 (to recipients)
February	28	Information returns to non-employees and transactions with other persons	Form 1099 (to IRS)
	28	Providing information on social security (FICA) tax and the withholding of income tax	W-2 & W-3 (to Social Security Admin.)
April	15	Income Tax	Schedule C (Form 1040)
	15	Self-employment tax	Schedule SE (Form 1040)
	15	Estimated tax	Form 1040ES
	30	Social Security (FICA) tax and the withholding of income tax. Note: See IRS rulings for deposit - Pub 334	941, 941E, 942, and 943
	30	Federal unemployment (FUTA) tax (only if liability for unpaid taxes exceeds \$100)	8109 (to make deposits)
June	15	Estimated tax	Form 1040ES
July	31	Social Security (FICA) tax and the withholding of income tax. Note: See IRS rulings for deposit - Pub 334	941, 941E, 942, and 943
	31	Federal unemployment (FUTA) tax (only if liability for unpaid taxes exceeds \$100)	8109 (to make deposits)
September	15	Estimated tax	Form 1040ES
October	31	Social Security (FICA) tax and the withholding of income tax. Note: See IRS rulings for deposit - Pub 334	941, 941E, 942, and 943
	31	Federal unemployment (FUTA) tax (only if liability for unpaid taxes exceeds \$100)	8109 (to make deposits)

“Business Resources for the State of Idaho” website provides a plethora of information concerning the procedures and regulations for starting and operating a business (Idaho Small Business Solutions, Internet). The website illustrates procedures concerning business registration (i.e. Doing Business under an Assume name-DBA), taxation, licenses and regulations. For the registration of a sole proprietorship in the state of Idaho, the business owner “do[es] not need to file any additional paperwork with the Secretary of State other than your

certificate of Assumed Business Name” (Idaho Small Business Solutions, Internet).

Additionally, a sole proprietorship simplifies the state income requirements since the business is taxed at the individual tax rate. The state income tax rate ranges from “1.6 to 7.4 percent” and is graduated so that higher earnings are taxed at a higher rate” (Idaho State Tax Commissioner, Internet). Lastly, businesses that perform retail operations within the state of Idaho must pay retail sales taxes (Idaho Small Business Solutions, Internet). These businesses must “apply for a seller's permit so you can pay the sales tax you collect from your customers” (Idaho State Tax Commissioner, Internet). The current (2006 to present) state of Idaho mandate sales tax is 6% (Idaho State Tax Commissioner, Internet).

There are no local requirements for businesses outside of the state of Idaho requirements. The city of Sandpoint is located within Bonner County and the county does not charge a surtax beyond the 6% rate charged by the state.

Entrepreneur Qualities

Entrepreneur characteristics and/or qualities are very important to future business owners. Although there are many qualities and characteristics of successful entrepreneurs, a few of these characteristics are consistently mentioned in multiple journals and articles. These characteristics are leadership, ambition and problem solving, “knowing what you don’t know,” resilience, adaptability/flexibility and integrity.

Leadership

Jason Bowser, a business startup expert, states “[s]tarting a business is a lot of work. Anyone who tells you it’s not is either lying or has never actually started one themselves” (Bowser, 2013). Entrepreneurial leadership is one of the defining qualities supporting the

success or failure of a business. Bowser reiterates the importance of leadership by stating “[i]f you can’t lead yourself through startup, chances are you won’t likely be able to lead your business and future employees through growth and on to success” (Bowser, 2013).

Ambition and Problem Solving

Ambition and a passion for the product your business is producing is an important characteristic that helps motivate business owners through difficult stretches of the business cycle. Ambition is synonymous with self-motivation and this motivation will enable the business owner to be a persistent problem solver. “In our experience, entrepreneurs are intellectually active, see problems all around that need fixing, and are general impatient about those problems” (Gridley & Palladino, 2013). Inc.com continues to allude that recognition of the problems is not enough for an entrepreneur to be successful. The entrepreneur “must also have a burning ambition to fix them (the problem) and the self-confidence to believe he or she is uniquely positioned to save the day” (Gridley & Palladino, 2013).

“Knowing What you Don’t Know”

Essential to any entrepreneur is “knowing what you don’t know” and complementing your business with personnel who are knowledgeable in the areas in that you are not. Bill Zinke recently co-authored “Top Characteristic of Successful Entrepreneurs” and states “broad knowledge base in critical areas” is required for an entrepreneur to ensure the success of their business (Levy, Levy & Zinke, 2013). Despite the inherent desire to maintain complete control of their business, successful entrepreneurs are “not egotistical to the point that their bull-headedness is a weakness that continually prohibits them from seeing a bigger picture” (Bowser, 2013). Additionally, successful entrepreneurs are not afraid to ask questions about business

areas in which they admit they are not very knowledgeable. This is an especially important since it may provide answers that entrepreneurs “leverage to effect” (Bowser, 2013).

Resilience

Resilience is important to entrepreneurs because building a business is often a disheartening process that can resemble an emotional rollercoaster. The most successful entrepreneurs are able to “listen carefully and be open to criticism,” as well as be “willing and able to learn from your mistakes” (Price, 2013). During the process of being open to criticism, entrepreneurs will often hear that their “business won’t work,” but the “best entrepreneurs learn to feed off the negativity and actually gain strength from it” (Price, 2013).

Adaptable and Flexible

Adaptable and flexible entrepreneurs are the most successful entrepreneurs. The ability to remain flexible enough to adapt to the changing business landscape is critical to the continued success of any business endeavor. Jim Price from the Ross School of Business at the University of Michigan challenges anyone “to find an entrepreneur running a startup four or more years old where that business doesn’t differ dramatically from the vision sketched in their original business plan” (Price, 2013). Larry and Carol Levy of the “Larry and Carol Levy Institute for Entrepreneurial Practice” support adaptability through “nurture[ing] and refine[ing] your vision of the enterprise” (Levy, Levy & Zinke, 2013). Remaining adaptable and flexible also enables entrepreneurs to “see things as they might be and to anticipate change” (Levy, Levy & Zinke, 2013).

Integrity

Integrity and a building a “rock-solid reputation” are particularly important to entrepreneurs during all phases of their business. This is also true during the startup phase and while trying to establish their presence within their intended market (Stephenson, 2009). Integrity of the business owner and the business is vitally important because “successful, sustainable business people maintain the highest standards of integrity” (Bowser, 2013). If the entrepreneur does not embody integrity, then “nobody will do business with you” and you will eventually be “out of business” (Bowser, 2013). “You can’t simply buy a good reputation; it’s something that you earn by honoring your promises” (Stephenson, 2000).

Summary

Small scale handcrafted ski manufacturers have challenged the major manufacturers concerning their dominant role within the ski industry. These businesses have focused on manufacturing a handcrafted ski to the customer’s personal skiing style, ability and preference.

Recent statistics represents a 12% year over year increase in ski equipment sales. The target income bracket within the target market area is \$25,000-49,999. According to the Mintel Group, the overall participation in downhill skiing in the U.S. in the \$25,000-49,999 income bracket is 4% (Mintel, 2011, p. 4-5).

The business will initially operate as a sole proprietorship and the business owner will annually reevaluate the business structure. \$50,000 startup capital is required to start a small sole proprietorship handcrafted ski manufacturing business.

The business strategy will focus on sustained and profitable growth within the business’s manageable manufacturing capacity. The business will strive to achieve an estimated two-week turnaround on all handcrafted skis from order placement until delivery.

The business owner will regularly evaluate the business's financial reports to ensure the business is operating as efficiently and effectively. The business owner will frequently complete income statements, cash flow statements and a balance sheet to monitor the financial health of the business.

Federal and state taxes will be assessed at the business owner's personal income tax rate since the business is registered as a sole proprietorship. Local sales tax will be assessed at 6% in accordance the Idaho State Tax Commissioner. The business owner will be required to apply for a seller's permit to sell skis within the state of Idaho.

Finally, there are six governing entrepreneurial qualities of successful business owners. These qualities are leadership, ambition and problem solving, "knowing what you don't know," resilience, adaptability and flexibility and integrity.

Chapter 3: Methodology

The Problem Restated

The panhandle region of northern Idaho contains some of the best alpine skiing in America. This region supports a diverse economy and is home to more than four ski areas. These ski areas support a growing winter skiing population. Despite strong demand for the winter sport of alpine skiing, a competitively priced handcrafted ski manufacturing business does not exist in northern Idaho. As the region expands in both population and industry, so too will the demand for handcrafted skis at an affordable price.

The purpose of this research is to determine the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho. The research will examine economic and demographic data to determine the profitability and sustainability of this business. The research will also examine the qualities of successful entrepreneurs to determine if the business owner contains similar qualities.

Population and Sample

Research data collected for this feasibility study will primarily consist of secondary data from books, periodicals, newspapers, and internet resources. These resources will represent the foundational influence for the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho. This data will provide invaluable insight concerning the feasibility and sustainability of this business. The research data represents the timeframe from 2008-2013.

Data Collection Methods

Secondary data has been collected from a variety of sources including, but not limited to, independent research consulting companies, periodicals, books, handcrafted ski company websites, newspapers, online retailers, U.S. census data, Idaho State Tax Commission, Idaho Department of Labor, Bonner County Chamber of Commerce, and the U.S. Small Business Association. The data collected for this feasibility study will focus on entrepreneurial qualities of successful business owners, sustainability of the target market area and profitability of the business within five years. The data collected represents the timeframe of 2008 and 2013.

Data Analysis Methods

Comparative secondary statistics will be utilized to provide a connection between the demographic, economic, industrial, manufacturing, market data, and entrepreneurial data supporting a small handcrafted ski manufacturing business in Sandpoint, Idaho.

Synthesis supporting forecasting and trend analysis will be used to predict market demand, profitability, sustainability, and product viability. This synthesis may be influenced by the opinions of the researcher, opinions of experienced entrepreneurs, journals, newspapers, internet articles, and books concerning business development.

Research Questions

This feasibility study will address the following questions:

1. Does the business owner possess the personal success consistent with entrepreneurial success?
2. Will the target market area (within a 150-mile radius) sustain this business?
3. Will the business achieve profitability within five years?

Chapter 4: Data Analysis

Introduction

The data collected for this feasibility study will focus on factors contributing to the profitability and sustainability, as well as the required entrepreneurial qualities supporting a small handcrafted ski manufacturing business in Sandpoint, Idaho. The research data will consist of secondary sources such as books, periodicals, newspapers, personnel evaluations and internet resources. This research will substantiate or repudiate the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho. This feasibility study will also forecast sales, marketing and operations, profitability and sustainability for the first five years.

Data Presentation and Analysis

Presentation of the data concerning the feasibility of starting a small handcrafted ski manufacturing business will provide insight into the viability of the proposed business. Manufacturing trends, market demand, acquisition and planning, strategy and marketing, finance, federal, state and local considerations, as well as entrepreneurial qualities are just a few of the categories that will receive examination.

Manufacturing Trends

The ski industry has experienced a significant paradigm shift during the past few years. This shift has supported the proliferation of small handcrafted ski manufacturing businesses catering to the discerning skier and their specific skiing style and ability.

Market Demand

Supporting this ski industry paradigm shift is a “50 percent annual growth [handcrafted skis] in sales revenue since the 2005-06 season” (Bevins, 2009). According to SIA, skier visits have increased by 10% nationally from 2006-2011. An increase in skier visits, along with a 12% increase in ski equipment sales during that same timeframe, supports a strong demand for future ski sales (SIA, Internet).

Acquisition and Planning

Acquisition and registration of a small handcrafted ski manufacturing business will initially consist of Doing Business under an Assumed name (DBA). The DBA shall function as a Sole Proprietorship for tax purposes. The business will reevaluate its business structure on an annual basis to ensure the future of the business is in alignment with the business’s projected growth and expansion. The business will initially lease a manufacturing facility, instead of purchasing a facility, to maintain a minimal cost structure.

Strategy and Marketing

The business strategy will focus on sustained and profitable growth within the business’s manageable manufacturing capacity. The majority of ski sales are expected to occur between the months of October and December and maximum manufacturing capacity shall be expected during this timeframe. The business will strive to achieve a two-week turnaround from order placement until fulfillment. The business will aggressively market its skis during the prime ski sales months of October thru March. The business will focus this marketing at ski exhibitions, ski-swaps, featured articles in local magazines, newspapers, internet advertising and radio advertisement.

Finance

Business finance can be the difference between business success and failure. Basic financial reports supporting the viability of businesses are income statements, cash flow projections and balance sheets. An examination of a business's net worth on the balance sheet will provide a snapshot of the financial health of the business. This net worth relationship is displayed as: $\text{Assets} - \text{Liabilities} = \text{Net Worth}$ (Pinson, 2008, p. 101).

Federal, State and Local Considerations

Federal, state and local considerations will focus on taxation (see figure 2 on page 14 concerning the federal income tax calendar). State income taxes for a sole proprietorship business are taxed at the business owner's personal state income tax rates. There are no local tax considerations in Sandpoint, Idaho since the city does not charge a surtax beyond the state of Idaho mandated 6% sales tax. The business will need to apply for a sellers permit to collect state sales tax.

Entrepreneur Qualities

Entrepreneur characteristics and/or qualities are very important to future business owners. Although there are many qualities and characteristics of successful entrepreneurs, here are a few of the characteristics consistently mentioned in multiple magazines and journals. These characteristics are leadership, ambition and problem solving, "knowing what you don't know," resilience, adaptability/flexibility and integrity.

Target Market

The proposed target market concerning the feasibility of starting a small handcrafted ski manufacturing company consists of the city of Sandpoint, Idaho and the surrounding cities

counties within a 150-mile radius. Geographically, this represents Bonner County, which is the home county of Sandpoint, Idaho, as well as Boundary County to the north and its largest city of Bonners Ferry. Kootenai and Latah counties are to the south of Bonner County with their largest cities of Coeur D'Alene and Moscow, respectively. To the west, the target market area represents the counties of Spokane and Pend Oreille and their largest cities of Spokane and Newport, respectively, both in the state of Washington.

The median household incomes of the aforementioned counties supporting the target market area are within the expected income brackets of \$25,000-99,999 (Mintel, 2011; Figure 1 on pg. 7). According to the Mintel Group, the household income bracket of \$25,000-49,999 represents a 4% participation rate for downhill skiing (Mintel, 2011; Figure 1 on pg. 7). The \$25,000-49,999 income range also represents the median household income brackets of Bonner, Boundary, Kootenai, and Latah counties in the state of Idaho; and Spokane and Pend Oreille counties in the state of Washington (Bonner, Boundary, Kootenai, Latah, Spokane, 2013).

Capturing the 12% household income bracket range of \$25,000-99,999, especially the regionally dominant household income range of \$25,000-49,999, will prove essential to supporting the sustainment of this business (Mintel, 2011).

Competition

The researcher discovered two small-scale ski manufacturing companies operating within the target market area. Prior to conducting this research, the researcher was unaware of any competition and was therefore surprised to discover this newfound competition. Despite discovering competition, these companies do not interfere with the researcher's previously mentioned problem statement because the competition is either not affordable or does not

produce handmade skis. The two companies are Sneva Manufacturing in Spokane, Washington and Substance Skis of Coeur D'Alene, Idaho.

Sneva Manufacturing was founded in Spokane, Washington in 1994 and invented the original twin tipped ski (Sneva, Internet). Sneva skis are handcrafted according to the customer's preference and cost \$649 (Sneva, Internet). The \$649 price per pair of skis is more expensive than the researchers proposed \$500 cost per pair of skis. Therefore, the cost of Sneva skis are deemed unaffordable and this company does not conflict with the researcher's problem statement.

Substance Skis of Coeur D'Alene, Idaho focuses on small-scale production skis that are not manufactured according to a skier's personal preference and cost \$550 per pair (Substance, Internet). Substance Skis are more affordable than Sneva skis, but are not handcrafted according to a customer's personal preferences. Therefore, Substance Skis do not conflict with the researcher's problem statement.

Operations & Management

As a sole proprietorship, the business must strike a balance between the acquisition of customers and maintaining a regular business routine. This balance will focus on customers during the high ski tourism season (October – March) and will operate as required for the rest of the year. The business's showroom will be open from 2:00 p.m. to 7:00 p.m., Wednesday through Sunday. Despite the planned closure days of Monday and Tuesday, the business will remain open if those days occur on a major Federal, State or Local holiday. Manufacturing hours will occur on a flexible schedule and will be based upon customer demand. The business owner will maintain regular office hours from 8:00 a.m. to 2:00 p.m. in support of managerial

tasks. These office hours may occur at the physical location of the business or via telecommute.

Figure three, listed below, displays the details of the business’s proposed hours of operation.

Figure 3		Hours of Operation
<u>DAYS</u>		<u>HOURS</u>
Sunday		2:00-7:00 p.m.
Monday		Closed
Tuesday		Closed
Wednesday		2:00-7:00 p.m.
Thursday		2:00-7:00 p.m.
Friday		2:00-7:00 p.m.
Saturday		2:00-7:00 p.m.

Research Question Analysis

The research data collected for this feasibility study consists of secondary sources from books, periodicals, newspapers, personnel evaluations and internet resources. These sources represent the foundational influence concerning the feasibility of starting a small ski manufacturing business in Sandpoint, Idaho. This section will analyze the three research questions.

Research Question 1: Does the business owner possess the personal success consistent with entrepreneurial success?

There are many qualities supporting entrepreneurial success. During the course of the research, the researcher discovered a pattern of six distinct qualities that overlap much of the literature concerning entrepreneurial success. These characteristics include leadership, ambition and problem solving, “knowing what you don’t know,” resilience, adaptability/flexibility and integrity.

Many of the qualities and characteristics supporting entrepreneurial success are also inherent to professional military officers. The business owner, in particular, is a Naval Officer and the U.S. Navy requires annual Fitness Reports (FITREPS) to evaluate their officers. FITREPs remain part of an officers permanent military record at the Bureau of Naval Personnel in Millington, Tennessee.

From 2006-2012, the proposed business owner's FITREPs include many descriptive qualities that are similar to the characteristics of successful entrepreneurs. Over 23 descriptive qualities described the proposed business owner's performance during this timeframe. All of these qualities reinforce the personal and professional required of future entrepreneurs. Some of these descriptive qualities include top performer, motivated leader, trusted, hard-working, energetic, driven, gifted and unmatched manager (FITREPS, 2006-2012).

Status

The qualities and characteristics of a successful entrepreneur include leadership, ambition and problem solving, "knowing what you don't know," resilience, adaptability/flexibility and integrity. The characteristics describing the proposed business owner's performance from 2006-2012 include top performer, motivated leader, trusted, hard-working, energetic, driven, gifted and unmatched manager. Although the qualities describing successful entrepreneurs and the proposed business owner are not exactly the same, both lists emulate the personal and professional success. Therefore, the data collected supports the research question concerning whether or not the business owner possess the personal success consistent with entrepreneurial success.

Research Question 2: Will the target market area (within a 150-mile radius) sustain this business?

The target market area constitutes a 150 miles radius from Sandpoint, Idaho. This area includes two states, six counties, four major cities, and a population in excess of 713,379 (U.S. Census, 2010, Internet). Within this market, every counties median household income is within the \$25,000-49,999 range. This range is the proposed target household income supporting the sustainability of an affordable small handcrafted ski manufacturing business.

According to Mintel Group, this income bracket represents 4% of overall downhill skiing participation in the United States (Mintel, 2011; Figure 1 on pg. 7). Since the target market area contains 713,379 persons, a 4% participation rate constitutes a potential customer base of 28, 535 ($713,379 \times 4\%$).

The annual sales data (Appendix 1) assumes a 12% year over year increase in sales. The first year sales projections are 50 pairs of skis. This number represents an arbitrary starting point for the ski manufacturing business. This number also represents a weekly manufacturing production rate of one pair of skis, with a two-week manufacturing pause during the summer.

Starting with a first year production estimate of 50 pairs of skis and assuming a 12% year over year increase, the business should be expected to manufacture 79 pairs of skis in year five (Appendix 1). Assuming the target market area contains 28,535 customers, which is 4% of the total population within the target market, the first and fifth year sales estimates represent a 0.0018% and 0.0028% market share, respectively. Capturing this microscopic market share supports a high probability of achieving the projected ski sales displayed in Appendix 1.

Additionally, this data represents the target market area within 150 miles of Sandpoint, Idaho. This data does not project sales via the internet or sales outside the target market area.

Status

The research data supports the sustainment of this business within the target market area. The modest sales projections listed in Appendix 1 support this conclusion, as well as the business's expected ability to capture less than 1% of the target markets median household income.

Research Question 3: Will the business achieve profitability within five years?

Business practicality and profitability are often a combination of income statements, as well as cash flow statements, to ensure a healthy balance sheet. These statements should display sufficient liquid assets in order to meet the business's liabilities. "It is a fact that a third or more of today's businesses fail due to a lack of cash flow. The cash flow statement is usually the first thing a lender or investor examines in your business plan" (Pinson, 2008, pg. 84). Another reason businesses fail to achieve profitability within the first five years is due to excessive overhead and/or fixed business costs. This usually results in the businesses failing to achieve an efficient process concerning the daily routine of the business.

Appendix 2 and 3 display the pro forma income statements and cash flow projections for the first five years of the business. These projections have taken into account the sales estimates displayed in appendix one. With a startup capital of \$50,000, the business should have sufficient cash to meet its liabilities through Calendar Year (CY) 2015. CY 2016-2018 will experience insufficient cash flow to meet the businesses liabilities. From CY 2016-2018, the researcher

estimates the business will lose an average of \$13,414 per year. This deficit improves, by roughly \$2000 per year, due to the pro forma estimated increase in ski sales.

Status

Although the business's sales are in alignment with the ski industry national average of 12%, the business will not achieve profitability within the first five years. The business plan/feasibility will require significant modification to ensure the viability and profitability of this business. These modifications will focus on decreasing the overall cost structure and lean manufacturing techniques.

Summary

The data analysis for this feasibility study consists of secondary sources such as periodicals, articles, books, personal evaluations and internet resources. These resources and research focus on the feasibility, profitability and sustainability of a small handcrafted ski manufacturing business in Sandpoint, Idaho.

The target market supporting this business constitutes a 150-mile radius of Sandpoint, Idaho. This represents a population of more than 713,379 persons. Geographically, the 713,379 persons are dispersed across two states, six counties and four major cities. The most common household income is \$25,000-49,999. This income bracket represents the target customer for the proposed small handcrafted ski manufacturing business.

The competition consists of two small ski manufacturers within the target market area. The competitor's products are either not affordable or are not handcrafted and therefore do not conflict with the proposed problem statement.

The business will be open to customers from Wednesday through Sunday. The proposed business hours are from 2:00 p.m. to 7:00 p.m. The business owner will support managerial and manufacturing tasks Wednesday through Sunday from 8:00 a.m. to 2:00 p.m.

The research questions for this feasibility study focused on the most important aspects of the long-term sustainability of a small handcrafted ski manufacturing business. The research data supports the first two research questions:

1. Does the business owner possess the personal success consistent with entrepreneurial success?
2. Will the target market area (within a 150-mile radius) sustain this business?

The research data does not support research questions three:

3. Will the business be profitable within five-years?

The analysis concerning the profitability of the business displays discrepancies concerning an excessive cost. Focusing on reducing the costs and lean manufacturing techniques may positively support research question three. These recommendations will receive detailed analysis in Chapter 5.

Chapter 5: Summary, Conclusions, & Recommendations

Summary

The final chapter provides a compilation of the research problem, literature review, data collection methodology and the analysis of the data supporting this feasibility study. The research conclusions will provide insight into the feasibility supporting the final recommendation concerning a small handcrafted ski manufacturing business in Sandpoint, Idaho.

The purpose of this study was to determine the feasibility of starting a small handcrafted ski manufacturing business. The research examines economic and demographic data to determine the profitability and sustainability of a small handcrafted ski manufacturing business. The research also examines the entrepreneurial qualities of the business owner in order to determine if the business owner possesses the characteristics of successful entrepreneurs.

Chapter 1 identifies the research problem, the purpose of the research, the research questions, research assumptions and limitations, and lists the definition of terms. The research questions analyzed throughout the course of this feasibility study are:

1. Does the business owner possess the personal success consistent with entrepreneurial success?
2. Will the target market area (within a 150-mile radius) sustain this business?
3. Will the business be profitable within five years?

Chapter 2 reviews the literature acquired by the researcher to conduct the feasibility study. This literature examines various factors affecting the feasibility of starting a small handcrafted ski manufacturing business in Sandpoint, Idaho. These factors include ski industry manufacturing trends, market demand, and acquisition and planning, strategy and marketing and

finance. Additionally, this chapter examines federal, state and local considerations and the qualities and characteristics of successful entrepreneurs. This literature reveals a ski-industry paradigm shift supporting the proliferation of small handcrafted ski manufacturing businesses. These businesses manufacture skis according to a customer's personal style, preferences and skiing ability.

Chapter 3 provides a detailed description of the researcher's methodology to conduct this study. Secondary data constitutes the primary method of data collection. This data consists of independent research consulting companies, periodicals, books, handcrafted ski company websites, newspapers, online retailers, U.S. census data, Idaho State Tax Commission, Idaho Department of Labor, Bonner County Chamber of Commerce, and the U.S. Small Business Association.

Chapter 4 provides an analysis of the data concerning the research questions. This chapter provides invaluable insight supporting the profitability and sustainability of a small handcrafted ski manufacturing business. This chapter also examines the entrepreneurial qualities and characteristics of successful business owners. Ultimately, the research supports the first two research questions. The research did not support research question number three.

Conclusions

This section illustrates the findings of each research question.

Research question 1: Does the business owner possess the personal success consistent with entrepreneurial success?

The researcher discovered a pattern of six distinct qualities consistently used to describe successful entrepreneurs. These qualities positively correlate to 23 descriptive characteristics to evaluating the business owner's military performance from 2006-2012. The research data

positively supports the research question concerning the business owner's personal success being consistent with entrepreneurial success.

Research question 2: Will the target market area (within a 150-mile radius) sustain this business?

The target market area consists of a 150-mile radius from the city of Sandpoint, Idaho. This area encompasses two states, six counties, four major cities and a population in excess of 713,379 persons (U.S. Census, 2010, Internet). Within the target market, the most common household income bracket is \$25,000-49,999. The research has targeted this income bracket as the most likely customer supporting an affordable handcrafted ski business.

Capturing the average national participation average of 4% within the \$25,000-49,000 income bracket, the target market consists of a potential customer base of 28,535 persons. The estimated first and fifth year sales projections are 50 and 79, respectively. These projections represent a first and fifth year market share of 0.0018% and 0.0028%, respectively. This miniscule first and fifth year market share of 0.0018% and 0.0028% positively supports the sustainment of this business within the target market area.

Research question 3: Will the business achieve profitability within five years?

The pro forma income statements do not support the profitability of this business within five years. With the estimated startup capital of \$50,000, the business will retain sufficient cash flow for the first two years. Years 3-5 will experience an estimated cash flow deficit of \$13,414 per year. This \$13,414 annual deficit will reduce by roughly \$2000 per year due to the pro forma ski sale estimates.

Recommendations

Recommendations for research question 1:

The researcher recommends the business owner continue his entrepreneurial education and training. Although the research data positively correlate to the business owner's personal success and entrepreneurial success, the constantly changing landscape of the business environment will force the business owner to adapt to new challenges. Continuing the business owner's business and entrepreneurial education will support the business owner's ability to adapt to the rapidly changing business landscape.

The researcher recommends the business owner join the local chamber of commerce and/or other regional small business associations that will not only help to support this business, but also provide a support structure to assist the business owner's navigation through complicated business transactions.

Recommendations for research question 2:

The researcher recommends the business owner implement the findings of research question two into his business plan. The research positively supports the sustainment of this business within the target market area. Once the business owner has fully implemented his business plan, the researcher recommends the business owner focus on increasing market share within the target market area, as well as incentives supporting customer loyalty.

When the business owner is comfortable with manufacturing and sales within the target market area, the researcher recommends the business owner focus on increasing capacity and brand recognition outside of the target market area. The researcher suggests the business owner doubles the annual manufacturing capacity through internet sales. The researcher advises the business owner to increase the internet sales capacity in order to increase the profitability of the business.

Recommendations for research question 3:

The researcher recommends the business significantly reduce its cost structure to support the five-year goal of profitability. The researcher recommends the business owner critically examine the five-year pro forma statements to support this reduction. The researcher recommends the business begin as a “home based” business and expand to a commercial location once the business becomes profitable. The researcher also recommends the business owner reduce labor costs by deferring personal compensation until the business becomes profitable. By following these recommendations, the researcher estimates the business owner will reduce costs by an average of \$24,000 per year and the business will achieve profitability by year five.

Final Recommendation

The handcrafted ski segment of the ski industry is growing in popularity and prominence. Small handcrafted ski manufacturing businesses catering to the local market are producing customized skis for local customers while adhering to the skier’s personal skiing style and ability.

The researcher recommends the proposed business owner implement the proposed business with consideration to the researcher’s recommendations for research questions one through three. The researcher believes the implementation of the recommendations for research questions one through three will positively support the viability of a small ski manufacturing business in Sandpoint, Idaho.

References

- Bevins, J. (2009, February 1). Custom ski makers flourish in Colorado. DenverPost.com.
Retrieved April 7, 2013, from http://www.denverpost.com/business/ci_11595664
- Burke, T. W., Norton, K. J., Grunewald, J. C., Johnson, A. J., & Wyatt, J. R. (2006-2012).
FITNESS REPORT & COUNSELING RECORD (W2-O6). Millington, TN: Naval
Personnel Command.
- Gridley, B., & Palladino, S. (n.d.). 4 Characteristics of Successful Entrepreneurs. In Inc.com.
Retrieved March 25, 2013, from <http://www.inc.com/karl-and-bill/4-characteristics-of-successful-entrepreneurs.html>
- Higgs, P. (2008, June 15). How to Build Your Own Skis. In Skinet.com. Retrieved May 1, 2013,
from <http://www.skinet.com/skiing/how-to/diy-/-maintenance/2008/06/how-to-build-your-own-skis>
- IBIS World. (2012). Athletic & Sporting Goods Manufacturing in the US (Report 33992a ed.,
pp. 1-25). Melbourne, Australia: Author. Retrieved November 16, 2012, from CMU
GCLS.
- Idaho Business License. (n.d.). In Business Name USA. Retrieved May 1, 2013, from
<http://www.businessnameusa.com/Fees/ShowFees.aspx?Fees=Idaho>
- Individual Income Tax. (n.d.). In Idaho State Tax Commission. Retrieved April 10, 2013, from
<http://tax.idaho.gov/i-1039.cfm>
- It's in our Hands. (2012, November 24). In United States Census 2010. Retrieved April 7, 2013,
from <http://www.census.gov/2010census/popmap/>

LaPorte, N. (2012, November 24). The Bespoke Ski, Shaped by Science. New York Times.

Retrieved April 23, 2013, from

http://www.nytimes.com/2012/11/25/technology/customized-skis-tailored-by-science.html?_r=2&

Legal Structures & DBAs. (n.d.). In Idaho Small Business Solutions. Retrieved April 16, 2013,

from http://www.idahobizhelp.org/legal_ent.htm#Sole_Proprietorship

Levy, L., Levy, C., & Zinke, B. (n.d.). Top Characteristics Of Successful Entrepreneurs: Larry

Levy, Kellogg School of Management, Weighs In. In Forbes Magazine Online. Retrieved

March 14, 2013, from [http://www.forbes.com/sites/alanhall/2012/10/24/top-](http://www.forbes.com/sites/alanhall/2012/10/24/top-characteristics-of-successful-entrepreneurs-larry-levy-school-of-management-weighs-in/)

[characteristics-of-successful-entrepreneurs-larry-levy-school-of-management-weighs-in/](http://www.forbes.com/sites/alanhall/2012/10/24/top-characteristics-of-successful-entrepreneurs-larry-levy-school-of-management-weighs-in/)

Materials, Supplies and Technology for Extreme Sports. (n.d.). In Action Sports Technology Inc.

Retrieved May 1, 2013, from

http://snowboardmaterials.com/pages/tf_2000_snowboard_factory.htm

Metts, A. (2012, December). Bonner County Workforce Trends. In Idaho Department of Labor.

Retrieved April 24, 2013, from

<http://labor.idaho.gov/publications/lmi/pubs/BonnerProfile.pdf>

Mintel Group Ltd. (2011). Action and Extreme Sports - US (pp. 1-24). London, United

Kingdom. Retrieved March 30, 2013, from CMU GCLS.

MLS # 20130561. 723 Pine Street Sandpoint, ID. (n.d.). In Tomlinson Sothesby's International

Realty. Retrieved May 1, 2013, from

<http://www.tomlinsonsandpointsothebysrealty.com/details.asp?Id=1677011>

(n.d.). In Folsom Custom Skis. Retrieved April 12, 2013, from

<http://www.folsomcustomskis.com/>

(n.d.). The Home Depot. Retrieved May 1, 2013, from

http://www.homedepot.com/webapp/wcs/stores/servlet/OrderItemDisplayViewShiptoAssoc?isShowFreeShipping=true&amtLeftForFreeShip=0&catalogId=10053&check=*n&langId=-1&orderId=199097864&isOrderQualifiesFor

Northern Idaho Utility Cost. (n.d.). In city-data.com. Retrieved May 1, 2013, from

<http://www.city-data.com/forum/idaho/40449-northern-idaho-utility-costs.html>

Pinson, L. (2008). Anatomy of a Business Plan (7th ed., pp. 84-130). Tustin, CA: OUT OF YOUR MIND.AND INTO THE MARKETPLACE.

Price, J. (2013, February 15). 10 Personality Traits Every Successful Entrepreneur Has. In Business Insider. Retrieved March 30, 2013, from <http://www.businessinsider.com/traits-of-successful-entrepreneurs-2013-2#ixzz2Pyca9j70>

Recreational Equipment Incorporated (n.d.). In REI.com. Retrieved April 12, 2013, from

<http://www.rei.com/product/840733/volkl-rtm-84-skis-with-bindings-mens-20122013>

Small Business Center. (n.d.). In GoDaddy.com. Retrieved May 3, 2013, from

<http://www.godaddy.com/business/small-business.aspx?ci=80434>

Sneva Skis. (n.d.). In Sneva Mfg. Skis & Snowboards. Retrieved May 9, 2013, from

<http://www.snevamfg.com/products/skis>

- Starting a Business. (n.d.). In U.S. Small Business Administration. Retrieved November 29, 2012, from <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business>
- State and County QuickFacts. (2013, March 11). In U.S. Department of Commerce. Retrieved April 5, 2013, from <http://quickfacts.census.gov/qfd/states/16/16017.html>
- Steiner, C. (2011, February 9). The Perfect Ski. *Forbes Magazine*, 1-2. Retrieved April 24, 2013, from <http://www.forbes.com/forbes/2011/0228/life-peter-wagner-custom-skis-colorado-perfect-ski.html>
- Stephenson, J. (2009, March 13). 25 Common Characteristics of Successful Entrepreneurs. In *Entrepreneur.com*. Retrieved March 14, 2013, from <http://www.entrepreneur.com/article/200730>
- Substance Skis. (n.d.). In Substance. Retrieved May 9, 2013, from <http://substanceskis.com/skis>
- The Average Cost of Small Business Insurance. (n.d.). In *Ehow.com*. Retrieved May 1, 2013, from http://www.ehow.com/about_5368972_average-cost-small-business-insurance.html
- The Ski Lab Store. (2012, October). In The Ski Lab. Retrieved May 1, 2013, from http://www.store.skilab.com/index.php?main_page=product_info&cPath=14&products_id=47
- 2012 SIA Snow Sports Fact Sheet (n.d.). In SnowSport Industries America. Retrieved April 23, 2013, from <http://www.snowsports.org/Media/SnowSportsFactSheet/>
- (2011, May 4). U.S. Retail Ski and Snowboard Market Breaks Record with \$3.3 Billion in Sales. [Online Exclusive] *First Tracks Magazine*, 1. Retrieved March 16, 2013, from

<http://www.firsttracksonline.com/2011/05/04/u-s-retail-ski-and-snowboard-market-breaks-record-with-3-3-billion-in-sales/>

Appendices

Appendix 1: Projected Annual Sales				
Year	Skis Sold		Price/ski(\$)	EOY Gross Sales (\$)
2014	50		500	25000
2015	56		500	28000
2016	63		500	31500
2017	70		500	35000
2018	79		500	39500
TOTAL				159000

*Sales projections assume a 12% year over year increase

*Reference: SIA, 2013

Appendix 2: Income Statement - 12 Months													
Period Starting: (Jan-Dec 2014)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Ski Sales (#'s)	7	6	5	3	3	1	1	1	4	5	7	7	50
Sales (\$500/pair x 50 for year 1)	3,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	3,500	3,500	25,000
Total Sales	3,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	3,500	3,500	25,000
Less Cost of Goods Sold													
Materials (\$170/pair)	1,190	1,020	850	510	510	170	170	170	680	850	1,190	1,190	8,500
Labor (4 hours per ski @ \$25/hour)	700	600	500	300	300	100	100	100	400	500	700	700	5,000
Total Cost of Goods Sold	1,890	1,620	1,350	810	810	270	270	270	1,080	1,350	1,890	1,890	13,500
Gross Profit	1,610	1,380	1,150	690	690	230	230	230	920	1,150	1,610	1,610	11,500
Operating Expenses													
Rent	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	16,044
Utilities	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs and maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Travel (2x15 gal gas tank x \$3.50/gal)	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Telephone & Internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage (\$30/pair skis to ship)	210	180	150	90	90	30	30	30	120	150	210	210	1,500
Office supplies	10	10	10	10	10	10	10	10	10	10	10	10	120
Advertising	25	25								25	25	25	125
Website for Internet Sales	5	5	5	5	5	5	5	5	5	5	5	5	60
Other (Schweitzer season ski pass)					469								469
Start-up Equipment Payback (0% loan) (\$23,160/60 mos.= \$386/mo)	386	386	386	386	386	386	386	386	386	386	386	386	4,632
Total Operating Expenses	2,570	2,540	2,485	2,425	2,894	2,365	2,365	2,365	2,455	2,510	2,570	2,570	30,114
Operating Income	(960)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(960)	(960)	(18,614)
Interest income (expense)													0
Total Nonoperating Income (Expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (Loss) Before Taxes	(960)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(960)	(960)	(18,614)
Income Taxes													0
Net Income (Loss)	(960)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(960)	(960)	(18,614)
Cumulative Net Income (Loss)	(960)	(2,120)	(3,455)	(5,190)	(7,394)	(9,529)	(11,664)	(13,799)	(15,334)	(16,694)	(17,654)	(18,614)	(18,614)

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business, pg. 44

Appendix 2: Income Statement - 12 Months													
Period Starting: (Jan-Dec 2015)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Ski Sales (#'s)	9	6	5	3	3	1	1	1	4	5	9	9	56
Sales (\$500/pair x 56 for year 2)	4,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	4,500	4,500	28,000
Total Sales	4,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	4,500	4,500	28,000
Less Cost of Goods Sold													
Materials (\$170/pair)	1,530	1,020	850	510	510	170	170	170	680	850	1,530	1,530	9,520
Labor (4 hours per ski @ \$25/hour)	900	600	500	300	300	100	100	100	400	500	900	900	5,600
Total Cost of Goods Sold	2,430	1,620	1,350	810	810	270	270	270	1,080	1,350	2,430	2,430	15,120
Gross Profit	2,070	1,380	1,150	690	690	230	230	230	920	1,150	2,070	2,070	12,880
Operating Expenses													
Rent	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	16,044
Utilities	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs and maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Travel (2x15 gal gas tank x \$3.50/gal)	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Telephone & Internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage (\$30/pair skis to ship)	270	180	150	90	90	30	30	30	120	150	270	270	1,680
Office supplies	10	10	10	10	10	10	10	10	10	10	10	10	120
Advertising	25	25								25	25	25	125
Website for Internet Sales	5	5	5	5	5	5	5	5	5	5	5	5	60
Other (Schweitzer season ski pass)					469								469
Start-up Equipment Payback (0% loan) (\$23,160/60 mos. = \$386/mo)	386	386	386	386	386	386	386	386	386	386	386	386	4,632
Total Operating Expenses	2,630	2,540	2,485	2,425	2,894	2,365	2,365	2,365	2,455	2,510	2,630	2,630	30,294
Operating Income	(560)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(560)	(560)	(17,414)
Interest income (expense)													0
Total Nonoperating Income (Expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (Loss) Before Taxes	(560)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(560)	(560)	(17,414)
Income Taxes													0
Net Income (Loss)	(560)	(1,160)	(1,335)	(1,735)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(1,360)	(560)	(560)	(17,414)
Cumulative Net Income (Loss)	(560)	(1,720)	(3,055)	(4,790)	(6,994)	(9,129)	(11,264)	(13,399)	(14,934)	(16,294)	(16,854)	(17,414)	(17,414)

Appendix 2: Income Statement - 12 Months													
Period Starting: (Jan-Dec 2016)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Ski Sales (#'s)	9	8	7	4	3	1	1	1	4	7	9	9	63
Sales (\$500/pair x 63 for year 3)	4,500	4,000	3,500	2,000	1,500	500	500	500	2,000	3,500	4,500	4,500	31,500
Total Sales	4,500	4,000	3,500	2,000	1,500	500	500	500	2,000	3,500	4,500	4,500	31,500
Less Cost of Goods Sold													
Materials (\$170/pair)	1,530	1,360	1,190	680	510	170	170	170	680	1,190	1,530	1,530	10,710
Labor (4 hours per ski @ \$25/hour)	900	800	700	400	300	100	100	100	400	700	900	900	6,300
Total Cost of Goods Sold	2,430	2,160	1,890	1,080	810	270	270	270	1,080	1,890	2,430	2,430	17,010
Gross Profit	2,070	1,840	1,610	920	690	230	230	230	920	1,610	2,070	2,070	14,490
Operating Expenses													
Rent	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	16,044
Utilities	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs and maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Travel (2x15 gal gas tank x \$3.50/gal)	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Telephone & Internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage (\$30/pair skis to ship)	270	240	210	150	90	30	30	30	120	210	270	270	1,920
Office supplies	10	10	10	10	10	10	10	10	10	10	10	10	120
Advertising	25	25								25	25	25	125
Website for Internet Sales	5	5	5	5	5	5	5	5	5	5	5	5	60
Other (Schweitzer season ski pass)					469								469
Start-up Equipment Payback (0% loan) (\$23,160/60 mos. = \$386/mo)	386	386	386	386	386	386	386	386	386	386	386	386	4,632
Total Operating Expenses	2,630	2,600	2,545	2,485	2,894	2,365	2,365	2,365	2,455	2,570	2,630	2,630	30,534
Operating Income	(560)	(760)	(935)	(1,565)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(960)	(560)	(560)	(16,044)
Interest income (expense)													0
Total Nonoperating Income (Expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (Loss) Before Taxes	(560)	(760)	(935)	(1,565)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(960)	(560)	(560)	(16,044)
Income Taxes													0
Net Income (Loss)	(560)	(760)	(935)	(1,565)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(960)	(560)	(560)	(16,044)
Cumulative Net Income (Loss)	(560)	(1,320)	(2,255)	(3,820)	(6,024)	(8,159)	(10,294)	(12,429)	(13,964)	(14,924)	(15,484)	(16,044)	(16,044)

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business, pg. 45

Appendix 2: Income Statement - 12 Months													
Period Starting: (Jan-Dec 2017)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Ski Sales (#'s)	10	9	8	5	3	1	1	1	4	8	10	10	70
Sales (\$500/pair x 70 for year 4)	5,000	4,500	4,000	2,500	1,500	500	500	500	2,000	4,000	5,000	5,000	35,000
Total Sales	5,000	4,500	4,000	2,500	1,500	500	500	500	2,000	4,000	5,000	5,000	35,000
Less Cost of Goods Sold													
Materials (\$170/pair)	1,700	1,530	1,360	850	510	170	170	170	680	1,360	1,700	1,700	11,900
Labor (4 hours per ski @ \$25/hour)	1,000	900	800	500	300	100	100	100	400	800	1,000	1,000	7,000
Total Cost of Goods Sold	2,700	2,430	2,160	1,350	810	270	270	270	1,080	2,160	2,700	2,700	18,900
Gross Profit	2,300	2,070	1,840	1,150	690	230	230	230	920	1,840	2,300	2,300	16,100
Operating Expenses													
Rent	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	16,044
Utilities	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs and maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Travel (2x15 gal gas tank x \$3.50/gal)	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Telephone & Internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage (\$30/pair skis to ship)	300	270	240	150	90	30	30	30	120	240	300	300	2,100
Office supplies	10	10	10	10	10	10	10	10	10	10	10	10	120
Advertising	25	25							25	25	25	25	125
Website for Internet Sales	5	5	5	5	5	5	5	5	5	5	5	5	60
Other (Schweitzer season ski pass)					469								469
Start-up Equipment Payback (0% loan) (\$23,160/60 mos. = \$386/mo)	386	386	386	386	386	386	386	386	386	386	386	386	4,632
Total Operating Expenses	2,660	2,630	2,575	2,485	2,894	2,365	2,365	2,365	2,455	2,600	2,660	2,660	30,714
Operating Income	(360)	(560)	(735)	(1,335)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(760)	(360)	(360)	(14,614)
Interest income (expense)													0
Total Nonoperating Income (Expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (Loss) Before Taxes	(360)	(560)	(735)	(1,335)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(760)	(360)	(360)	(14,614)
Income Taxes													0
Net Income (Loss)	(360)	(560)	(735)	(1,335)	(2,204)	(2,135)	(2,135)	(2,135)	(1,535)	(760)	(360)	(360)	(14,614)
Cumulative Net Income (Loss)	(360)	(920)	(1,655)	(2,990)	(5,194)	(7,329)	(9,464)	(11,599)	(13,134)	(13,894)	(14,254)	(14,614)	(14,614)

Appendix 2: Income Statement - 12 Months													
Period Starting: (Jan-Dec 2018)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Ski Sales (#'s)	12	11	10	7	3	1	1	1	4	5	12	12	79
Sales (\$500/pair x 79 for year 5)	6,000	5,500	5,000	3,500	1,500	500	500	500	2,000	2,500	6,000	6,000	39,500
Total Sales	6,000	5,500	5,000	3,500	1,500	500	500	500	2,000	2,500	6,000	6,000	39,500
Less Cost of Goods Sold													
Materials (\$170/pair)	2,040	1,870	1,700	1,190	510	170	170	170	680	850	2,040	2,040	13,430
Labor (4 hours per ski @ \$25/hour)	1,200	1,100	1,000	700	300	100	100	100	400	500	1,200	1,200	7,900
Total Cost of Goods Sold	2,040	1,870	1,700	1,190	510	170	170	170	680	850	2,040	2,040	21,330
Gross Profit	3,960	3,630	3,300	2,310	990	330	330	330	1,320	1,650	3,960	3,960	18,170
Operating Expenses													
Rent	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	16,044
Utilities	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Repairs and maintenance	25	25	25	25	25	25	25	25	25	25	25	25	300
Insurance	167	167	167	167	167	167	167	167	167	167	167	167	2,004
Travel (2x15 gal gas tank x \$3.50/gal)	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Telephone & Internet	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Postage (\$30/pair skis to ship)	360	330	300	210	90	30	30	30	120	150	360	360	2,370
Office supplies	10	10	10	10	10	10	10	10	10	10	10	10	120
Advertising	25	25							25	25	25	25	125
Website for Internet Sales	5	5	5	5	5	5	5	5	5	5	5	5	60
Other (Schweitzer season ski pass)					469								469
Start-up Equipment Payback (0% loan) (\$23,160/60 mos. = \$386/mo)	386	386	386	386	386	386	386	386	386	386	386	386	4,632
Total Operating Expenses	2,720	2,690	2,635	2,545	2,894	2,365	2,365	2,365	2,455	2,510	2,720	2,720	30,984
Operating Income	1,240	940	665	(235)	(1,904)	(2,035)	(2,035)	(2,035)	(1,135)	(860)	1,240	1,240	(12,814)
Interest income (expense)													0
Total Nonoperating Income (Expense)	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (Loss) Before Taxes	1,240	940	665	(235)	(1,904)	(2,035)	(2,035)	(2,035)	(1,135)	(860)	1,240	1,240	(12,814)
Income Taxes													0
Net Income (Loss)	1,240	940	665	(235)	(1,904)	(2,035)	(2,035)	(2,035)	(1,135)	(860)	1,240	1,240	(12,814)
Cumulative Net Income (Loss)	1,240	2,180	2,845	2,610	706	(1,329)	(3,364)	(5,399)	(6,534)	(7,394)	(6,154)	(4,914)	(12,814)

References: MLS, Northern, Materials, 2013.

Appendix 3: Cash Flow

	Selkirk Ski Company												Fiscal Year Begins:	Jan-14
	Pre-Startup	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total Item EST
Cash on Hand (beginning of month)	50,000	50,000	49,040	47,880	46,545	44,810	42,606	40,471	38,336	36,201	34,666	33,306	32,346	31,386
CASH RECEIPTS														
Cash Sales		3,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	3,500	3,500	
TOTAL CASH RECEIPTS	0	3,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	3,500	3,500	0
Total Cash Available (before cash out)	50,000	53,500	52,040	50,380	48,045	46,310	43,106	40,971	38,836	38,201	37,166	36,806	35,846	31,386
CASH PAID OUT														
Materials (\$170/pair)		1,190	1,020	850	510	510	170	170	170	680	850	1,190	1,190	
Labor (4 hours per ski @ \$25/hour)		700	600	500	300	300	100	100	100	400	500	700	700	
Rent		1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	
Utilities		200	200	200	200	200	200	200	200	200	200	200	200	
Repairs and maintenance		25	25	25	25	25	25	25	25	25	25	25	25	
Insurance		167	167	167	167	167	167	167	167	167	167	167	167	
Travel (2x15 gal gas tank x \$3.50/gal)		105	105	105	105	105	105	105	105	105	105	105	105	
Telephone & Internet		100	100	100	100	100	100	100	100	100	100	100	100	
Postage (\$30/pair skis to ship)		210	180	150	90	90	30	30	30	120	150	210	210	
Office supplies		10	10	10	10	10	10	10	10	10	10	10	10	
Advertising		25	25								25	25	25	
Website for Internet Sales		5	5	5	5	5	5	5	5	5	5	5	5	
Other (Schweitzer season ski pass)						469								
SUBTOTAL	0	4,074	3,774	3,449	2,849	3,318	2,249	2,249	2,249	3,149	3,474	4,074	4,074	0
Loan principal payment		386	386	386	386	386	386	386	386	386	386	386	386	
TOTAL CASH PAID OUT	0	4,460	4,160	3,835	3,235	3,704	2,635	2,635	2,635	3,535	3,860	4,460	4,460	0
Cash Position (end of month)	50,000	49,040	47,880	46,545	44,810	42,606	40,471	38,336	36,201	34,666	33,306	32,346	31,386	31,386

Appendix 3: Cash Flow

	Selkirk Ski Company												Fiscal Year Begins:	Jan-15
	Pre-Startup EST	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total Item EST
Cash on Hand (beginning of month)		31,386	30,826	29,666	28,331	26,596	24,392	22,257	20,122	17,987	16,452	15,092	14,532	13,972
CASH RECEIPTS														
Cash Sales		4,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	4,500	4,500	
TOTAL CASH RECEIPTS	0	4,500	3,000	2,500	1,500	1,500	500	500	500	2,000	2,500	4,500	4,500	0
Total Cash Available (before cash out)	0	35,886	33,826	32,166	29,831	28,096	24,892	22,757	20,622	19,987	18,952	19,592	19,032	13,972
CASH PAID OUT														
Materials (\$170/pair)		1,530	1,020	850	510	510	170	170	170	680	850	1,530	1,530	
Labor (4 hours per ski @ \$25/hour)		900	600	500	300	300	100	100	100	400	500	900	900	
Rent		1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	
Utilities		200	200	200	200	200	200	200	200	200	200	200	200	
Repairs and maintenance		25	25	25	25	25	25	25	25	25	25	25	25	
Insurance		167	167	167	167	167	167	167	167	167	167	167	167	
Travel (2x15 gal gas tank x \$3.50/gal)		105	105	105	105	105	105	105	105	105	105	105	105	
Telephone		100	100	100	100	100	100	100	100	100	100	100	100	
Postage (\$30/pair skis to ship)		270	180	150	90	90	30	30	30	120	150	270	270	
Office supplies		10	10	10	10	10	10	10	10	10	10	10	10	
Advertising		25	25								25	25	25	
Website for Internet Sales		5	5	5	5	5	5	5	5	5	5	5	5	
Other (Schweitzer season ski pass)						469								
SUBTOTAL	0	4,674	3,774	3,449	2,849	3,318	2,249	2,249	2,249	3,149	3,474	4,674	4,674	0
Loan principal payment		386	386	386	386	386	386	386	386	386	386	386	386	
TOTAL CASH PAID OUT	0	5,060	4,160	3,835	3,235	3,704	2,635	2,635	2,635	3,535	3,860	5,060	5,060	0
Cash Position (end of month)	0	30,826	29,666	28,331	26,596	24,392	22,257	20,122	17,987	16,452	15,092	14,532	13,972	13,972

Feasibility Study to Start a Small Handcrafted Ski Manufacturing Business, pg. 47

Appendix 3: Cash Flow

Selkirk Ski Company

Fiscal Year Begins: Jan-16

	Pre-Startup EST	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Total Item EST
Cash on Hand (beginning of month)		13,972	13,412	12,652	11,717	10,152	7,948	5,813	3,678	1,543	8	-952	-1,512	-2,072
CASH RECEIPTS														
Cash Sales		4,500	4,000	3,500	2,000	1,500	500	500	500	2,000	3,500	4,500	4,500	
TOTAL CASH RECEIPTS	0	4,500	4,000	3,500	2,000	1,500	500	500	500	2,000	3,500	4,500	4,500	0
Total Cash Available (before cash out)	0	18,472	17,412	16,152	13,717	11,652	8,448	6,313	4,178	3,543	3,508	3,548	2,988	-2,072
CASH PAID OUT														
Materials (\$170/pair)		1,530	1,360	1,190	680	510	170	170	170	680	1,190	1,530	1,530	
Labor (4 hours per ski @ \$25/hour)		900	800	700	400	300	100	100	100	400	700	900	900	
Rent		1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	
Utilities		200	200	200	200	200	200	200	200	200	200	200	200	
Repairs and maintenance		25	25	25	25	25	25	25	25	25	25	25	25	
Insurance		167	167	167	167	167	167	167	167	167	167	167	167	
Travel (2x15 gal gas tank x \$3.50/gal)		105	105	105	105	105	105	105	105	105	105	105	105	
Telephone		100	100	100	100	100	100	100	100	100	100	100	100	
Postage (\$30/pair skis to ship)		270	240	210	150	90	30	30	30	120	210	270	270	
Office supplies		10	10	10	10	10	10	10	10	10	10	10	10	
Advertising		25	25								25	25	25	
Website for Internet Sales		5	5	5	5	5	5	5	5	5	5	5	5	
Other (Schweitzer season ski pass)						463								
SUBTOTAL	0	4,674	4,374	4,049	3,179	3,318	2,249	2,249	2,249	3,149	4,074	4,674	4,674	0
Loan principal payment		386	386	386	386	386	386	386	386	386	386	386	386	
TOTAL CASH PAID OUT	0	5,060	4,760	4,435	3,565	3,704	2,635	2,635	2,635	3,535	4,460	5,060	5,060	0
Cash Position (end of month)	0	13,412	12,652	11,717	10,152	7,948	5,813	3,678	1,543	8	-952	-1,512	-2,072	-2,072

Appendix 3: Cash Flow

Selkirk Ski Company

Fiscal Year Begins: Jan-17

	Pre-Startup EST	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total Item EST
Cash on Hand (beginning of month)		-2,072	-2,432	-2,992	-3,727	-5,062	-7,266	-9,401	-11,536	-13,671	-15,206	-15,966	-16,326	-16,686
CASH RECEIPTS														
Cash Sales		5,000	4,500	4,000	2,500	1,500	500	500	500	2,000	4,000	5,000	5,000	
TOTAL CASH RECEIPTS	0	5,000	4,500	4,000	2,500	1,500	500	500	500	2,000	4,000	5,000	5,000	0
Total Cash Available (before cash out)	0	2,928	2,068	1,008	-1,227	-3,562	-6,766	-8,901	-11,036	-11,671	-11,206	-10,966	-11,326	-16,686
CASH PAID OUT														
Materials (\$170/pair)		1,700	1,530	1,360	850	510	170	170	170	680	1,360	1,700	1,700	
Labor (4 hours per ski @ \$25/hour)		1,000	900	800	500	300	100	100	100	400	800	1,000	1,000	
Rent		1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	
Utilities		200	200	200	200	200	200	200	200	200	200	200	200	
Repairs and maintenance		25	25	25	25	25	25	25	25	25	25	25	25	
Insurance		167	167	167	167	167	167	167	167	167	167	167	167	
Travel (2x15 gal gas tank x \$3.50/gal)		105	105	105	105	105	105	105	105	105	105	105	105	
Telephone		100	100	100	100	100	100	100	100	100	100	100	100	
Postage (\$30/pair skis to ship)		300	270	240	150	90	30	30	30	120	240	300	300	
Office supplies		10	10	10	10	10	10	10	10	10	10	10	10	
Advertising		25	25								25	25	25	
Website for Internet Sales		5	5	5	5	5	5	5	5	5	5	5	5	
Other (Schweitzer season ski pass)						463								
SUBTOTAL	0	4,374	4,674	4,349	3,449	3,318	2,249	2,249	2,249	3,149	4,374	4,974	4,974	0
Loan principal payment		386	386	386	386	386	386	386	386	386	386	386	386	
TOTAL CASH PAID OUT	0	5,360	5,060	4,735	3,835	3,704	2,635	2,635	2,635	3,535	4,760	5,360	5,360	0
Cash Position (end of month)	0	-2,432	-2,992	-3,727	-5,062	-7,266	-9,401	-11,536	-13,671	-15,206	-15,966	-16,326	-16,686	-16,686

Appendix 3: Cash Flow

Selkirk Ski Company

Fiscal Year Begins:

Jan-18

	Pre-Startup EST	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total Item EST
Cash on Hand (beginning of month)		-16,686	-16,646	-16,806	-17,141	-18,076	-20,280	-22,415	-24,550	-26,685	-28,220	-29,580	-29,540	-29,500
CASH RECEIPTS														
Cash Sales		6,000	5,500	5,000	3,500	1,500	500	500	500	2,000	2,500	6,000	6,000	
TOTAL CASH RECEIPTS	0	6,000	5,500	5,000	3,500	1,500	500	500	500	2,000	2,500	6,000	6,000	0
Total Cash Available (before cash out)	0	-10,686	-11,146	-11,806	-13,641	-16,576	-19,780	-21,915	-24,050	-24,685	-25,720	-23,580	-23,540	-29,500
CASH PAID OUT														
Materials (\$170/pair)		2,040	1,870	1,700	1,190	510	170	170	170	680	850	2,040	2,040	
Labor (4 hours per ski @ \$25/hour)		1,200	1,100	1,000	700	300	100	100	100	400	500	1,200	1,200	
Rent		1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	1,337	
Utilities		200	200	200	200	200	200	200	200	200	200	200	200	
Repairs and maintenance		25	25	25	25	25	25	25	25	25	25	25	25	
Insurance		167	167	167	167	167	167	167	167	167	167	167	167	
Travel (2x15 gal gas tank x \$3.50/gal)		105	105	105	105	105	105	105	105	105	105	105	105	
Telephone		100	100	100	100	100	100	100	100	100	100	100	100	
Postage (\$30/pair skis to ship)		360	330	300	210	90	30	30	30	120	150	360	360	
Office supplies		10	10	10	10	10	10	10	10	10	10	10	10	
Advertising		25	25								25	25	25	
Website for Internet Sales		5	5	5	5	5	5	5	5	5	5	5	5	
Other (Schweitzer season ski pass)						469								
SUBTOTAL	0	5,574	5,274	4,949	4,049	3,318	2,249	2,249	2,249	3,149	3,474	5,574	5,574	0
Loan principal payment		386	386	386	386	386	386	386	386	386	386	386	386	
TOTAL CASH PAID OUT	0	5,960	5,660	5,335	4,435	3,704	2,635	2,635	2,635	3,535	3,860	5,960	5,960	0
Cash Position (end of month)	0	-16,646	-16,806	-17,141	-18,076	-20,280	-22,415	-24,550	-26,685	-28,220	-29,580	-29,540	-29,500	-29,500

Appendix 4: Projected Balance Sheet

End of Year One

Date of Projection: 31MAY13; Date Projected for: 31DEC14

EOY 2014

Current Assets	
Cash	31386
Other	0
Total	31386
Fixed Assets	
Property and equipment	20320
Equity and other investments	0
Less accumulated depreciation (Negative Value)	-100
Total	20220
Other Assets	
Charity	0
Total	0
Total Assets	51606
Current Liabilities	
Accrued wages	700
Unearned revenue	0
Total	700
Long-term Liabilities	
Mortgage payable	0
Total	0
Owner Equity	
Investment capital	0
Total	11166

Appendix 5: Equipment and Training Expenditures		
Ski Manufacturing Start Up Equipment & Training		
<u>Equipment Name</u>	<u>Description</u>	<u>Cost</u>
Turnkey Ski Factory		
Kit, Includes: TF2000		
Ski Press, Base		
Grinder, Bandsaw		18500
Router Table		173
Jigsaw		99
Sander		50
Blowtorch		60
Clamps		20
Scale		10
Table Saw		500
Plane		400
Air Compressor		440
Respirator		40
Latex Gloves		10
Safety Glasses		6
Training & Travel		2840
TOTAL		23160

References: Home Depot, Materials, 2013.

FEASIBILITY STUDY TEMPLATE This Feasibility Study Template is free for you to copy and use on your project and within your organization. We hope that you find this template useful and welcome your comments. Many new initiatives rely on technology to manage or monitor various business functions. New technology may be developed internally or contracted through a service provider and always result in costs which must be weighed in determining the path forward. 2. While ABC maintains a small information technology (IT) group, the expertise does not currently exist internally to design, build, and implement the sort of extensive online platform required for this effort. A feasibility study is an assessment of the practicality of a proposed project or system. A feasibility study aims to objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities and threats present in the natural environment, the resources required to carry through, and ultimately the prospects for success. In its simplest terms, the two criteria to judge feasibility are cost required and value to be attained.