

**Case Study: Succession Planning**  
**Common Size**  
January 2013 through December 2015

	<u>Jan - Dec 13</u>	<u>% of Income</u>	<u>Jan - Dec 14</u>	<u>% of Income</u>	<u>Jan - Dec 15</u>	<u>% of Income</u>
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
<b>Sales</b>	202,000	100%	272,000	100%	335,000	100%
<b>Total Income</b>	202,000	100%	272,000	100%	335,000	100%
<b>Cost of Goods Sold</b>						
<b>Cost of Goods Sold</b>	29,000	14%	43,000	16%	60,000	18%
<b>Total COGS</b>	29,000	14%	43,000	16%	60,000	18%
<b>Gross Profit</b>	173,000	86%	229,000	84%	275,000	82%
<b>Expense</b>						
<b>Advertising and Promotion</b>	3,000	1%	5,000	2%	3,000	1%
<b>Bad Debts</b>	15,000	7%	19,000	7%	25,000	7%
<b>Depreciation Expense</b>	5,000	2%	4,000	1%	3,000	1%
<b>Insurance Expense</b>	5,000	2%	5,000	2%	5,000	1%
<b>Leased Equipment</b>	2,500	1%	3,500	1%	5,000	1%
<b>Legal/Accounting</b>	5,000	2%	5,000	2%	5,000	1%
<b>Miscellaneous Expense</b>	2,500	1%	5,000	2%	10,000	3%
<b>Office Expenses</b>	4,000	2%	5,000	2%	6,000	2%
<b>Officer Salary</b>	48,000	24%	58,000	21%	68,000	20%
<b>Payroll</b>	52,000	26%	64,000	24%	75,000	22%
<b>Payroll Taxes</b>	8,000	4%	10,000	4%	12,000	4%
<b>Rent Expense</b>	14,000	7%	14,000	5%	14,000	4%
<b>Travel/Education</b>	3,000	1%	5,000	2%	7,000	2%
<b>Utilities/Telephone</b>	4,000	2%	8,000	3%	10,000	3%
<b>Total Expense</b>	171,000	85%	210,500	77%	248,000	74%
<b>Net Ordinary Income</b>	2,000	1%	18,500	7%	27,000	8%
<b>Other Income/Expense</b>						
<b>Other Expense</b>						
<b>Interest Expense</b>	4,000	2%	2,200	1%	5,000	1%
<b>Total Other Expense</b>	4,000	2%	2,200	1%	5,000	1%
<b>Net Other Income</b>	-4,000	-2%	-2,200	-1%	-5,000	-1%
<b>Net Income</b>	<b>-2,000</b>	<b>-1%</b>	<b>16,300</b>	<b>6%</b>	<b>22,000</b>	<b>7%</b>