



May 1996

This sample business plan has been made available to users of *Business Plan Pro*[®], business planning software published by Palo Alto Software. Names, locations and numbers may have been changed, and substantial portions of text may have been omitted from the original plan to preserve confidentiality and proprietary information.

You are welcome to use this plan as a starting point to create your own, but you do not have permission to reproduce, publish, distribute or even copy this plan as it exists here.

Requests for reprints, academic use, and other dissemination of this sample plan should be emailed to the marketing department of Palo Alto Software at marketing@paloalto.com. For product information visit our Website: www.paloalto.com or call: 1-800-229-7526.

Copyright Palo Alto Software, Inc., 1995-2002

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by _____ in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of _____.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, may cause serious harm or damage to _____.

Upon request, this document is to be immediately returned to _____.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.

Table of Contents

1.0	Executive Summary	1
1.1	Objectives	2
1.2	Mission	3
1.3	Keys to Success	3
2.0	Company Summary	3
2.1	Company Ownership	3
2.2	Start-up Summary	4
2.3	Company Locations and Facilities	5
3.0	Products	6
3.1	Product Description	6
3.2	Competitive Comparison	6
3.3	Sales Literature	6
3.4	Sourcing	6
3.5	Technology	6
3.6	Future Products	7
4.0	Market Analysis Summary	7
4.1	Market Segmentation	7
4.2	Industry Analysis	8
5.0	Strategy and Implementation Summary	9
5.1	Marketing Strategy	9
5.1.1	Pricing Strategy	9
5.1.2	Promotion Strategy	9
5.1.3	Distribution Strategy	10
5.1.4	Service and Support	10
5.1.5	Marketing Programs	10
5.2	Sales Strategy	11
5.3	Strategic Alliances	13
6.0	Management Summary	13
6.1	Personnel Plan	13
7.0	Financial Plan	15
7.1	Important Assumptions	15
7.2	Key Financial Indicators	16
7.3	Break-even Analysis	17
7.4	Projected Profit and Loss	18
7.5	Projected Cash Flow	19
7.6	Projected Balance Sheet	21
7.7	Business Ratios	21

Elsewares Promotional Products

1.0 Executive Summary

Introduction

A market exists within the advertising specialty industry for velour and leatherette drawstring bags, eyeglass bags, jewelry bags & pen bags to hold various promotional products to increase their perceived value. Elsewares Promotional Products & Packaging (EPPP) has been established to supply these logo imprinted products to advertising specialty distributors who, in turn, market these products to the end user.

The Products

Elsewares intends to develop an inventory of unique products and drawstring packaging products that can add perceived value to those products. These products, which will be sourced from Mexico and the Far East, will be imprinted in-house with various company logos before they are shipped to the distributors.

By joining the Advertising Specialties Institute trade association, Elsewares will have print and electronic access to a network of 13,000 to 14,000 ASI-listed advertising specialty distributors, part of a \$7 billion a year industry. This ranks only behind television and newsprint in terms of advertising dollars spent. Elsewares will market their products exclusively through these distributors and will not sell directly to end users. Elsewares intends to reach those distributors through advertisements in trade publications, through an in-house sales force, and a network of salaried and commission-based sales reps.

Concurrent with our campaign to market these packaging products, we will showcase our line of unique promotional products to the same distributors, thus giving ourselves three sales opportunities: the sale of the promotional product by itself; the sale of some packaging products that the distributor can use with promotional items that are purchased from other suppliers; and the sale of our promotional product coupled with our packaging.

The Market

Sales in the advertising specialties industry have been growing at a rate of almost 7% per year since 1988 and reached over \$7 billion in sales last year. This is a very mature industry that is crowded with suppliers and distributors. Within that industry, the three suppliers that offer only velour and leatherette drawstring bags did a combined \$2,500,000 in sales. Those three suppliers are located on the East Coast while some of largest advertising specialty distributors in the industry are Midwest and West Coast firms. We feel that by concentrating our efforts on marketing to the West Coast distributors, many of which already have had positive business relationships with our personnel, we will acquire a significant market share of the packaging niche over the next three years.

Financial Considerations

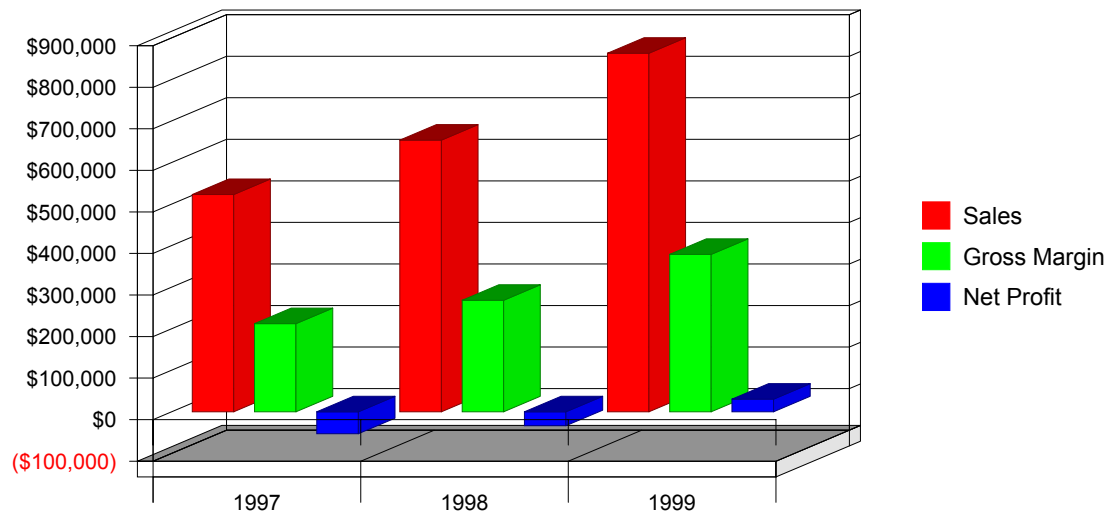
Our initial startup costs will amount to \$125,000 of which \$66,500 will be used to purchase inventory, office equipment, and imprinting machinery. The balance will be used for catalog costs and initial advertising expenses. Additionally, we project the need for a financial commitment of another \$75,000 to finance receivables and payroll expenses for the first 12 months of operation.

Elsewares intends to concentrate its sales force in the western United States and to reach a sales level of \$500,000 by the end of 1997. With our fixed cost estimate of \$18,000 per month, we need to sell 112,500 units to break-even in a month. Given the estimates, we hit running monthly break-even after the fourth month.

Elsewares Promotional Products

Elsewares is seeking a \$300,000 financial package based on a note due in five years, but amortized over 15 years. The note will be personally guaranteed by the founder's assets. By amortizing the note over 15 years, the company will be afforded the opportunity to establish a healthy track record which will enable the company to seek alternate financing for the balance. It should be noted that the owners of Elsewares do not intend to take any profits out of the business until the long-term debt has been satisfied. Whatever profits remain after the above debt payments will be used to finance growth, mainly through the acquisition of additional inventory.

Highlights



1.1 Objectives

Presently, the three leading suppliers of imprinted pouches to advertising specialty distributors are located on the East Coast and are doing a combined \$2,500,000 solely in the sales of pouches. Elsewares intends to concentrate its sales force in the western United States and to reach a sales level of \$500,000 by the end of 1997. Elsewares intends to factor our growth by diversifying into unique promotional product offerings which will be attractive as advertising specialties in their own right, or packaged in a drawstring pouch which we can also provide.

Elsewares Promotional Products

1.2 Mission

Elsewares intends to develop an inventory of unique products and drawstring packaging products that can add perceived value to those products. These products, which will be sourced from Mexico and the Far East, will be imprinted in-house with various company logos before they are shipped to the distributors.

By joining the Advertising Specialties Institute trade association, Elsewares will have print and electronic access to a network of 13,000 to 14,000 ASI-listed advertising specialty distributors, part of a \$7 billion a year industry. This ranks only behind television and newsprint in terms of advertising dollars spent. Elsewares will market their products exclusively through these distributors and will not sell directly to end users. Elsewares intends to reach those distributors through advertisements in trade publications, through an in-house sales force, and a network of salaried and commission-based sales reps.

1.3 Keys to Success

Elsewares management believes that it has the right products and the right people to attract a loyal customer base. But most importantly, it is our business philosophy that will ensure success. The advertising specialty industry demands that products be delivered on time and with high quality imprinting. Pursuant to these demands:

Elsewares will satisfy this demand by maintaining acceptable inventory levels that will be delivered on time according to pre-arranged shipping schedules.

Elsewares will institute a quality control procedure for overseeing the on-site imprinting facility to ensure an acceptable imprint quality.

In addition to offering a complete line of velour packaging products, Elsewares will offer a unique line of promotional products that will encourage advertising specialty distributors to think of our company first when looking for original products.

2.0 Company Summary

Elsewares is a new company to be established based on this plan.

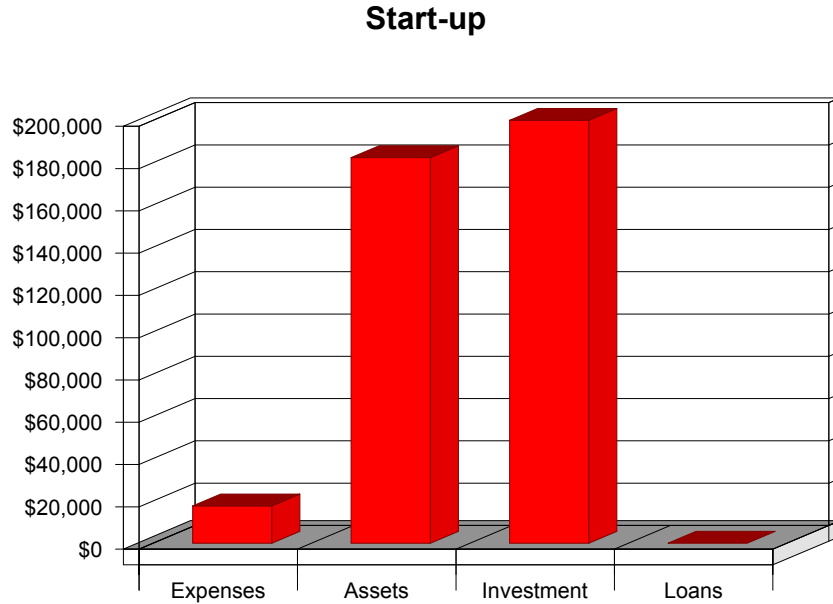
2.1 Company Ownership

This is proprietary information, omitted on this sample plan.

Elsewares Promotional Products

2.2 Start-up Summary

Our initial startup costs will amount to \$125,000 of which \$66,500 will be used to purchase inventory, office equipment, and imprinting machinery. The balance will be used for catalog costs and initial advertising expenses. Additionally, we project the need for a financial commitment of another \$75,000 to finance receivables and payroll expenses for the first 12 months of operation.



Elsewares Promotional Products

Table: Start-up

<u>Start-up</u>	
<u>Requirements</u>	
<u>Start-up Expenses</u>	
Legal	\$1,500
Stationery etc.	\$700
Brochures	\$4,000
Consultants	\$1,200
Insurance	\$600
Rent	\$9,000
Accounting	\$600
Other	\$0
<u>Total Start-up Expenses</u>	<u>\$17,600</u>
<u>Start-up Assets Needed</u>	
Cash Balance on Starting Date	\$117,400
Start-up Inventory	\$40,000
Other Current Assets	\$20,000
<u>Total Current Assets</u>	<u>\$177,400</u>
<u>Long-term Assets</u>	<u>\$5,000</u>
<u>Total Assets</u>	<u>\$182,400</u>
<u>Total Requirements</u>	<u>\$200,000</u>
<u>Funding</u>	
<u>Investment</u>	
Investor 1	\$200,000
Other	\$0
<u>Total Investment</u>	<u>\$200,000</u>
<u>Current Liabilities</u>	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$0
<u>Current Liabilities</u>	<u>\$0</u>
<u>Long-term Liabilities</u>	<u>\$0</u>
<u>Total Liabilities</u>	<u>\$0</u>
<u>Loss at Start-up</u>	<u>(\$17,600)</u>
<u>Total Capital</u>	<u>\$182,400</u>
<u>Total Capital and Liabilities</u>	<u>\$182,400</u>

2.3 Company Locations and Facilities

This is proprietary information, omitted on this sample plan, not relevant for purpose of examples.

Elsewares Promotional Products

3.0 Products

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

3.1 Product Description

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

3.2 Competitive Comparison

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

3.3 Sales Literature

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

3.4 Sourcing

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

3.5 Technology

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

Elsewares Promotional Products

3.6 Future Products

The product and service description in this sample plan has been omitted because it contains proprietary and strategic information. In the original plan, products and services were described in detail.

4.0 Market Analysis Summary

By definition, the advertising specialties industry deals with the sale of promotional products. These products can be practical, informative, entertaining and/or decorative products most often imprinted with the sponsoring advertiser's name, logo, slogan, or message, and almost always retained and appreciated by the end recipients who received them free of charge.

Sales in the advertising specialties industry have been growing at a rate of almost 7% per year since 1988 and reached over \$7 billion in sales last year. Within that industry, the three suppliers that offer only velour and leatherette drawstring bags did a combined \$2,500,000 in sales. Those three suppliers are located on the East Coast while some of largest advertising specialty distributors in the industry are Midwest and West Coast firms. We feel that by concentrating our efforts on marketing to the West Coast distributors, many of which already have had positive business relationships with our personnel, we will acquire a significant market share of the packaging niche over the next three years.

Concurrent with our campaign to market these packaging products, we will showcase our line of unique promotional products to the same distributors, thus giving ourselves three sales opportunities: the sale of the promotional product by itself; the sale of some packaging products that the distributor can use with promotional items that are purchased from other suppliers; and the sale of our promotional product coupled with our packaging.

4.1 Market Segmentation

Below are the major product segments of the advertising specialties market and their corresponding percentage of the total market as measured by large distributor dollar sales:

- Wearables [i.e. T-shirts, jackets, & caps]: 22.2%
- Writing Instruments [i.e. pens & pencils]: 13.1%
- Glassware & Ceramics [i.e. mugs]: 9.9%
- Recognition Awards [i.e. trophies, plaques, emblematic jewelry]: 9.8%
- Desk & Office Accessories: 9.2%
- Calendars: 7.8%
- Sporting Goods and Leisure Products: 6.9%
- Buttons, Badges, & Ribbons: 6.8%
- Auto Accessories [i.e. key fobs, sun screens]: 4.2%

There are presently some 2,800 suppliers listed by ASI that are selling over 390,000 different promotional products to over 13,000 advertising specialty distributors. This ASI listed distributor network serves as a large sales force for the suppliers by actively selling promotional products to the public and then directing that business to ASI listed suppliers with whom they are familiar. The ASI listed distributors offer the suppliers' products to a multi-segmented end-user market. Below are the major segments of this market listed in order of size as measured by dollars spent:

- Clubs, Associations, & Civic Groups

Elsewares Promotional Products

- Financial [i.e. banks, investor groups, financial professionals]
- Schools and Colleges
- Service Businesses
- Insurance Agencies
- Retail Stores
- Industrial Products Companies

Market Analysis (Pie)

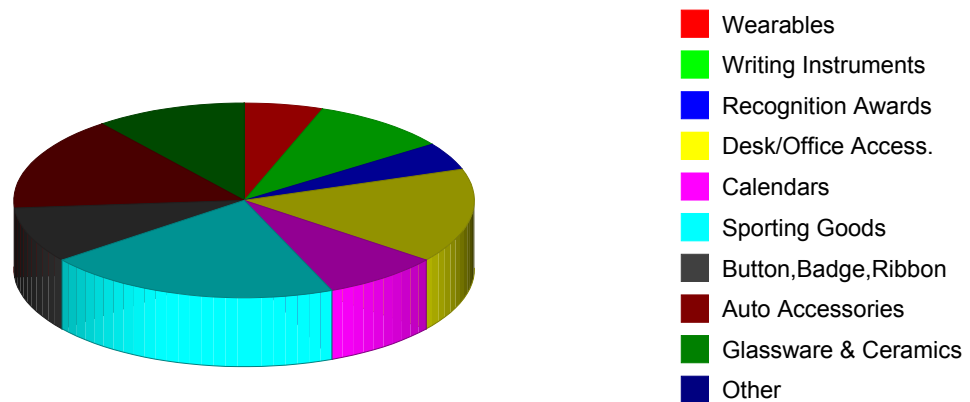


Table: Market Analysis

Market Analysis	Growth	1996	1997	1998	1999	2000	CAGR
Potential Customers							
Wearables	12%	12,000	13,440	15,053	16,859	18,882	12.00%
Writing Instruments	22%	21,000	25,662	31,359	38,321	46,828	22.20%
Recognition Awards	10%	10,000	10,980	12,056	13,237	14,534	9.80%
Desk/Office Access.	9%	34,000	37,128	40,544	44,274	48,347	9.20%
Calendars	8%	18,000	19,404	20,918	22,550	24,309	7.80%
Sporting Goods	7%	45,000	48,105	51,424	54,972	58,765	6.90%
Button, Badge, Ribbon	7%	20,000	21,360	22,812	24,363	26,020	6.80%
Auto Accessories	4%	34,000	35,428	36,916	38,466	40,082	4.20%
Glassware & Ceramics	10%	23,000	25,277	27,779	30,529	33,551	9.90%
Other	0%	0	0	0	0	0	0.00%
Total	9.44%	217,000	236,784	258,861	283,571	311,318	9.44%

4.2 Industry Analysis

As you may expect, we will be entering a very mature industry that is crowded with suppliers and distributors. As with any product-oriented business, it is important to maintain a competitively priced product line. The safest way to increase overall margins will be to continuously introduce new products which will remain exclusive offerings for a period of time. When the competition has found a way to source similar products, the margins will adjust downward, driven by competitive market forces. It will be critical for Elsewares to keep one step ahead of the competition by having a new product ready for introduction when the margins slip. Thus, a new cycle of discovery will begin. We intend to be the originators and not the imitators.

Elsewares Promotional Products

Service and support may actually be more important to a majority of distributors than price points. After all, they are putting their reputations on the line when they afford our company the opportunity to fulfill their clients needs. On-time delivery of quality imprinted product will be crucial to our success.

5.0 Strategy and Implementation Summary

Our marketing strategy is to get our foot in the distributor's door by offering them drawstring pouches as packaging products to add to the perceived value and profit on the promotional products they have already sold. Once we have established a business relationship and they have had a positive customer service experience with our company, we intend to offer them products in addition to the packaging items.

5.1 Marketing Strategy

We intend to focus on Midwest and West Coast distributors who have had to look to the East Coast as the only source of supply for their bag needs. Along with our on-time shipping commitment, we will focus on the quality and durability of our imprinting process, guaranteeing their quality so that distributors can ensure their clients that their message will be around for a while.

5.1.1 Pricing Strategy

In the fifty years of business experience that we have accumulated, one message rings true: someone can always beat you on price. Therefore, our pricing strategy is to be competitive within the various product categories, but not to rely on the selling price to overshadow the other advantages of doing business with our company. We will sell ourselves on the basis of a quality-made, unique product line which is reasonably priced and backed by an extraordinary customer service department. The products will be checked prior to shipment and all promised shipping deadlines will be met.

5.1.2 Promotion Strategy

All advertising will be disseminated through ASI publications. This will pinpoint the only market that we are attempting to reach, ASI listed distributors. We must market the product successfully to the distributor so that it is appealing enough for him to turn around and market it to the end user.

Elsewares Promotional Products

5.1.3 Distribution Strategy

Elsewares will sell its products exclusively through ASI listed distributors. Because many specialty advertising distributors are wary of doing business with suppliers whom they believe to be "dealing direct", all direct inquiries will be directed to a distributor with whom we already have a business relationship. Distributors invest a significant portion of their selling time to finding, screening and qualifying specialty advertising buyers and convincing them that the suppliers products have a place and purpose in their activities, and are consequently predisposed to avoid doing business with suppliers who compete with them.

5.1.4 Service and Support

Offering the highest level of customer service to our distributor network will be crucial to Elsewares' long term success. Logo imprints will have to be of the highest quality and product shipping deadlines must be met. Because products will always be bought for a specific event or promotion, it will be important to support the distributors in resolving any legitimate conflicts between them and the end user.

5.1.5 Marketing Programs

Our main marketing program will revolve around the placement of our full line, full color catalogue and price list in The Counselor which is the industry's leading trade magazine of news, new products and market trends. This magazine is mailed to the over 13,000 advertising specialty distributors listed with ASI. Reprints, with additional information about our company, will be mailed out approximately two weeks later to these same distributors as well as our own sales reps, offering samples of both our products and imprinting capabilities.

Secondly, the same catalogue will be placed in the next annual edition of Media File which is a compilation of full page ads of participating suppliers. This catalogue is sent to the ASI distributors who in turn give it to their sales people to use when offering various products to the end user. In some cases, distributors also give these catalogues to buyers who do a large volume of business with them.

Thirdly, as Elsewares brings new products into their line before the next annual catalog is printed and distributed, we will introduce these products to the advertising specialty industry through postcards featuring the product on one side and our mailing address on the other. These cards are bundled with other supplier cards for mailing and then bound into The Counselor magazine about six weeks later.

Elsewares will also only hire industry experienced sales reps of the highest caliber. In many cases, they will be the only representatives to call on distributors in person and will subsequently leave a lasting impression of our company. They will not be expected to close sales, but will be expected to represent our products in a competitive atmosphere. Their loyalty will be courted and rewarded through a compensation package combining both a salary and commission.

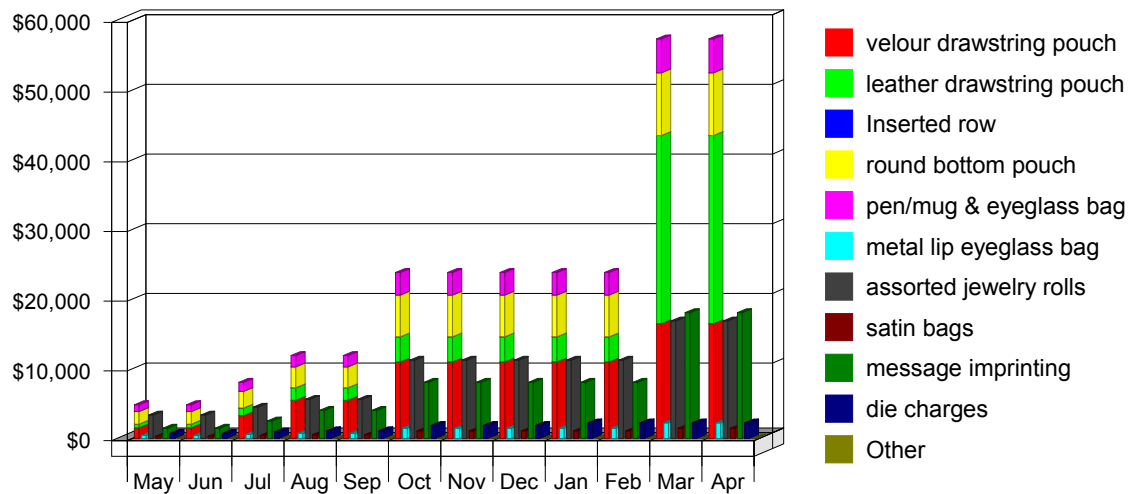
Elsewares Promotional Products

5.2 Sales Strategy

Because Elsewares is a new entity, we understand that we will have to prove our company's worth to distributors in order to earn their respect and business. Elsewares will promptly honor all dealer requests for product and imprinting samples. We will offer an 800 number phone line and have a full-time, dedicated customer service person to meet distributors' needs.

While the network of sales reps is bringing our product line to the attention of the ASI listed distributors, our in-house sales department will be calling on some of the larger West Coast distributors. We have hired a consultant who has had ongoing business relationships with many of these distributors over the last 24 years and we are counting on him to help us meet our sales objectives right from the start.

Sales Monthly



Elsewares Promotional Products

Table: Sales Forecast

Sales Forecast			
Unit Sales	1997	1998	1999
velour drawstring pouch	479,000	574,800	689,760
leather drawstring pouch	216,000	259,200	311,040
Inserted row	0	0	0
round bottom pouch	75,000	90,000	108,000
pen/mug & eyeglass bag	60,000	72,000	86,400
metal lip eyeglass bag	25,000	30,000	36,000
assorted jewelry rolls	22,500	27,000	32,400
satin bags	24,250	29,100	34,920
message imprinting	900,750	1,080,900	1,297,080
die charges	515	618	742
Other	0	0	0
Total Unit Sales	1,803,015	2,163,618	2,596,342
Unit Prices	1997	1998	1999
velour drawstring pouch	\$0.22	\$0.24	\$0.27
leather drawstring pouch	\$0.36	\$0.40	\$0.44
Inserted row	\$0.00	\$0.00	\$0.00
round bottom pouch	\$0.80	\$0.48	\$0.52
pen/mug & eyeglass bag	\$0.54	\$0.59	\$0.65
metal lip eyeglass bag	\$0.60	\$0.66	\$0.73
assorted jewelry rolls	\$5.00	\$5.50	\$6.05
satin bags	\$0.44	\$0.48	\$0.53
message imprinting	\$0.10	\$0.11	\$0.12
die charges	\$37.50	\$41.25	\$45.38
Other	\$0.00	\$0.00	\$0.00
Sales			
velour drawstring pouch	\$105,380	\$139,102	\$183,614
leather drawstring pouch	\$77,760	\$102,643	\$135,489
Inserted row	\$0	\$0	\$0
round bottom pouch	\$60,000	\$42,768	\$56,454
pen/mug & eyeglass bag	\$32,400	\$42,768	\$56,454
metal lip eyeglass bag	\$15,000	\$19,800	\$26,136
assorted jewelry rolls	\$112,500	\$148,500	\$196,020
satin bags	\$10,670	\$14,084	\$18,591
message imprinting	\$90,075	\$118,899	\$156,947
die charges	\$19,313	\$25,493	\$33,650
Other	\$0	\$0	\$0
Total Sales	\$523,098	\$654,057	\$863,355
Direct Unit Costs	1997	1998	1999
velour drawstring pouch	\$0.11	\$0.12	\$0.12
leather drawstring pouch	\$0.18	\$0.19	\$0.20
Inserted row	\$0.00	\$0.42	\$0.44
round bottom pouch	\$0.40	\$0.42	\$0.44
pen/mug & eyeglass bag	\$0.27	\$0.28	\$0.30
metal lip eyeglass bag	\$0.30	\$0.32	\$0.33
assorted jewelry rolls	\$2.50	\$2.63	\$2.76
satin bags	\$0.22	\$0.23	\$0.24
message imprinting	\$0.07	\$0.07	\$0.08
die charges	\$25.00	\$26.25	\$27.56
Other	\$0.00	\$0.00	\$0.00
Direct Cost of Sales	1997	1998	1999
velour drawstring pouch	\$52,690	\$68,976	\$82,771
leather drawstring pouch	\$38,880	\$49,248	\$62,208
Inserted row	\$0	\$0	\$0
round bottom pouch	\$30,000	\$37,800	\$47,520
pen/mug & eyeglass bag	\$16,200	\$20,160	\$25,920
metal lip eyeglass bag	\$7,500	\$9,600	\$11,880
assorted jewelry rolls	\$56,250	\$71,010	\$89,424
satin bags	\$5,335	\$6,693	\$8,381
message imprinting	\$63,053	\$75,663	\$103,766
die charges	\$12,875	\$16,223	\$20,438

Elsewares Promotional Products

Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$282,783	\$355,373	\$452,309

5.3 Strategic Alliances

The performance of Elsewares will be indelibly linked to the performance of the distributors that purchase our product. It is therefore paramount to the fulfillment of our business objectives that we cultivate customer loyalty with a network of distributors that are both credit worthy and active in selling the types of products we offer. The Advertising Specialty Institute offers suppliers a subscription to a market and credit service that will help us to pinpoint our marketing effort along those lines.

6.0 Management Summary

Elsewares is organized into three main functional areas: product sourcing, sales, and marketing; production and shipping; and finance and administration.

Edie Greenbaum: President and founder. Mrs. Greenbaum ran the financial department for a start-up retail operation whose sales rose to just under one million dollars in seven years. She has also spent the last year and a half heading up the sales department of an ASI listed advertising specialties supplier. Mrs. Greenbaum holds a B.A. from U.C.L.A., is married, and is the mother of one child.

Gary Greenbaum: Co-founder. Mr. Greenbaum ran the day-to-day operations of the previously mentioned retail operation as a partner with Mrs. Greenbaum. Mr. Greenbaum holds a B.A. from Franklin & Marshal College, is married, and is the father of one child.

Marvin Rosenbaum: Consultant. Mr. Rosenbaum has been associated with the Advertising Specialties industry for just under 25 years and holds the credentials of a C.A.S. or Certified Advertising Specialist. Over the years, Mr. Rosenbaum has been hired by both suppliers and distributors that are either starting a new company, as we are, or that are attempting to penetrate the advertising specialties market with products they are already distributing to other markets. Mr. Rosenbaum has been responsible for the successful entry of many companies into this industry and has maintained extensive business contacts with many of the industry leaders. Mr. Rosenbaum is married and is the father of two children.

6.1 Personnel Plan

The cornerstone of the personnel plan is to maximize production and minimize the labor burden on the company's operating expenses. Pursuant to that goal, the initial payroll will consist of the following disbursements:

Until increases in sales can support additional salaries, Edie Greenbaum will oversee the operations of Elsewares in an unsalaried position. Mrs. Greenbaum will be responsible for the day-to-day operations including personnel company policies, as well as overseeing the sales and marketing departments.

The sales and marketing department will be headed by Marvin Rosenbaum who has been hired as an independent consultant at a per diem of \$200. Mr. Rosenbaum will be responsible for initiating new leads with the ASI distributor network and for re-establishing existing contacts with distributors with whom he has had a previous business relationship. Mr.

Elsewares Promotional Products

Rosenbaum will also oversee the network of commissions based sales reps who will call on distributors in their pre-assigned territories. The sales department will be supplemented by Edie Greenbaum, who will also be responsible for calling on distributors as directed by Mr. Rosenbaum.

At a salary of \$36,000 per year, Mr. Greenbaum will be responsible for running the customer service department, which will include handling phone orders and catalog requests. Additionally, Mr. Greenbaum will be responsible for running the company's computer operations and is expected to play an important role in sourcing new products.

Until increases in sales justify the additional staffing of this department, Mr. Greenbaum will be responsible for assorted secretarial duties in addition to the previously mentioned duties. We are projecting the division of this department into two positions at approximately the fourteenth month of business. Mr. Greenbaum will then shift his duties to marketing and sourcing, and a new employee will take over the customer service department and its related duties.

Elsewares will rely on part-time help for its imprinting, warehousing, and shipping labor requirements. We have budgeted \$500 per week to that end. Naturally, as the need arises, this all-encompassing area will be split into two departments. A full-time production person will run the imprinting department, while a second person will be hired to handle both shipping and receiving. We are projecting the need for this additional labor burden at approximately the eleventh month of business.

Table: Personnel

Personnel Plan	1997	1998	1999
Production Personnel			
IMPRINT	\$14,000	\$15,000	\$16,000
SHIPPING	\$14,000	\$15,000	\$16,000
PAYROLL TAX	\$0	\$0	\$0
Other	\$0	\$0	\$0
Subtotal	\$28,000	\$30,000	\$32,000
Sales and Marketing Personnel			
MARVIN	\$30,000	\$33,000	\$36,000
SALES REPS	\$24,000	\$26,000	\$28,000
Other	\$0	\$0	\$0
Subtotal	\$54,000	\$59,000	\$64,000
General and Administrative Personnel			
CUSTOMER SERVICE	\$36,000	\$40,000	\$45,000
Other	\$0	\$0	\$0
Subtotal	\$36,000	\$40,000	\$45,000
Other Personnel			
Name or title	\$0	\$0	\$0
Name or title	\$0	\$0	\$0
Name or title	\$0	\$0	\$0
Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
Total People	0	0	0
Total Payroll	\$118,000	\$129,000	\$141,000

Elsewares Promotional Products

7.0 Financial Plan

Elsewares is seeking a \$300,000 financial package based on a note due in five years, but amortized over 15 years. The note will be personally guaranteed by the Greenbaums' assets. By amortizing the note over 15 years, the company will be afforded the opportunity to establish a healthy track record which will enable the company to seek alternate financing for the balance. In light of that strategy, Elsewares proposes the following payback schedule:

- Months 1-12: No payback of principal or interest
- Months 13-24: 15% interest plus 10% net profit
- Months 25-48: 10% interest plus 15% net profit
- Months 49-60: 10% interest plus 20% net profit

It should be noted that the owners of Elsewares do not intend to take any profits out of the business until the long-term debt has been satisfied. Whatever profits remain after the above debt payments will be used to finance growth, mainly through the acquisition of additional inventory.

7.1 Important Assumptions

General assumptions for this plan are on the following table.

Table: General Assumptions

General Assumptions	1997	1998	1999
Plan Month	1	2	3
Current Interest Rate	8.50%	8.50%	8.50%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	20.00%	20.00%	20.00%
Sales on Credit %	100.00%	100.00%	100.00%
Other	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	\$118,000	\$129,000	\$141,000
Sales on Credit	\$523,098	\$654,057	\$863,355
New Accounts Payable	\$506,789	\$550,543	\$664,155
Inventory Purchase	\$370,313	\$388,109	\$496,026

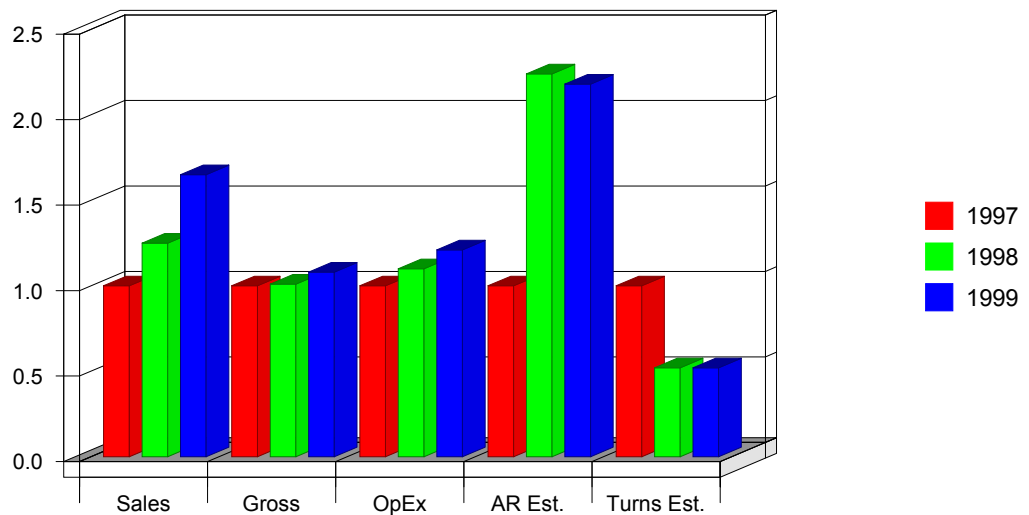
Elsewares Promotional Products

7.2 Key Financial Indicators

The most important indicator in our case is inventory turnover. We have to make sure that our inventory of drawstring bags and any other packaging products turns over a minimum of five times to avoid a negative impact on our cost of goods sold and on our cash flow.

- **Collection Days:** These are very important. It may be necessary to implement a variety of payment terms with different distributors, depending on their payment history. In extreme cases, prepayment of orders may be the only extendible terms. We will rely heavily on our subscription to the ASI Credit Service for this valuable pre-sale information.
- **Gross Margins:** We must maintain gross margins of 90% at the least, and hold marketing costs to no more than 20% of sales.

Benchmarks

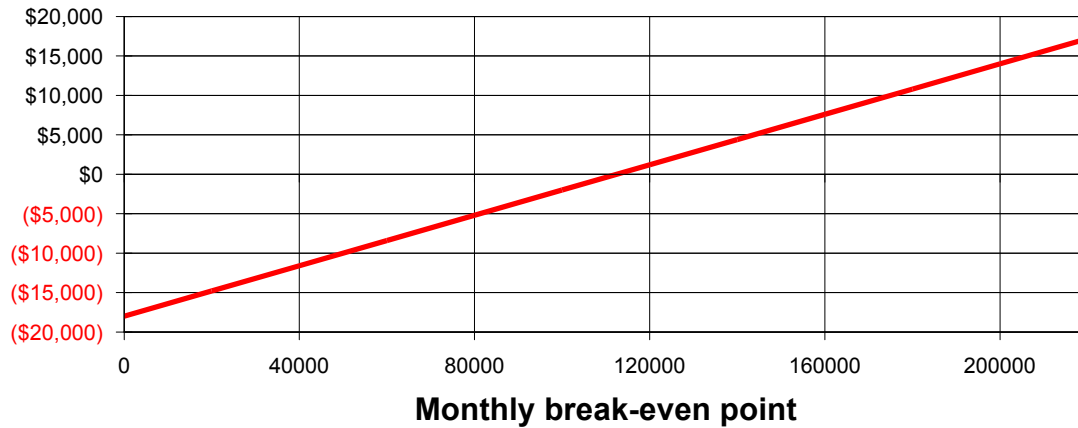


Elsewares Promotional Products

7.3 Break-even Analysis

The following table and chart illustrate our break-even analysis. With our fixed cost estimate of \$18,000 per month, we need to sell 112,500 units to break-even in a month. Given the estimates, we hit running monthly break-even after the fourth month.

Break-even Analysis



Break-even point = where line intersects with 0

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	112,500
Monthly Revenue Break-even	\$32,625
Assumptions:	
Average Per-Unit Revenue	\$0.29
Average Per-Unit Variable Cost	\$0.13
Estimated Monthly Fixed Cost	\$18,000

Elsewares Promotional Products

7.4 Projected Profit and Loss

The following table shows the projected profits. Monthly projections are included in the appendices.

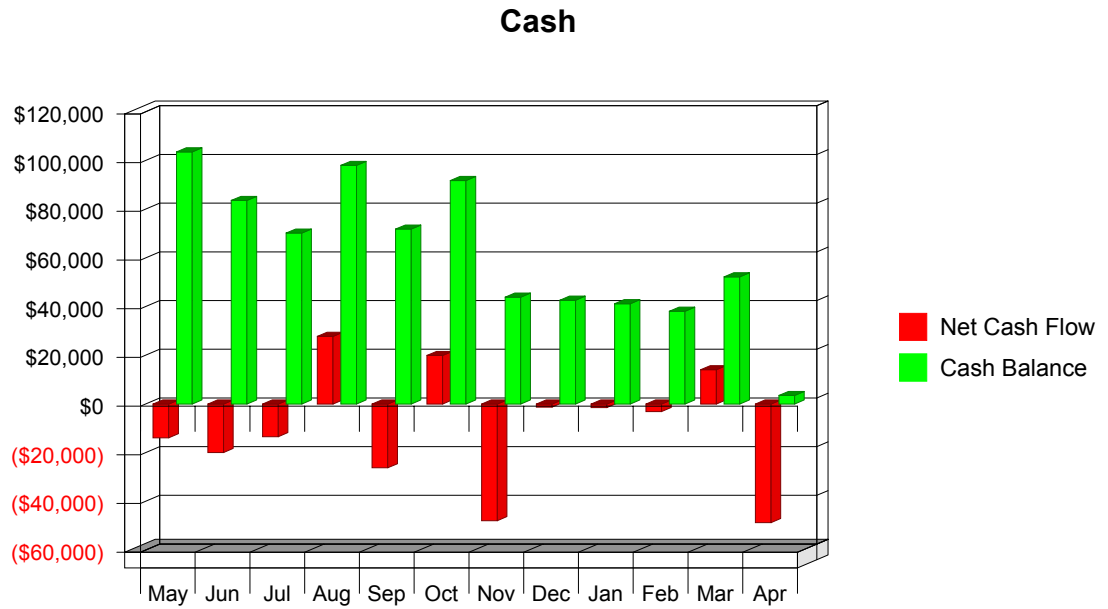
Table: Profit and Loss

Pro Forma Profit and Loss	1997	1998	1999
Sales	\$523,098	\$654,057	\$863,355
Direct Costs of Goods	\$282,783	\$355,373	\$452,309
Production Payroll	\$28,000	\$30,000	\$32,000
Inventory Purchase	\$0	\$0	\$0
	-----	-----	-----
Cost of Goods Sold	\$310,783	\$385,373	\$484,309
Gross Margin	\$212,315	\$268,684	\$379,046
Gross Margin %	40.59%	41.08%	43.90%
Operating Expenses:			
Sales and Marketing Expenses:			
Sales and Marketing Payroll	\$54,000	\$59,000	\$64,000
Advertising/Promotion	\$44,000	\$48,400	\$53,240
Travel	\$18,900	\$20,790	\$22,869
Miscellaneous	\$6,000	\$6,600	\$7,260
Other	\$0	\$0	\$0
	-----	-----	-----
Total Sales and Marketing Expenses	\$122,900	\$134,790	\$147,369
Sales and Marketing %	23.49%	20.61%	17.07%
General and Administrative Expenses:			
General and Administrative Payroll	\$36,000	\$40,000	\$45,000
Sales and Marketing and Other Expenses	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0
Utilities	\$42,000	\$46,200	\$50,820
Insurance	\$3,600	\$3,960	\$4,356
Rent	\$36,000	\$39,600	\$43,560
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Payroll Taxes	\$23,600	\$25,800	\$28,200
Other General and Administrative Expenses	\$0	\$0	\$0
	-----	-----	-----
Total General and Administrative Expenses	\$141,200	\$155,560	\$171,936
General and Administrative %	26.99%	23.78%	19.91%
Other Expenses:			
Other Payroll	\$0	\$0	\$0
Other	\$0	\$0	\$0
	-----	-----	-----
Total Other Expenses	\$0	\$0	\$0
Other %	0.00%	0.00%	0.00%
	-----	-----	-----
Total Operating Expenses	\$264,100	\$290,350	\$319,305
Profit Before Interest and Taxes	(\$51,785)	(\$21,666)	\$59,741
Interest Expense	\$885	\$11,688	\$21,250
Taxes Incurred	\$0	\$0	\$7,698
Net Profit	(\$52,670)	(\$33,353)	\$30,793
Net Profit/Sales	-10.07%	-5.10%	3.57%
Include Negative Taxes	FALSE	FALSE	TRUE

Elsewares Promotional Products

7.5 Projected Cash Flow

The following table shows cash flow for the three years, and the chart illustrates monthly cash flow in the first year. Monthly cash flow projections are included in the appendices.



Elsewares Promotional Products

Table: Cash Flow

Pro Forma Cash Flow	1997	1998	1999
Cash Received			
Cash from Operations:			
Cash Sales	\$0	\$0	\$0
Cash from Receivables	\$329,784	\$605,660	\$786,008
Subtotal Cash from Operations	\$329,784	\$605,660	\$786,008
Additional Cash Received			
Non Operating (Other) Income	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$75,000	\$125,000	\$100,000
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$100,000	\$0	\$0
Subtotal Cash Received	\$504,784	\$730,660	\$886,008
Expenditures			
Expenditures from Operations:			
Cash Spending	\$156,509	\$169,604	\$212,124
Payment of Accounts Payable	\$462,150	\$546,808	\$652,028
Subtotal Spent on Operations	\$618,659	\$716,412	\$864,151
Additional Cash Spent			
Non Operating (Other) Expense	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$618,659	\$716,412	\$864,151
Net Cash Flow	(\$113,875)	\$14,248	\$21,856
Cash Balance	\$3,525	\$17,773	\$39,629

Elsewares Promotional Products

7.6 Projected Balance Sheet

The projected balance sheet is shown in the following table, with monthly projections in the appendices.

Table: Balance Sheet

Pro Forma Balance Sheet

Assets	1997	1998	1999
Current Assets			
Cash	\$3,525	\$17,773	\$39,629
Accounts Receivable	\$193,314	\$241,710	\$319,057
Inventory	\$127,530	\$160,267	\$203,983
Other Current Assets	\$20,000	\$20,000	\$20,000
Total Current Assets	\$344,368	\$439,750	\$582,670
Long-term Assets			
Long-term Assets	\$5,000	\$5,000	\$5,000
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$5,000	\$5,000	\$5,000
Total Assets	\$349,368	\$444,750	\$587,670
Liabilities and Capital			
	1997	1998	1999
Accounts Payable	\$44,639	\$48,374	\$60,501
Current Borrowing	\$75,000	\$200,000	\$300,000
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$119,639	\$248,374	\$360,501
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$119,639	\$248,374	\$360,501
Paid-in Capital	\$300,000	\$300,000	\$300,000
Retained Earnings	(\$17,600)	(\$70,270)	(\$103,624)
Earnings	(\$52,670)	(\$33,353)	\$30,793
Total Capital	\$229,730	\$196,376	\$227,169
Total Liabilities and Capital	\$349,368	\$444,750	\$587,670
Net Worth	\$229,730	\$196,376	\$227,169

7.7 Business Ratios

The table shows projected business ratios. The Industry Profile columns show statistics for Standard Industry Code (SIC) #5199, Nondurable Goods.

Elsewares Promotional Products

Table: Ratios

Ratio Analysis	1997	1998	1999	Industry Profile
Sales Growth	0.00%	25.04%	32.00%	8.50%
Percent of Total Assets				
Accounts Receivable	55.33%	54.35%	54.29%	29.40%
Inventory	36.50%	36.04%	34.71%	28.10%
Other Current Assets	5.72%	4.50%	3.40%	26.90%
Total Current Assets	98.57%	98.88%	99.15%	84.40%
Long-term Assets	1.43%	1.12%	0.85%	15.60%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.00%	0.00%	0.00%	47.70%
Long-term Liabilities	0.00%	0.00%	0.00%	10.20%
Total Liabilities	0.00%	0.00%	0.00%	57.90%
Net Worth	100.00%	100.00%	100.00%	42.10%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	40.59%	41.08%	43.90%	25.00%
Selling, General & Administrative Expenses	50.66%	46.18%	40.34%	15.80%
Advertising Expenses	8.41%	7.40%	6.17%	0.60%
Profit Before Interest and Taxes	-9.90%	-3.31%	6.92%	1.30%
Main Ratios				
Current	2.88	1.77	1.62	1.84
Quick	1.81	1.13	1.05	1.02
Total Debt to Total Assets	34.24%	55.85%	61.34%	57.90%
Pre-tax Return on Net Worth	-22.93%	-16.98%	16.94%	3.60%
Pre-tax Return on Assets	-15.08%	-7.50%	6.55%	8.60%
Business Vitality Profile				
	1996	1997	1998	Industry
Sales per Employee	\$0	\$0	\$0	\$0
Survival Rate				0.00%
Additional Ratios				
	1997	1998	1999	
Net Profit Margin	-10.07%	-5.10%	3.57%	n.a
Return on Equity	-22.93%	-16.98%	13.55%	n.a
Activity Ratios				
Accounts Receivable Turnover	2.71	2.71	2.71	n.a
Collection Days	54	121	119	n.a
Inventory Turnover	4.77	2.47	2.48	n.a
Accounts Payable Turnover	11.35	11.38	10.98	n.a
Payment Days	20	370	359	
Total Asset Turnover	1.50	1.47	1.47	n.a
Debt Ratios				
Debt to Net Worth	0.52	1.26	1.59	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$224,730	\$191,376	\$222,169	n.a
Interest Coverage	-58.49	-1.85	2.81	n.a
Additional Ratios				
Assets to Sales	0.67	0.68	0.68	n.a
Current Debt/Total Assets	34%	56%	61%	n.a
Acid Test	0.20	0.15	0.17	n.a
Sales/Net Worth	2.28	3.33	3.80	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast

Sales Forecast												
Unit Sales	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
velour drawstring pouch	7,000	7,000	15,000	25,000	25,000	50,000	50,000	50,000	50,000	50,000	75,000	75,000
leather drawstring pouch	1,500	1,500	3,000	5,000	5,000	10,000	10,000	10,000	10,000	10,000	75,000	75,000
Inserted row	0	0	0	0	0	0	0	0	0	0	0	0
round bottom pouch	2,250	2,250	3,000	3,750	3,750	7,500	7,500	7,500	7,500	7,500	11,250	11,250
pen/mug & eyeglass bag	1,800	1,800	2,400	3,000	3,000	6,000	6,000	6,000	6,000	6,000	9,000	9,000
metal lip eyeglass bag	750	750	1,000	1,250	1,250	2,500	2,500	2,500	2,500	2,500	3,750	3,750
assorted jewelry rolls	675	675	900	1,125	1,125	2,250	2,250	2,250	2,250	2,250	3,375	3,375
satin bags	750	750	1,000	1,250	1,250	2,500	2,500	2,500	2,500	2,500	3,375	3,375
message imprinting	14,725	14,725	25,300	40,375	40,375	80,750	80,750	80,750	80,750	80,750	180,750	180,750
die charges	20	20	25	30	30	50	50	50	60	60	60	60
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Unit Sales	29,470	29,470	51,625	80,780	80,780	161,550	161,550	161,550	161,560	161,560	361,560	361,560
Unit Prices	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
velour drawstring pouch	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
leather drawstring pouch	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36	\$0.36
Inserted row	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
round bottom pouch	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
pen/mug & eyeglass bag	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54	\$0.54
metal lip eyeglass bag	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
assorted jewelry rolls	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
satin bags	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44
message imprinting	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
die charges	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50	\$37.50
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sales	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
velour drawstring pouch	\$1,540	\$1,540	\$3,300	\$5,500	\$5,500	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$16,500	\$16,500
leather drawstring pouch	\$540	\$540	\$1,080	\$1,800	\$1,800	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$27,000	\$27,000
Inserted row	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
round bottom pouch	\$1,800	\$1,800	\$2,400	\$3,000	\$3,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$9,000	\$9,000
pen/mug & eyeglass bag	\$972	\$972	\$1,296	\$1,620	\$1,620	\$3,240	\$3,240	\$3,240	\$3,240	\$3,240	\$4,860	\$4,860
metal lip eyeglass bag	\$450	\$450	\$600	\$750	\$750	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$2,250	\$2,250
assorted jewelry rolls	\$3,375	\$3,375	\$4,500	\$5,625	\$5,625	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250	\$16,875	\$16,875
satin bags	\$330	\$330	\$440	\$550	\$550	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,485	\$1,485
message imprinting	\$1,473	\$1,473	\$2,530	\$4,038	\$4,038	\$8,075	\$8,075	\$8,075	\$8,075	\$8,075	\$18,075	\$18,075
die charges	\$750	\$750	\$938	\$1,125	\$1,125	\$1,875	\$1,875	\$1,875	\$2,250	\$2,250	\$2,250	\$2,250
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales	\$11,230	\$11,230	\$17,084	\$24,008	\$24,008	\$47,640	\$47,640	\$47,640	\$48,015	\$48,015	\$98,295	\$98,295
Direct Unit Costs	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
velour drawstring pouch	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11	\$0.11
leather drawstring pouch	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18
Inserted row	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
round bottom pouch	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
pen/mug & eyeglass bag	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
metal lip eyeglass bag	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30	\$0.30
assorted jewelry rolls	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
satin bags	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
message imprinting	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07
die charges	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Cost of Sales	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
velour drawstring pouch	\$770	\$770	\$1,650	\$2,750	\$2,750	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$8,250	\$8,250
leather drawstring pouch	\$270	\$270	\$540	\$900	\$900	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$13,500	\$13,500
Inserted row	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix

round bottom pouch	\$900	\$900	\$1,200	\$1,500	\$1,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$4,500	\$4,500
pen/mug & eyeglass bag	\$486	\$486	\$648	\$810	\$810	\$1,620	\$1,620	\$1,620	\$1,620	\$1,620	\$2,430	\$2,430
metal lip eyeglass bag	\$225	\$225	\$300	\$375	\$375	\$750	\$750	\$750	\$750	\$750	\$1,125	\$1,125
assorted jewelry rolls	\$1,688	\$1,688	\$2,250	\$2,813	\$2,813	\$5,625	\$5,625	\$5,625	\$5,625	\$5,625	\$8,438	\$8,438
satin bags	\$165	\$165	\$220	\$275	\$275	\$550	\$550	\$550	\$550	\$550	\$743	\$743
message imprinting	\$1,031	\$1,031	\$1,771	\$2,826	\$2,826	\$5,653	\$5,653	\$5,653	\$5,653	\$5,653	\$12,653	\$12,653
die charges	\$500	\$500	\$625	\$750	\$750	\$1,250	\$1,250	\$1,250	\$1,500	\$1,500	\$1,500	\$1,500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$6,034	\$6,034	\$9,204	\$12,999	\$12,999	\$25,748	\$25,748	\$25,748	\$25,998	\$25,998	\$53,138	\$53,138

Appendix

Appendix Table: Personnel

Personnel Plan	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Production Personnel												
IMPRINT	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
SHIPPING	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000
PAYROLL TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$4,000	\$4,000
Sales and Marketing Personnel												
MARVIN	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
SALES REPS	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
General and Administrative Personnel												
CUSTOMER SERVICE	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Other Personnel												
Name or title	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Name or title	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Name or title	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$11,500	\$11,500

Appendix

Appendix Table: General Assumptions

General Assumptions	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Sales on Credit %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$11,500	\$11,500
Sales on Credit	\$11,230	\$11,230	\$17,084	\$24,008	\$24,008	\$47,640	\$47,640	\$47,640	\$48,015	\$48,015	\$98,295	\$98,295
New Accounts Payable	\$16,720	\$19,520	\$23,063	\$35,134	\$31,209	\$62,251	\$37,683	\$37,543	\$38,278	\$40,308	\$105,099	\$59,978
Inventory Purchase	\$0	\$0	\$3,362	\$22,106	\$12,999	\$56,345	\$25,748	\$25,748	\$26,598	\$25,998	\$118,274	\$53,138

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Sales	\$11,230	\$11,230	\$17,084	\$24,008	\$24,008	\$47,640	\$47,640	\$47,640	\$48,015	\$48,015	\$98,295	\$98,295
Direct Costs of Goods	\$6,034	\$6,034	\$9,204	\$12,999	\$12,999	\$25,748	\$25,748	\$25,748	\$25,998	\$25,998	\$53,138	\$53,138
Production Payroll	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$4,000	\$4,000
Inventory Purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$8,034	\$8,034	\$11,204	\$14,999	\$14,999	\$27,748	\$27,748	\$27,748	\$27,998	\$27,998	\$57,138	\$57,138
Gross Margin	\$3,195	\$3,195	\$5,880	\$9,009	\$9,009	\$19,893	\$19,893	\$19,893	\$20,018	\$20,018	\$41,158	\$41,158
Gross Margin %	28.45%	28.45%	34.42%	37.52%	37.52%	41.76%	41.76%	41.76%	41.69%	41.69%	41.87%	41.87%
Operating Expenses:												
Sales and Marketing Expenses:												
Sales and Marketing Payroll	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Advertising/Promotion	\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Travel	\$300	\$300	\$2,000	\$500	\$4,000	\$5,000	\$500	\$300	\$500	\$4,000	\$500	\$1,000
Miscellaneous	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales and Marketing Expenses	\$5,300	\$9,300	\$11,000	\$9,500	\$13,000	\$14,000	\$9,500	\$9,300	\$9,500	\$13,000	\$9,500	\$10,000
Sales and Marketing %	47.20%	82.82%	64.39%	39.57%	54.15%	29.39%	19.94%	19.52%	19.79%	27.07%	9.66%	10.17%
General and Administrative Expenses:												
General and Administrative Payroll	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Insurance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Rent	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Taxes	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$2,300	\$2,300
Other General and Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total General and Administrative Expenses	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$12,100	\$12,100
General and Administrative %	104.19%	104.19%	68.49%	48.73%	48.73%	24.56%	24.56%	24.56%	24.37%	24.37%	12.31%	12.31%
Other Expenses:												
Other Payroll	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Operating Expenses	\$17,000	\$21,000	\$22,700	\$21,200	\$24,700	\$25,700	\$21,200	\$21,000	\$21,200	\$24,700	\$21,600	\$22,100
Profit Before Interest and Taxes	(\$13,805)	(\$17,805)	(\$16,821)	(\$12,191)	(\$15,691)	(\$5,808)	(\$1,308)	(\$1,108)	(\$1,183)	(\$4,683)	\$19,558	\$19,058
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$354	\$531
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$13,805)	(\$17,805)	(\$16,821)	(\$12,191)	(\$15,691)	(\$5,808)	(\$1,308)	(\$1,108)	(\$1,183)	(\$4,683)	\$19,203	\$18,526
Net Profit/Sales	-122.93%	-158.55%	-98.46%	-50.78%	-65.36%	-12.19%	-2.74%	-2.32%	-2.46%	-9.75%	19.54%	18.85%
Include Negative Taxes												

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Cash Received												
Cash from Operations:												
Cash Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Receivables	\$0	\$374	\$11,230	\$11,425	\$17,314	\$24,008	\$24,795	\$47,640	\$47,640	\$47,653	\$48,015	\$49,691
Subtotal Cash from Operations	\$0	\$374	\$11,230	\$11,425	\$17,314	\$24,008	\$24,795	\$47,640	\$47,640	\$47,653	\$48,015	\$49,691
Additional Cash Received												
Non Operating (Other) Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$25,000
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$50,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$0	\$374	\$11,230	\$61,425	\$17,314	\$74,008	\$24,795	\$47,640	\$47,640	\$47,653	\$98,015	\$74,691
Expenditures												
Expenditures from Operations:												
Cash Spending	\$2,280	\$3,480	\$4,999	\$10,172	\$8,490	\$21,793	\$11,264	\$11,204	\$11,519	\$12,389	\$39,128	\$19,791
Payment of Accounts Payable	\$11,577	\$16,813	\$19,638	\$23,466	\$35,003	\$32,244	\$61,432	\$37,679	\$37,568	\$38,346	\$44,788	\$103,595
Subtotal Spent on Operations	\$13,857	\$20,293	\$24,637	\$33,638	\$43,493	\$54,037	\$72,696	\$48,883	\$49,087	\$50,735	\$83,916	\$123,386
Additional Cash Spent												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$13,857	\$20,293	\$24,637	\$33,638	\$43,493	\$54,037	\$72,696	\$48,883	\$49,087	\$50,735	\$83,916	\$123,386
Net Cash Flow	(\$13,857)	(\$19,919)	(\$13,407)	\$27,787	(\$26,179)	\$19,970	(\$47,901)	(\$1,243)	(\$1,447)	(\$3,083)	\$14,099	(\$48,695)
Cash Balance	\$103,543	\$83,624	\$70,216	\$98,003	\$71,825	\$91,795	\$43,894	\$42,651	\$41,204	\$38,121	\$52,220	\$3,525

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets	Starting Balances	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Current Assets													
Cash	\$117,400	\$103,543	\$83,624	\$70,216	\$98,003	\$71,825	\$91,795	\$43,894	\$42,651	\$41,204	\$38,121	\$52,220	\$3,525
Accounts Receivable	\$0	\$11,230	\$22,085	\$27,939	\$40,522	\$47,215	\$70,847	\$93,692	\$93,692	\$94,067	\$94,430	\$144,710	\$193,314
Inventory	\$40,000	\$33,966	\$27,932	\$22,090	\$31,197	\$31,197	\$61,794	\$61,794	\$61,794	\$62,394	\$62,394	\$127,530	\$127,530
Other Current Assets	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Total Current Assets	\$177,400	\$168,738	\$153,640	\$140,245	\$189,722	\$170,236	\$244,436	\$219,380	\$218,137	\$217,665	\$214,945	\$344,459	\$344,368
Long-term Assets													
Long-term Assets	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Assets	\$182,400	\$173,738	\$158,640	\$145,245	\$194,722	\$175,236	\$249,436	\$224,380	\$223,137	\$222,665	\$219,945	\$349,459	\$349,368
Liabilities and Capital													
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Accounts Payable	\$0	\$5,143	\$7,849	\$11,275	\$22,943	\$19,149	\$49,156	\$25,407	\$25,272	\$25,982	\$27,945	\$88,256	\$44,639
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$75,000
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$5,143	\$7,849	\$11,275	\$22,943	\$19,149	\$49,156	\$25,407	\$25,272	\$25,982	\$27,945	\$138,256	\$119,639
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$5,143	\$7,849	\$11,275	\$22,943	\$19,149	\$49,156	\$25,407	\$25,272	\$25,982	\$27,945	\$138,256	\$119,639
Paid-in Capital	\$200,000	\$200,000	\$200,000	\$200,000	\$250,000	\$250,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Retained Earnings	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)	(\$17,600)
Earnings	\$0	(\$13,805)	(\$31,610)	(\$48,430)	(\$60,621)	(\$76,313)	(\$82,120)	(\$83,428)	(\$84,535)	(\$85,718)	(\$90,400)	(\$71,197)	(\$52,670)
Total Capital	\$182,400	\$168,595	\$150,791	\$133,970	\$171,779	\$156,088	\$200,280	\$198,973	\$197,865	\$196,683	\$192,000	\$211,203	\$229,730
Total Liabilities and Capital	\$182,400	\$173,738	\$158,640	\$145,245	\$194,722	\$175,236	\$249,436	\$224,380	\$223,137	\$222,665	\$219,945	\$349,459	\$349,368
Net Worth	\$182,400	\$168,595	\$150,791	\$133,970	\$171,779	\$156,088	\$200,280	\$198,973	\$197,865	\$196,683	\$192,000	\$211,203	\$229,730