

**Business Plan**  
**For**  
**MyNewCo, Incorporated**  
**d.b.a.**  
**MyProduct**

## **STATEMENT OF PURPOSE**

The principle of MyNewCo, Inc. d.b.a.. MyProduct is requesting financing in the amount of \$xxx,000.00 in order to finance the start-up of a MyProduct Franchise in My Town, Colorado. MyNewCo, Inc. is to be a C Corporation that will be engaged in the retail selling of all products authorized by the MyProduct USA, Inc. franchise. Incorporation is dependent upon the principles obtaining proper financing for the business, thereby not to incur business costs prior to authorization. The principle of the corporation is Joe M. Brown. Joe M. Brown will act as President. John Q. Smith will act as Treasurer and General Manager. The following will provide detailed description of the intentions of MyNewCo, Inc. and the research that justifies this business endeavor.

The purpose of this document is to provide the foundational framework of the short-term and long-term business goals. The Business Plan will aid in the understanding for those who can assist in the financing needs of the company, as well as provide a resource for the principles to use when operating and growing the proposed business.

The entire content of this plan is property of MyNewCo, Inc. and is confidential. Therefore all information within should be treated as such and should not be shared without the express written consent of the owners and principals.

## **THE BUSINESS**

MyProduct is an established product franchise that sells widgets and other gadgets. Widgets are products made of various items. Widgets are the primary product comprising 95% of store sales. Gadgets are also available. They are components that enhance the desirable nature of the widgets. The franchise has the best widgets in the industry because it uses the best components possible and the processes are unique. The great widgets are enhanced by a fun, inviting atmosphere that gives the customers a nice sales experience. The market-proven products, regional brand awareness, as well as the corporate culture and support of MyProduct USA are the reasons we have chosen this particular franchise.

MyProduct widgets also provide an alternative to the traditional gadgets that today's fast paced lifestyles look towards. MyProduct widgets are often substituted for a widget, and coupled with one of the gizmos, offer complete satisfaction. The industry is growing tremendously, garnering over \$1 billion in sales in 1999, and boasting 30% growth in the same year. A health conscious My Town, in particular, provides a great market for this industry and MyProduct is one of only two franchise gadget operations in the city. The principals of MyNewCo, Inc. have recognized the opportunity available in this niche of the gizmo service market and are very excited about the possibility of owning and operating multiple locations in the My Town metro area with potential expansion throughout the Front Range.

MyProduct USA has been operating since 1996, has established 22 corporate and franchise locations and is actively expanding into new markets including Nevada, Texas, Arizona, California and New Mexico. Appendix A provides a detailed list of currently operating franchise and corporate locations. MyNewCo, Inc. proposes to open and operate the second MyProduct in My Town with plans to expand to open an additional location within 12 to 18 months.

## **MARKETING**

Because the store will be the second MyProduct franchise in My Town, the first being located near Centennial Blvd and Main Street in the Towne shopping center. Co-oping advertising and promoting the company will be key to the success of both locations. The goal of the initial and ongoing advertising and promotional activities will be to continue name recognition and top-of-mind awareness and to establish MyProduct as the main source for widgets and gadgets. MyProduct USA and MyNewCo, Inc. have done extensive research to define a target market, recognize the competition, and devise an appropriate marketing plan to effectively develop brand loyalty and ensure the success of the business.

### **Target Market**

The target market for MyProduct products was originally women and men ages 15 to 35. However, the MyProduct has found that their actual customers are women and men in this age group as well as the baby boomers to age 70. A recent demographic site report shows statistics showing a 5 mile radius of the proposed retail location with estimates of our target group for 2003 as follows:

The median age is estimated at 34.3 in 2003, slightly lower than the city average of 35.4 and the U.S. average age of 36.5. The slow rise of the median age is due to the aging of Baby Boomers, not to any massive influx of seniors. In 1998, median age for the U.S. was 35.2. A lot of metropolitan Colorado Spring's growth over the next 20 years will be driven by working age persons moving here for employment opportunities.

#### **AGE COHORTS WITHIN A 5 MILE RADIUS**

<b>AGE COHORTS</b>	<b>MALES</b>	<b>FEMALES</b>	<b>TOTAL</b>
0-4	4,702	4,535	9,237
5-9	4,858	4,744	9,602
10-14	5,407	4,846	10,253
15-17	3,263	3,341	6,604
18-20	3,190	2,567	5,757
21-24	3,108	2,846	5,954
25-34	7,914	7,812	15,726
35-44	10,971	11,314	22,285
45-49	5,401	5,754	11,155
50-54	4,453	4,647	9,100
55-59	3,218	3,282	6,500
60-64	2,014	1,988	4,002
65-74	2,330	2,593	4,923
75-84	992	1,507	2,499
85+	200	467	667
<b>TOTAL</b>	<b>62,022</b>	<b>62,242</b>	<b>124,264</b>

\*Source - City of City of My Town Planning Department's Census 2000 Summary

This suggests that our target market of 15-35 represent approximately 30% of the total population of the 5 mile radius.

Because our target market is a large percent of the total population, the principals of MyNewCo, Inc. feel that this number represents an excellent opportunity for growth in this strong income, healthy, professional and active life-style market.

## **Competition**

### **Direct Competition**

This concept is in its infancy in the My Town market and in Colorado in general. There is only one direct competitor in the My Town, Gary's Gadgets. Gary's Gadgets operates out of four locations. One is located approximately 1.5 miles from our proposed retail site in the Their Town Shopping center at Research Parkway and Union Blvd. The other sites are more than 5 miles from our proposed location. The other MyProduct, with a different owner and located on Main Street and Centennial, is also more than 5 miles away from our site.

The Gary's Gadgets concept is quite similar to MyProduct. The major differences are that Gary's offers a slightly wider variety of fresh gadgets (various colors and sizes); they offer packaged gizmos like gourmet things and Main Street, as well as a few other things. Gary's Gadgets widgets average \$0.10 higher than MyProduct widgets and the components are \$0.50 versus MyCompany doohickeys at \$0.35. The other gadgets range from \$1.45 to \$4.95 depending on the type of thingy and the size; this is an average of \$0.30 more than MyProduct. Gary's Gadgets offers three sizes of gizmos: small, regular, and large. Small widgets are offered for \$2.95, regular for \$3.95, and large for \$4.75.

MyProduct possesses at least one competitive advantage over Gary's Gadgets. Gary's Gadgets is not offered as a franchise to the public; consequently, their ability to expand may be slower. Qualification requirements to own and operate Gary's Gadgets are prohibitive to the majority of possible franchisees, would-be business owners, and entrepreneurs. In a market place the size of My Town, (approximately 500,000), Gary's Gadgets has far from saturated the potential gadget market and in fact has helped to raise the local awareness to gizmos and their benefits.

MyProduct has now developed some level of brand awareness because of the first location has been operating for approximately a year. Co-op advertising with both MyCo operations will strengthen that awareness even more in the months to come. Another MyCo franchisee is looking to open a location in the southwest part of the city next Spring. The MyCo brand is well recognized in the Southwest and will be a growing presence in Colorado in the years to come.

### **Indirect Competition**

There are two types of indirect competition that we have identified. First, there are establishments such as Kent's, Joe's and Fred's that sell versions of widgets. However, these products are unquestionably inferior because fresh ingredients are not used in their preparation and the healthiness of such products is not proven. The second type of indirect competition includes alternatives to franchises such as stores, restaurants, convenience stores, and gadgets from grocery stores. This type of competition does not pose a significant threat because of the differences between product offerings. MyProduct products are suited to fill a variety of needs whether a customer desires a gizmo or a gadget. The gadget is a healthy alternative to gizmos and the same quality of MyCo products cannot be duplicated in other establishments or at home.

## **Marketing Mix**

Based on research of the My Town market, the particular marketing mix we plan to implement is as follows.

### **Product**

- 26 different gadgets
- 4 varieties of gizmos
- 6 widgets
- Small variety of thingies
- Brand related merchandise such as large plastic mugs, t-shirts, and hats

### **Place**

Town Shopping Center at the corner of two busy intersections of Research Parkway and Center Blvd in the northern end of a fast growing section of My Town .

Other successful companies that serve the same demographic market maintain co-tenancy at this location. These operations include George's Super Market also housing a Sams' Shoe operation, Phil's Pharmacy, Burger Hut next door to the site, Harry's Video, Food Bag, Pizza Place, Jim Bob's Bank, a health spa also next door, music store, nail salon, liquor store as well as numerous others.

Other appeal to the location is that it can be easily seen from Main Street. It is also located strategically between two major District X37 high schools, Union and Liberty. It is also located next to a major Mormon Church whose congregation contains a large youth attendance at various times during the week.

### **Price**

- Competitive, below direct competition in the market.
- Widgets range from \$3.69 for a regular to \$4.96 for large.
- Fresh gadgets range from \$1.85 to \$3.50 depending on the size of the gizmo.
- The widgets are \$0.35 each.

### **Distribution**

Distribution of MyProduct widgets will be implemented by sales through the retail location at Town Shopping Center.

### **Promotion**

Promotion will consist of a Grand Opening event at the new store. The grand opening will be facilitated by a very substantial direct mail advertising campaign beginning approximately 2 weeks prior to the grand opening date. A live remote radio promotion may also be used on the day of the grand opening.

Advertising media will include local radio, print, and direct mailings. A yellow page ad/listing will be entered at the earliest date available.

The owners will also strive to become active members of the community in which the business is located. We will join organizations such as the Better Business Bureau, Chamber of Commerce, and the local restaurant association if available and we will give back to the community to our best ability.

## **Position**

MyProduct will be promoted to the community as a fresh, wholesome, healthful alternative to other gadgets and that a MyProduct gadget can be substituted for a widget. The basic qualities of MyProduct to be extolled throughout the marketplace are that MyProduct offers a:

- Quality refreshing gizmo choice
- Healthy alternative to fast, grab-and-go gadgets
- Low-fat nourishment
- Fun, exciting, and new product

## **OPERATIONS**

The target date for a grand opening is January 15, 2004. MyProduct will be open for business from 7 a.m. to 9 p.m. Monday through Thursday, Friday and Saturday and 7 a.m. to 10 p.m. As the nature of the business is primarily small amounts of money, we will operate mainly on a cash basis but major credit cards will also be accepted.

The general manager will be on site at least 40 hours a week. When one is not present, an assistant manager will act as "manager-on-duty". Because it will take a considerable amount of time to hire and properly train suitable management level employees, the owners will initially fill management positions and train all new hires.

The MyProduct locations in the My Town area are supplied by Ned's Food Services. MyProduct USA has negotiated special volume discounts for existing and new franchisees operating in their service area. Ned's offers 90% of the products and supplies that are necessary to operate a MyProduct. Therefore, there is a greater efficiency and cost in the ordering process.

## **Management Philosophy**

The owners of MyNewCo, Inc. consider a "hands-on" management style integral to the long-term success of their MyProduct franchise. We know that without active involvement in the day-to-day operations of MyProduct, it will be impossible to achieve the goals we have established. We are committed to hiring, training, and retaining responsible employees by involving them in decisions that affect them and by offering competitive wages. We recognize the need for people to be happy in their jobs for them to perform effectively. Employees will be recruited with care and will be treated as the company's most valuable assets. In addition, we will be active members in the community of which our business is located. We will demonstrate our commitment to the local community by becoming involved with local associations and community groups as time permits. We believe in active participation in the community that supports our business.

## **Management Team**

The management team of MyNewCo, Inc. is comprised of the two principals of the corporation, Joe M. Brown and John Q. Smith, my son. Both have strong backgrounds in operation of business and accounting. Both principals will be active in the day-to-day operation of the business in some capacity. The following resumes highlight each principal's experience and how they will contribute to managing MyNewCo, Inc. d.b.a. MyProduct.

## Joe M. Brown

Joe has had 31 years of experience in managing major shopping malls, office buildings and other commercial property throughout the Western part of the United States. He currently is the Senior Property Manager of the Main Street Mall at Pacific Ave. and Academy Blvd in My Town. In this capacity, he has helped various small businesses start and grow over the years. He is quite familiar with accounting, marketing, leasing, customer service and employee recruiting and management practices. He will continue in this capacity while owning the MyProduct business and will oversee all major parts of the operation. He is already an active member of the Chamber of Commerce, Economic Development Council and a board member of Area Mental Health and Charitable Industries of My Town.

## John Q. Smith

John has an Associates Degree from Brigham Young University Idaho with a major in Accounting. He has extensive experience in construction and is fluent in the Spanish language having completed a two-year mission in Mexico City, Mexico. He will function as the general manager of the MyCo operation working full-time in this position.

## FINANCIAL INFORMATION

### Loan Request

The total project cost is estimated at \$xxx,000 and the owners are requesting a loan in the amount of \$xxx,000. This would leave the owners responsible for 32.6% of the project cost or \$xx,000. The following is an estimated cost breakdown of the project.

MyNewCo, Inc.. Summary of Sources and Uses

<b>SOURCES OF CAPITAL:</b>	
BANK	\$XXX,000
OWNERS EQUITY	\$XX,000
<b>TOTAL</b>	<b>\$XXX,000</b>
<b>FUND USES:</b>	
FRANCHISE FEE	\$XX,000
EQUIPMENT	\$XX,000
CONSTRUCTION	\$XX,000
SIGNAGE	\$X,000
ARCHITECT DESIGN	\$X,500
ADVERTISING – GRAND OPENING	\$X,000
SUPPLIES & INVENTORY	\$X,500
FURNITURE	\$X,000
COMPUTER, PRINTER, CASH REGISTER	\$X,000
SAFE & ALARM SYSTEM	\$X,500
UNIFORMS	\$X,000
TRAINING, TRAVEL, & SUPPLIES	\$X,000
WORKING CAPITAL	\$XX,500
<b>TOTAL</b>	<b>\$XXX,000.00</b>

## **Pro-forma Financial Statements**

The following pages are projections for the first year of business. Projections also include income statements, balance sheets from three of the existing MyProduct operations in Anothertown, NM in order to show details of established MyCo operations. The number 3 store quoted is used because it is one of the newest stores in Anothertown and it represents a relatively conservative approximation of the first year's financial projections. In reality, MyNewCo, Inc. believes that their operation will be more like that of the number 2 location which is even more profitable in another town because of its similar proximity to a higher end market.

### **Statement of Assumptions on First Year Projections**

Widgets Sold:	250 to 400 per day in the first year. ( Projections of 350 to 500 per day in the second year, and 400 to 500 per day in the third year for additional income forecasting).
Other Products:	Other products to be sold through the store include clothing items like t-shirts and hats, insulated mugs all bearing the MyProduct emblem. Other products offered and developed by MyProduct USA.
Depreciation:	Straight-line method for to years on equipment
Interest Rate:	Based on prime @ ____ on a seven year note.
Income Tax:	None shown due to C Corp classification.
Dividends Paid:	None shown because it will depend on profitability of the company. The owners intend to reinvest a majority of profits to expand operations based on an area development plan to be developed and to maintain a healthy balance sheet with ample retained earnings and paid-in capital to pay down debt.
All Other Line Items:	Based on the percent of sales that similar to that of the number 3 Anothertown store.



## Goals

My ultimate goal and desire is to establish this family business so that it will become profitable investment for our family and a benefit to society and the community overall.

My individual goals are to become familiar with the business world and how to start a business from an entrepreneur perspective. I want to develop management skills to govern a small team of employees under the mentorship of my father, Fred Flam, and Pat Sharp, a current MyProduct owner. Another goal of mine is to learn the art of guerilla marketing to advertise my company name and to understand the different sources of successful advertising. I have the desire to know what it takes to become the right manager that can not only get along with the employees and customers, but a motivator for the MyProduct team to become disciplined and well trained. I hope to gain much experience not only from the business world, but in life in general that can benefit me in different aspects of life. I hope to reach a point with my business that it can generate \$800 income daily. I also have a goal to form this current business successful enough to start plans for another product for our family by the end of this year. I also plan to hold a weekly, if not daily, journal of all my business experiences that I can report to my family and to BYU Idaho when I one return and apply my skills back with my school work to obtain a higher degree with experience to rely on.