Chief Executive Officers Club

Sample Business Plans

By Joseph R. Mancuso, Founder of Chief Executive Officers' Club

Outline Sample Business Plans

Summaries:

- Briox Technologies, Inc.
- American Laser, Inc.
- Perspective, Inc.
- In-Line Technology
- BLT Corporation

Business Plans:

Other Business Plans:

180 Varick Street • Penthouse • New York, NY 10014 • URL: www.ceoclubs.org (or .com)
Tel: (212) 633-0060 • Fax: (212) 633-0063 • VM: (212) 978-8863 • Email: ceoclubs@180varickstreet.com

SAMPLE BUSINESS PLANS

The introductions and tables of contents of these business plans are included not as examples of either effective or ineffective business plans, but rather to acquaint the reader with several actual business plans. These were chosen more for their representation of various types of plans. They are all actual plans, disguised where needed, especially as relates to geographic location, financial information, and individual identities, which may account for some but not all of the inconsistencies, errors, and omissions.

Briox Technologies, Inc.

This is an interesting story—one with a good ending. It began when my brother, John Anthony Mancuso, acting as a salesman for a valve company, in upstate New York called on Briox Technologies. He mentioned my interest in small business to the Briox Entrepreneur, David Gessner. As can be observed from the resumes in the business plan, Gessner was the holder of a technical master's degree, and, as such, he elected to attend an interesting three-day workshop sponsored by the Institute of New Enterprise Development (INED) in Belmont, Massachusetts. This agency specializes in helping new entrepreneurs get started. For a small fee, Gessner attended a weekend "how to write a business plan" seminar which was held in Salt Lake City, Utah. Hence, Gessner was fairly well versed in the construction of a business plan. Moreover, as will be evident in a moment, he possessed a deep and burning desire to start, finance, and manage a small business of his own. John Mancuso suggested that he show the business plan to me.

Gessner and I met; I was impressed with him and his business, and I introduced him to a Minority Enterprise Small Business Investment Company (MESBIC). Gessner cleverly constructed the business plan to highlight the minority employment aspect of his business. The plan, as attached, was financed by several friends and relatives (angels) and by the Worcester Corporation Council, Inc. (WCCI). The business moved to Worcester, and Gessner began to operate the medical oxygen company.

This is where the story becomes interesting. It took only a few months to use up all of the original investment. During that time the company was unable to perfect the oxygenerator that was to make oxygen from water. The idea was good-even great-but the technology was only fair-maybe poor. Within six months of the private placement, the business was bust, Al Stubman was fired, and Gessner was all alone with no money, no sales, and no product. A more sensible man would have known when to quit, and would have gone in search of a job. Instead, he sought part-time employment, did some consulting (he assisted me in a small business course at WPI), and collected unemployment. The last of these actions - collecting unemployment -was the most emotional and most rewarding experience of all. Gessner collected for over one year, and these funds provided the main sustenance for his family.

With the addition of hindsight, these unemployment checks were a vital motivation to keep him going: 'They supplied the nourishment for the next year or so. If a person who contemplates going into a small business has never collected an unemployment check, may I recommend that he visit his unemployment office. The sign over the door will read "Employment Office" but everyone calls it the "Unemployment Office." It's a very dehumanizing process. Go see for yourself, if you haven't already.

During these never-ending months of product development, Gessner continued to improve his radical new invention, the oxygencrator. Finally, after two years of trying, he decided to shift horses.

just as Ed Land of Polaroid was initially interested in building a business around polarized glass (supposedly for the windshields and headlights of automobiles), Dave Gessner began his business with the wrong initial product. Gessner soon improved upon the existing and proven technology pioneered by the competitors-making oxygen by filtering air. He developed a brochure, attracted new investors, acquired a new partner/investor, and began again. In the past few years, after four years, he now leads a profitable company with annual sales in the $10 million range. The business was eventually sold.

I have said that starting a business and succeeding at it requires perseverance and motivation - sometimes bordering on obsession. Gessner proves my points.

American Laser, Inc.

This is a typical story. In fact, it's recurring quite frequently. Although this story is disguised, it is true, These two fellows bought a business when their employer decided to go out of the business. Arid best of all, they succeeded. This may become an even rnore common practice in the future.

In fact, the largest employer in the entire state of Vermont, an asbestos mine, experienced a similar transaction. After years of poor financial management, the parent company announced plans to close its doors. The people were going to lose their jobs, and closing of the business was a statewide concern. The good news is what happened. The employees banded together, obtained financing from the state, and bought the company. Naturally, as with many of these stories, the elected president was the former foreman of the maintenance division.

After one year under employee ownership, all the stockholders were able to have their entire initial investment returned. In the subsequent years, the business demonstrated excellent profitability. It was some years later that the business closed when asbestos was linked to cancer. The same is true in the case of American Laser. As a division of the larger parent company, it consistently lost in excess of $1 million per year. This is devastating, given the size of the sales of the division. When these two people took over the company, they had only marginal management experience. The business plan was written in modular form. This allowed the entrepreneurs to package the appropriate modules in order to maximize the appeal. The plan is a good one. However, in fact the list of customers in the plan failed to materialize in the first year. In other words, none of the customers listed in the report purchased products during the first year the firm was in business.

The plan failed to raise venture money. However, it did not fail to launch the business. Moreover, the business is extremely successful; and in the fifth year after the start of the business, the firm was sold to another business for over $1 million.

After discussing the appeal of the new business with several venture sources, the founders were extremely dejected. They found the terms and conditions of any new money to be terribly limiting. Subsequently, they walked into a bank and pleaded their case “with an unusual, creative, and friendly banker”. Within a half an hour, the banker advanced them a personal, unsecured loan to launch their business. I was there, and I saw it happen - an unusual event!. "A good banker can be a venture capitalist in disguise." This one was more than that: He became an admired friend. He received all of the loan back and kept the new growing company in town. An interesting story.

Perspective, Inc.

This is all excellent business plan. It is well written; the entrepreneur is successful; the idea is superior. However, the plan never raised any money: It was a failure.

It was shown to many investors, probably more than it should have been, but it was always a bridesmaid. One of the common criticisms of the plan was the inability to test the idea on a small scale. One of the investors claimed that the plan was too large an investment prior to any measurable level of success being obtainable. There was considerable negotiating about the viability of a regional publication for the senior citizens, say, in Florida, but on a regional scale, it was much less appealing financially. So the idea died.

However, as with most good ideas, it only died for this entrepreneur. Publishing, like many industries, is a special and private business, and John O'Mara had very little publishing experience. Another entrepreneur with a different business plan, totally unrelated to this venture, launched a very, similar product. The data obtained via the grapevine claims that the business is now a solid financial success.

John O'Mara gained a great deal of experience in develping this business plan - so much, in fact, that he wrote another one. Soon, he left the secure arms of his large company employer in order to launch a new business called the Computer Security Institute. This venture provided newsletters, information, and seminars for larger firms interested in protecting confidential information stored in computers. I'm told that the venture is extremely successful because the initial membership fee alone, from my outside vantage point, certainly must help cover some overhead. The advantage of having customers send money in advance (membership fees) is an interesting method of financing an entrepreneurial venture.

In-Line Technology

The plan presented here is a shortened version of the actual document used to finance In-Line Technology. The actual document was about four times longer. It contained numerous photos and product descriptions. The financing was successful. The firm was able to raise the funds stated in the prospectus. The funds were supplied by friends and relatives, and the final $50,000 was provided by all extremely successful and well-known New York venture capitalist. The venture capitalist, because of his reputation, was able to negotiate an extra bonus for investing in this struggling but promising business. The two founders were extremely reluctant to give extra compensation to the venture sources, but they finally decided to go along.

The new money transfusion helped, and the firm began to grow. The venture source forced the additional services of a paid-for management consultant to work several days per month at In-Line Technology. This was not part of the private placement agreement, but the after-the-placenrent verbal persuasion was sufficient. In other words, the original private placement legal document did not specifically require In-Line to accept outside consulting advice. The legal agreement for private placements of this type and size are usually secondary to verbal agreements. In fact, the business improved based on this consulting advice.

In-Line never made money. Occasionally, it had a few months of profit but never any sustained or significant profits. It always seemed to almost make a profit in the following few years, but it never became very successful. Finally, the venture capitalist grew restless and introduced In-Line Technology to a larger firm on the West Coast-Applied Materials, Inc. The firms were merged and the investors in this business plan realized a 3:1 gain. Hence, the firm raised money and performed at an unprofitable level, yet the investors and stockholders still made a profit. This is seldom the case, and without the assistance of the New York venture capitalist, the firm would still be struggling. The venture placement was determined at a breakfast meeting in New York. This was the only meeting the venture source had with the firm. He never visited the plant.

About nine months after the merger, one of the two founders was fired and the other was made a consultant. In other words, they were both eased out of the business. The partnership of Gene St. Onge and Hank Bok works well and they have just launched a new business. Based upon the funds gained from the sale of In-Line Technology, the two men have started another small business, Hydro-tech. This firm is entering the interesting area of hydroponics, which is a form of scientific farming. This business calls for year-round growing of tomatoes, cucumbers, and lettuce in greenhouses. The success of this newest business is still undetermined. It's interesting to recall some of the early comments that the likelihood of starting a new business is increased if you have previous experience in starting businesses. Many entrepreneurs will start five to six businesses in a lifetime.

B.L.T.

The reader of this business plan must be careful not to let recent events such as the energy crisis cloud proper readings of the document. It followed very closely on the heels of a successful public stock offering for Robo-Wash, a competitor. That plan was written by three extremely talented men who spent most of their careers on Wall Street in New York. While none of the three founders had any experience in either the gas station or car wash fields, they knew their way around Wall Street They were experts at raising money.

The business plan is extremely simple. it is not terribly exciting to read. The strongest point is the level of management achievement of the three principles. This was enough for this start-up business to raise in excess of $1 million from a handful of venture capitalists. The money was raised over several placements, but the firm experienced continual delays and postponements in building and operating the gas station/car wash combination. The business began in fine style with a prototype gas station/car wash operating profitably in southern Connecticut. However, this was the only profitable business enterprise within B.L.T. The business as a whole never made any money. The firm lost the $10 million of investment plus a good deal of bank debt. The reasons for the failures were many. However, the business plan, as simple as it was, was sufficient just as it was to raise over $1 million.

BRIOX TECHNOLOGIES:
Medical Oxygen Generator

MEDICAL OXYGEN GENERATOR
FOR HOMECARE PATIENTS

Business Plan
September

Briox Technologies, Inc.
65 Tainter Street
Worcester, Massachusetts 01610
617/757-7474

CONTENTS

APPENDIX

SUMMARY

Briox Technologies, Inc. is a company in the Biomedical Equipment field which is responding to the needs of homecare service businesses and hospitals. The company was founded in September by David M. Gessner with the commitment of his personal funds. WCCI Capital Corporation of Worcester, Massachusetts, and several individuals have provided additional seed financing.

The Product

The first product in a home oxygen generating system, the OXY-GENERATOR, to replace expensive-to-deliver high pressure cylinders currently in use for the treatment of Chronic Obstructive Pulmonary Disease (COPD). The company has completed a full-scale prototype which was complete and operating.

Field Evaluation

Five demonstrator OXY-GENERATORS are being built for laboratory and field evaluation. At the recent motional meeting of the American Thoracic Society in Cincinnati six board certified pulmonary specialists expressed interest in conducting field evaluations with their patients.

The Market

The total market size for home oxygen generating systems is 66,000 and in growing at an annual compounded rate of $7^{1}/_{2}$%. The company will capture at least 6% of this market with annual sales of 5,000 units @ $2,100 yielding revenues of $10.5 million with a net profit greater then 15% of sales.

Production

OXY-GENERATORS will be produced by assembly of commercial components and subcontracted subassemblies. The primary subassembly will be provided under exclusive license by TELEDYNE ISOTOPES. As the company grows the investment in manufacturing facilities will be increased in order to reduce costs and to increase capability and flexibility.

Distribution

OXY-GENERATORS will be sold to existing Respiratory Therapy Equipment Dealers who will rent them to COPD patients for use in the home. Dealer reaction to the product in positive. The company will trade exclusive distributorships within a territory for firm order commitments.

Financing Required

The company needs $100,000 to fund the development and implementation of a manufacturing plan to produce 20 units/month. Management proposes to issue an additional 25,000 shares which will bring the total issued to 85,000. Twenty thousand shares will be sold in private Placement at $5.00 per share.

CONTENTS

1.0 NOTICE OF INTENTION

In making this preliminary proposal to ALI, there are many statements of the intentions of Albert D. Castro and William Lock forming a business. It should be noted:

1. This is only a preliminary document, serving as a basis of discussion only. In no way will either Mr. Castro or Mr. Lock be held to any statement, commitment, etc., without their specific signed intention to do so.

2. American Laser Corp. has full knowledge of our intention. However, there is no agreement yet between ALI with either Mr. Lock or Mr. Castro in regards to this business.

3. Estimates of completion in the glass laser field, potential sales volume, marketing plans, etc., are all only those of Mr. Lock and Mr. Castro and although they believe them to be as accurate and reliable as possible, no guarantee to their validity is implied.

2.0 SUMMARY

We, Albert D. Castro and William H. Lock are making a preliminary proposal to American Laser Corporation that it sell to us its complete glass laser business. For this portion of what was American Laser line of laser equipment, we are offering $85,000. We propose to form a company within the area of Phoenix that will profit from the substantial investment that ALI has made to develop their laser products. Our marketing/selling plans are basically to retain two sales representatives from ALI's national organization, to concentrate our own sales efforts in the west coast area, and to promote these products through continued effort in applications engineering.

We plan our organization to be a small, conservative one (6-7 people for the first six months) but one whose sales growth should be, 50% per year. A study of the market for our products and the competition indicates to us that the product line we desire is one characterized by its high quality, its reliability, and its sales appeal. To finance this company, we have been able to raise $25,000 between us, and our proposal to ALI is that we pay them $40,000 cash and that they accept a $45,000, three-year note from us for the rest of the payment. For this consideration, we agree that ALI's note will be the senior debt of our company. We will form our company with Albert D. Castro as president (and a 60% owner) and William H. Lock as vice president (and a 40% owner). Sales projections indicate a sales volume of $203,000 and $332,000. We expect to "break even" approximately two years after start of business. A preliminary cash-flow analysis indicates to us that we need at least $50,000 from some outside lending source.

"PERSPECTIVE":
Senior Citizens' Magazine

CONTENTS

APPENDIX

Supplementary Cash Flow Data
Market Survey Questionnaire
Renewal Estimates
Staffing/Salary Schedule
Itemized Expenses for Test Program
Article: "Stop Worrying! Magazine Publishing is a High Profit, Low Risk Business."

SUMMARY OF BUSINESS PLAN

A MULTI-SERVICE corporation will be established dedicated to serving the needs of 30 million Americans in the 50 to 65 age group -- a group that commands the largest discretionary purchasing power in the U.S.

The initial service will be the quarterly paid-subscription magazine, PERSPECTIVE. The editorial objectives of this specialized publication will be to put the middle years in their proper context -- to show why and how they can be an exciting, challenging and independent time of life. Retirement planning will also receive a great deal of attention, with special emphasis on financial planning. In all cases the approach will be of a practical "how to" nature, attempting to establish a deep seated rapport between staff and reader.

Advertising acceptance will be promoted by offering a comprehensive readership profile package. By utilizing its computer expertise, the corporation plans to generate in-depth psychographic profiles (i.e., life style, beliefs, attitudes, etc.). The decision to offer psychographics was confirmed by the corporation's recent survey which indicated that advertising executives of consumer oriented companies were looking to supplement the demographics which they felt did not fully describe their target markets. Psychographic data will fill this void. However, standard demographic descriptions including age, sex, income and education will be included also.

The attraction of advertising is further enhanced by the absence of media directed solely to middle-agers. For those advertisers selling to middle-agers, there is no cost-effective magazine alternative available. The only publication addressing itself solely to middle-agers is a non-profit organization -- one that does not accept advertising.

Advertising will be solicited from a variety of national firms such as health “life insurance companies, airlines, pharmaceutical firms, investment counseling services, land development organizations, travel/leisure groups, book clubs, and home study.”

After eighteen months, PERSPECTIVE will switch to bi-monthly publication while retaining the $6 annual subscription price.

Circulation objectives are:

500,000 subscribers at the end of 1st year
700,000 subscribers at the end of 2nd year
850,000 subscribers at the end of 3rd year
950,000 subscribers at the end of 4th year
1,000,000 subscribers at the end of 5th year

Another key innovation will be the guarantee to Charter subscribers that their subscription rate of $6 will NEVER be increased provided that they subscribe on a continuing basis. It is expected that this offer will have an extremely positive effect on subscription sales. Analysis has shown that this will be an economically feasible offer.

Once PERSPECTIVE has identified and cultivated a customer base, the corporation plans to expand its capabilities by offering additional services to its subscribers. Regular communications via the editorial pages will facilitate the promotion of services currently in demand by middle-aged citizens. Among these are mail order pharmaceuticals, group insurance programs, group travel, book clubs and investment counseling.

A two stage financing package is planned. The initial phase will require $60,000 to test readership acceptance. Once proven, $1,500,000 will be secured to launch operations and expansion.

The corporation plans to be profitable within two years. After five years a $1,500,000 profit (after taxes) is expected on revenues of $13,000,000.

IN-LINE TECHNOLOGIES, INC:
High Technology Investment

CONTENTS

Page

I. INTRODUCTION

The electronics industry today still offers great potential to the entrepreneur for the creation of sizeable, profitable business ventures especially in the areas of proprietary product marketing. This is true for several reasons. First and foremost, of course, is the fact that the dynamic state-of-the-art technology existing in the electronics industry today affords a greater ease of market entry for the innovator. New, unique, and different approaches to the solution of old problems are welcomed, and are, in fact, a requirement for a successful company engaged in the marketing of proprietary products.

For such companies the rate of growth and, of course, the rate of profitability are limited primarily by the financial structure and support of the organization, assuming that dynamic leadership, superior marketing capability, and exceptional technical talent are available. With a proper financial base the growth pattern of such organization in today's growing and expanding electronics market is highly probable.

The purpose of this business plan is to present in significant detail a plan whereby an organization fitting the above pattern can make a substantial impact on the proprietary product market in a short period of time with a minimum of the type of entrepreneurial risk usually found to be an integral part of such plans. The minimization of these risks comes about because of the following basic facts:

1. In-Line Technology, Inc. is a thriving organization that exists and will provide the vehicle for this plan.
2. In-Line Technology has already designed and manufactured 90% of its product line and is in the process of beginning its initial phases of marketing production tested and customer proved equipment.
3. In-Line Technology is supplying equipment to a rapidly expanding market for semiconductors that is forecasted to be greater than $2 billion, *almost a factor of 2 greater than the United States alone.
4. In-Line Technology can accurately control and predict first year's bookings and shipments (with adequate financing) due to management's combined experience of over thirty years of marketing and engineering in the photo-chemical processing field.

In-Line Founders are in Tune with Photoprocessing Trend

A company that started as a part-time effort some 18 months ago has recently become its founders' sole business concern, and indeed, they appear in a good position to profit from semiconductor manufacturers' growing enthusiasm for automating their photoprocessing operations.

While Hendrik F. Bok and Eugene R. St. Onge worked together in the Systems division of EPEC Industries Inc., New Bedford, Mass., they saw the need for systems that could automatically handle cleaning, drying, etching, and developing. "There are a lot of different systems available," notes Bok, "but you have to buy the etcher from one company, the coater from another. To form a complete line of equipment. a plant manager needs to buy four or five makes of equipment that aren't always compatible.”

The two men joined forces to make specialized turnkey photo-processing systems. and In-Line Technology, Inc. was born in Assonet, Mass. By now, In-Line has emerged from a custom -equipment phase with a number of standard items, including cleaners, coaters, dryers, developers, etchers, wet strippers, and plasma strippers, all of which are interfaced for either manual or automatic loading.

Cutting loose During In-Line's first year, Bok and St. Onge kept their jobs at EPEC, but last October they were able to buy out EPEC's Spray division and devote full time to In-Line, of which they are sole owners. Sales this year may reach $1 million.

Bok thinks part of their success is a result of "the imagination to come up with something new, " but part of it is traceable to their backgrounds also, Bok, 47, founded his first company in his native Netherlands. (He still speaks with a Dutch accent.) It made spray coaters, and he brought the process with him to the U.S. where three years later he founded another company with expertise based on the same process. Joining EPEC as a vice president, he gained experience in coating and first started to build integrated systems including sprayers, dryers, exposure equipment, and developers.

While Bok considers himself a "concept" engineer, St. Onge, 36. is a process engineer. One need they see is for better yields, and they believe their automatic production lines, which include automatic wafer handling, can help. Since wafers and plates are untouched throughout production, and the line is so timed that clean plates don't have to wait before being coated, dirt caused pinholes and other faults are cut down.

THE B.L.T. COMPANY

Participation In A Technological And
Merchandising Revolution

THE AUTOMOBILE SERVICE INDUSTRY IS IN THE EARLY STAGE OF A TECHNOLOGICAL AND MERCHANDISING REVOLUTION. THE COMBINATION OF TWO ESSENTIAL AUTOMOTIVE NEEDS--CAR WASHING AND GASOLINE--HAS PRODUCED A HIGHLY PROMOTABLE AND EXTREMELY PROFITABLE SERVICE.

Technological Revolution

The technological revolution is the result of the development and perfection of a new generation of car wash equipment. This equipment is highly automated and inexpensive to operate and maintain.

Merchandising Revolution

The merchandising revolution is the result of combining the purchase of gasoline with the car washing function. This combination has created a new and highly promotable service which offers the consumer distinct economic and convenience benefits previously unavailable.

Profitability

The profitability of the modern gas pumping-car wash unit is based upon the following fundamental business principles: Low labor, high gross margins, and minimal inventory and accounts receivable.

The B.L.T. Company Concept

The B.L.T. Company was organized to capitalize on the technological and merchandising revolution and the fundamental business advantages outlined above. The B.L.T. Company intends to multiply the profitability of an individual car wash and gas pumping-car wash unit through the establishment of a national chain of wholly owned and franchised installations.

Each wholly owned car wash unit is expected to generate between $251,000 and $40,000 of pre tax annual earnings on an investment of approximately $50,000. Each franchised unit is expected to generate initial income from the sale of equipment of between $5,000 and $10,000, plus continuing income of between $3,000-$6,000 annually.

Each wholly owned gas pumping-car wash unit is expected to generate between $50,000 and $70,000 pre tax annual earnings on an initial investment of about $65,000. Each franchised gas pumping-car wash unit is expected to generate initial income from the sale of equipment of between $7,000 and $12,000, plus continuing income of between $5,000-$7,000 annually.

NEBUR ENGINEERING CORP:
Business Plan*

1.0 TABLE OF CONTENTS AND FIGURES

* Certain facts in this business plan have been disguised. however, the essence of the plan remains intact. It is presented not to demonstrate a good or bad business plan but to allow individuals preparing a business plan the insights into how others have prepared similar documents.

2.1 Executive Overview

Nebur Engineering Corporation will produce a computer system that is superior to competitive systems by significantly reducing the technical interface required between the man and the machine. The system will be priced competitively with other systems having similar storage and performance specifications.

The system will be focused on the retail industry, and provided with a complete set of packages for the following applications:

(1) General Accounting
Accounts Payable
Accounts Receivable
General Ledger

(2) Retail/Point Of Sale Application
- ECR Data Collection, Formatting, Reporting
- POS Sales Audit And Reporting
- Merchandise Control And Reporting
- Other Entry
- Purchasing

All of the application packages will be written in a specially developed proprietary language, for easy modification and augmentation. This high level language allows more direct user interaction with the system and greatly reduces the time and effort to develop a new program or modify an existing one.

The key to market penetration will be the distribution of the product through an unique channel – the independent cash register dealer. While many of these dealers have a low-budget, low technical skill image, a growing number have much to offer as a marketing channel to the retail industry:

1) They understand and are focused on the retail market. Further, they have credibility in that industry with their customer base.

2) They sell a sophisticated electronic product (Data Terminal Systems, Delta Systems, Sweda) and already have a level of programming and systems knowledge.

3) They provide service to their customer base with a two-hour response time, twenty-four hours a day, seven days a week.

4) They are beginning to meet IBM and NCR in the marketplace, and are facing a total system challenge – electronic cash registers plus computers.

The combination of Nebur Engineering Corporation and the electronic cash register dealer allows them to meet this challenge and to continue to sell their customer base, because:

(1) We are focused strictly on this computer product.
(2) We can offer a system interfacing to every major ECR manufacturer.

For independent dealers, the product's ease of use, high reliability, and focused application packages are suitable for distribution to their customers if sufficient support is provided by Nebur Engineering Corporation. Our support will take the form of:

Dealer Training – In installation and maintenance servicing, applications development and installation, and facilities planning.

Repair Depots – Systems will be repaired in the field by the dealer, who will replace major subassemblies, and return them to Nebur Engineering Corporation for repair and eventual return to the dealer.

Hotline – Nebur Engineering will always be immediately available to answer to dealer's questions on service, applications, or sales techniques.

The total market for small computers during the period will be over one million units sold, or over 20 billion dollars. Table 2-1 shows segmentation by average purchase price. Our product will sell for $35-50 thousand, so it will fit in Group II below.

TABLE 2-1 MARKET SEGMENT BY PURCHASING PRICE*

GROUP	*AVERAGE PURCHASING PRICE*	*UNITS (000)*	*DOLLARS ($1B)*
I	$ 10,000	784	$ 7.3
II	65,000	187	10.5
III	140,000	36	4.4
		1,007	$22.2

The Retail Industry segment of Group II represents 88,000 units, or 4 billion dollars. (See Figure 2-2). According to Creative Strategies, Inc., a well-know market analyst, this market is only 5 percent penetrated today.

* Front and Sullivan, "The Small Business Computer Market"

FIGURE 2-2 POTENTIAL USERS BY INDUSTRY*

INDUSTRY	*GROUP I*	*GROUP II*	*GROUP III*
Manufacturing	168,000	37,000	24,000
Wholesale	179,000	57,000	31,000
Banking	3,500	6,600	5,700
Insurance Agents	25,000	11,000	4,000
Construction	219,000	20,000	4,800
Transportation	196,000	18,000	4,500
Retail	748,000	88,000	22,000
Services: Accounting	17,200	1,000	300
Legal	44,000	3,000	350

*Source: Frost and Sullivan, “The Small Business Computer Market”

Nebur Engineering Corporation’s fiscal year covers the period November 1 through October 31. During our first full fiscal year, we will be in development phase with no sales. Dealers will be signed , and we expect to go with a backlog exceeding $1 million. We forecast sales of $18.8 million with a pre-tax profit of $5.6 million.

Achieving these sales figures through the development of a full-scale product, implementation of the distribution channel, with the necessary applications, training, and support services will require a peak investment of $6.5 million. Our initial financing is $2.4 million from our employees’ equity and a trust established by Steven A. Nebur. An infusion of significant venture capital will be required before the first prototypes are completed.

Managers are in place for the engineering, finance, marketing, and support areas. A manufacturing manager is currently being sought. In addition to the three year plan, detailed departmental plans and budgets are in place for all departments.

We have agreed in principal with the State Street Bank and Trust Company of Boston on conditions for short-tern loans, and an objective or permanent financing based on revenue and corporate collateral. Our financial strategy includes the introduction of additional partners in our venture – venture capitalists to join our founder in bring the product to the marketplace.

MALIBU TECHNOLOGIES:
“The *Prosumer’s* Choice”

Table Of Contents

EXECUTIVE SUMMARY

It is not news that Hardware and Software providers in the Computer Industry have already mined many of the high growth, high profit opportunities. In the future, growth and high margins will be a hard fought battle.

One exception is the Optical Recording and Storage market Optical Recording arid Storage has become a standard and is essential for recording, storing and distributing data, video and sound. Unlike most data storage products, Optical Recording and Storage Technology can offer the best solutions in both the computer industry and consumer electronics because at speed, capacity, convenience and low cost of storage. It is a geometrically expanding open market that offers dramatic growth to those capable of exploiting it.

Business Model

Malibu Technologies is uniquely positioned to capture the higher margin share of the exploding Optical Recording and Storage Technology markets with highly differentiated, leading edge extensions of this technology. A key and proven Malibu Technologies strength and expertise is the ability to identify new opportunities and create recognized value with the most appealing solutions. Malibu Technologies' clear focus on optical recording and optical storage creates the launch pad for future high technology, high value market successes

Malibu Technologies products and solutions exploit the cost, speed and flexibility advantages of the latest recording technologies and the latest fast and flexible connection standards. The result is powerful solutions that are exceptionally easy to install and use, increasing their appeal to all groups. These solutions come complete with advanced software suites arid all required accessories that enhance the value and functionality of the products so that the user has everything needed in one box.

Malibu Technologies has highly developed sales channel advantages based on proven customer relationships and trusts not available to even our most formidable competitors. We not only understand the technology and the needs of the user, but it is widely acknowledged that we understand the retail marketplace and the needs of the power retailer.

Malibu Technologies sales, marketing and development resources are focused on unique CD/DVD recording solutions, CD/DVD duplicators, and CD/DVD high performance media and accessories. These products are the beginning of a continuum of “market right” solutions with features and prices appealing to Prosumers, a rapidly growing group of consumers that are always striving to take advantage of the latest technological advances. They are the more sophisticated users as well as the growing population that buys technology products because they are cool or because may have a specific need.

FACE PILOT, INC:
Business Plan

Table Of Contents

Executive Summary

The Business Opportunity

FacePilot was conceived by Dr. Jules Rako from his nine years of experience treating college students for various skin issues at Medical Skin Care Associates, a group of clinic.; in the Boston area which he and his wife founded. Over the past nine years Dr. and Mrs. Rako have treated over 20,000 patients. The clinics never were intended to target the college market, but as word of mouth grew, more and more students started to schedule appointments. As the college students moved away after graduation, they continued to order the products by phone and fax. Orders also started to come from non-clinic patients from all over the country who heard about the products from the former patients. From all these orders, Dr. Rako realized that what was needed was a simple system to he used daily to help treat various skin issues. The question then became: How do you reach these college students? After looking at the conventional channels of distribution (drugstores, department stores, convenience stores, etc.), Dr. Rako realized that these channels were too competitive and cost prohibitive. Dr. Rako decided to take the product directly to the college student.

FacePilot fills a void in the college campus community by providing a high quality skin care and cosmetics system at affordable prices.

FacePilot is different from the current competition because it is:

I . Accessible - FacePilot will be available in college bookstores where 95% of all students visit.
2. Exciting - FacePilot's solution oriented presentation featuring an interactive problem solving fixture will inspire and educate student's to use this product.
3. Affordable - All FacePilot skin care and cosmetics products will sell for under $20.00 retail.
4. Effective - All products have been tested and are proven to be effective. Testimonials by current users will be available.
5. Cool - FacePilot will be positioned as a "hip" alternative brand (i.e. CkOne)

FacePilot will position a free standing interactive fixture of skin care and cosmetics products into college bookstores and conduct a guerrilla marketing campaign on these campuses consisting of free samples, stickers, flyers, catalogs, etc. in order to create a campus-wide “buzz” and drive traffic to the bookstores.

Replenishment of these products will also be available through the Internet site FacePilot.com. We will use this site to educate the consumer about issues concerning their skin as well as give beauty and fashion tips. Additional items not available in the college bookstores will be sold on-line as well.

We'll take ads, both on and off-line, with college related websites and magazines to promote the presence of FacePilot.com. This will allow our brand to reach college students an campuses where product currently is not available.

We will also look to generate sales through alternative brick and mortar retail channels (i.e. Tower Records) as well as pursue pure play beauty websites currently up and running (beautyjungle.com, ibeauty.com, gloss.com, etc.). Additional revenues will be planned through outside advertising on our interactive fixtures as well as Internet sales on FacePilot.com.

APRICOR, INC.
1133 Sonora Court
Sunnyvale, CA 94086
Phone (408) 328-9280 Fax (408) 328-9288
www.apricor.com

COMPANY OVERVIEW

COMPANY DESCRIPTION:

Apricor, Inc. is an infrastructure Commerce Service Provider (CSP) offering a flexible and unique end-to-end sell-side e-commerce application, hosting, and management service. Through strategic partnerships, Apricor also offers: on-demand media manufacturing (currently print and CD); order fulfillment; and, customer service/call-center support for medium and large companies.

Apricor is already developing the third generation of its' proprietary, state-of-the-art standards based e-commerce software. The design has proven scalability and is implemented using a repeatable project management methodology. The system can be fully integrated with any manufacturer's ERP software, fulfillment system, and call center for a true e-business operation.

BUSINESS MODEL DESCRIPTION:

The Apricor model lends itself to multiple service levels and pricing options allowing clients to meet their needs for e-commerce application services at each stage of the development of their Web-based operation.

- Up front fee: Can range from as little as $5,000 to over $100,000 depending upon the clients' application complexity.
- Transaction fee: Client pays a pre-determined fee per transaction.
- Combination: The client may best be served by a combination of the above fee options.

YEAR FOUNDED: 1999

NUMBER OF EMPLOYEES: 4

CUSTOMERS: Netscape Corp., Oracle Corp., PeopleSoft, Inc., Autodesk, Inc., Corel Corp., Lucent Corp., others.

COMPETITORS:

No competitor can compete with Apricor's speed of delivery. And, many perceived competitors may actually become strategic partners. However, competitors comprise such companies as:

Fatbrain.com, iVendor, Inc., PFSweb, Inc., Corio, iPrint.com, ShopNow, and others.

STRATEGIC ALLIANCES:

Apricor recognizes the importance of such alliances and will focus on expanding its list of partners.

Current partnerships exist with companies in Ireland, Connecticut, and Northern California for manufacturing and fulfillment of customers' print and electronic media products. Other partnerships are being explored.

MANAGEMENT TEAM AND PRIOR EXPERIENCE:

- **CEO - John Zipp**: founder of several successful software companies, Board member and advisor to technology companies.
- **VP/Finance** - Identified for post-funding.
- **CTO/VP Engineering - Kevin Brown**: 14 years as a consultant for leading technology companies including AT&T and IBM.
- **VP/Professional Services - Alexander Fedorowicz**: independent consultant, and over 7 years with IBM Professional Services.
- **VP Marketing** - TBD
- **VP Sales** - T`BD.

OUTSIDE DIRECTORS:

- **Mark Larwood** - President/CEO Consolidated Publications, Inc.
- **Others** - TBD

KEY OPERATING METRICS:

Company Defined Operating Metrics

Apricor's focus is on developing technology clients with a high transaction volume and outsourced fulfillment:

- Clients' marketing and merchandising programs regulate transaction volumes. Current high monthly transaction volume is 100,000; low monthly volume is 75,000 transactions.
- Gross revenue per transaction averages $12.80.
- Revenue from front-end fees averages $20,000.

FINANCING HISTORY:

Financing Status

Apricor has raised initial financing of $300,000 to support product development and launch. Apricor is profitable and seeking funding for aggressive marketing expansion and hiring.

INVESTORS:

- Individual investors Round I
- Seeking financing Round 2

BUSINESS OVERVIEW:

Apricor incorporated is uniquely positioned to capitalize on a major strategic change now taking place in the technology supplier marketplace. Technology companies have begun to recognize and focus on the enormous cost and expense they are incurring to provide their customers with their product and its' associated technical documentation manuals.

Apricor calls this "The Deliverable Dilemma".

Over the past 5 to 10 years, technology companies worldwide have seen their cost of product and technical documentation creation and delivery skyrocket. As new releases of the product are announced the issues are compounded, as multiple versions must now be manufactured, warehoused, and processed. A variety of solutions have been tried, including the currently popular, direct download of the technology and on-line versions of the documentation. Unfortunately, technology companies have discovered that this is still not the complete answer, as a large percentage of their customers still want the CDs and hard copies of the documentation. As a result, costs continue to escalate and profits erode.

Consider some of the more obvious costs associated with delivery of a software product:

Copies of the software must be created and stored on thousands of CDs. Technical documentation must be printed in volume and stored. Unaccounted inventory and scrap. A warehouse operation must be maintained (expensive real-estate). Personnel must be employed. Orders must be processed. Returns must be processed. And, much, much more.

As a solution, Apricor and its' strategic partners have joined together to offer a complete and effective outsourced solution. Now, Apricor's customers simply create the master CD for the software product, approve the final proof of the technical documentation for printing, and then deposit royalty checks received monthly from Apricor

Apricor and its' strategic partners combine to provide an effective and cost saving outsourced solution for "The Deliverable Dilemma". Apricor's system provides the required components of e-commerce distribution, including: a customized, storefront application seamlessly integrated into Apricor's customers' website; a proprietary catalog/sales management software application; shopping cart; and, complete hosting and management of the application on Apricor's servers. In addition, the Apricor system provides for: order processing; media-on demand manufacturing; complete order fulfillment; call center operations support, and on-line customer service; returns handling and processing; daily reporting; e-mail campaign notification and management; and, more.