



Specialty Gifts Business Plan

Pink Lady Bug Designs LLC (PLBD) is a provider of high-quality, uniquely crafted chocolates, gift baskets and other fine products that are sold for the purpose of raising awareness and funds for women's health programs.

- We are a newly organized company seeking equity and loans for our start-up capital.
- By the end of Year Two we are projecting to double our sales; by the end of Year Three we plan to triple Year Two sales, and have a healthy cash balance.
- We will donate 50% of our after-tax profits to Women's health programs.
- Our business strategy is to maximize cash flows by minimizing overhead and capital expenses and thereby maximizing returns.

Pink Lady Bug Designs was formed to merchandise the concepts and designs of Linda Herter. Linda has been involved and employed in the merchandising industry since the early 1970's. After being diagnosed with Stage III breast cancer, Linda also was informed that the Internet dot-com company that she had been employed by was ceasing operation. Recognizing opportunity in adversity, Linda decided to use her creative and professional ability to form a company that would exploit her talents. A major objective of the company is to raise funds for breast cancer awareness as well as provide funds for women who are not able to afford necessary breast screenings. Above all, our desire is that Linda's story will provide hope and inspiration to others who may be faced with the same challenges.

The Pink Lady Bug Designs business strategy bundles many features and critical factors that will be key to our success:

- Delivering the Pink Lady Bug story.
- Offering only high-quality products.
- Contributing half of after-tax profits to women's health causes.
- Being first to market with little initial competition.
- Partnering with a celebrity spokesperson.
- Forming alliances with vendors and other suppliers of fine products.
- Selling a product that supports a cause to customers whose purchasing decision is emotionally driven.
- Our potential market consists of 20-30 million people in the United States alone. This group is comprised of the 2 million women who have been afflicted with breast and ovarian cancer over the past decade, in addition to their family, friends, and care-givers.
- Acceptance for our ideas and mission by prospective customers has been, and will continue to be, overwhelming.
- Endorsements by large organizations, such as: American Cancer Society, Breast and Cervical Cancer Program (BCCP), and more.
- Forming two-way links with the American Cancer Society and BCCP websites.

Pink Lady Bug Designs' strength lies in the talents and experiences of each of the principals involved fueled by an uncompromising conviction to help with the prevention and ultimate cure for life-threatening women's diseases. We also recognize that we have a weakness in the area of national marketing and distribution. It is through this recognition that we are forming synergistic alliances with companies and individuals that can provide counsel and guidance to launch our products nationally.

Members who bring the skills necessary to realize our goals, balance our team. Jim Herter has been employed as the Business and Facilities Manager by the Bigname University Food Services department for the past thirteen years. His primary duties are the planning and facilitating of a £31 million budget, oversight of the department's business and accounting staff, and conducting management training in the areas of financial



analysis and planning. Jim will serve as the vice president and Controller lending his financial planning skills.

Brian Egendoerfer is currently employed by the Bigname University as the Manager of Web Development Services. Mr. Egendoerfer was Director of Alumni Information Technology for the University's Alumni Association for six years. Brian's skills will be key to the maintenance of our Web pages.

Our organization is further enhanced by the formation of an Advisory Board of key support players who will give guidance and insight. Dr. Craig Sponseller, M.D., is a clinical research physician in Hepatology and Transplant Hepatology at Saint Louis University School of Medicine. He is intricately involved with the Cancer Center in management of liver cancer and other types of tumors. Dr. Sponseller traveled with Naomi Judd during her lecture circuit, "An Evening with Naomi Judd", to help educate the general public regarding hepatitis. His understanding of the medical community, as well as involvement with charities and philanthropic events, will prove inestimable.

George Friend, M.D., F.A.C.S graduated from Washington University School of Medicine in St. Louis, Missouri. He has been in practice in South Bend since 1971. From 1972 through the 1990's he was Director of Surgical Education at both Memorial Hospital and St. Joseph's Medical Center in South Bend, Indiana. He is currently Medical Director of Breast Care Services at Memorial Hospital in South Bend, Indiana. Dr. Friend's experience locally and nationally with the breast care and pharmaceutical communities will be a major asset.

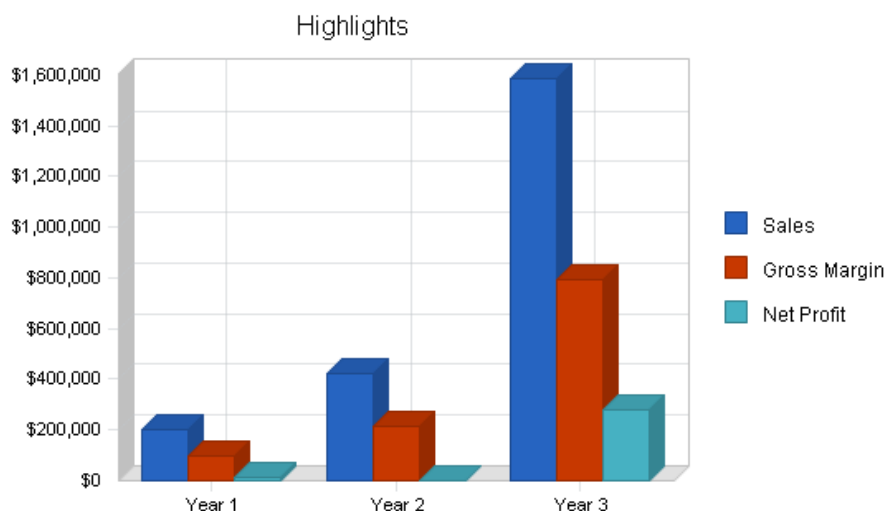
Karen Castles-Gray of Atlanta, Georgia, is President of Castles Sport, an upscale alumni apparel manufacturer with offices in New York, Massachusetts, and Atlanta. Castles Sport is licensed with over 40 prominent universities in the United States and has produced over £3 million in revenue last year. Karen's experiences and advice with merchandising on a national level will be very instrumental to our national sales strategy.

Phase One of our marketing plan will focus on the sale of high-quality chocolates. As a result of our research, and previous sales, we know that our products are already in demand by fund-raising groups for use as a favor at various functions. We are starting with a high-quality product that appeals to many markets. This popularity has been born out in the increasing demand for upscale chocolates. The beauty of our products is that customers who are interested in supporting our cause, or simply those that want fine chocolates, can enjoy them.

Because our expertise lies in merchandising, not production, we have entered into an agreement with Bissinger's French Confectioners of St. Louis, Missouri to produce our chocolates. The Bissinger family began creating their fine delicacies in 17th-century Paris, France. All product orders and fulfillment will be handled through Bissinger's thereby eliminating the need for capital outlay and logistics management on our part. We will also be able to take advantage of Bissinger's economies of scale for packaging and printing, as well as their established Web page product ordering system.

All development and operating capital to date has been self-funded through loans to the company by its principals. In order to further the company's objectives, we will need to secure loans and investments for Phase One. Funding will be used for legal and accounting fees, stationery and office supplies, marketing and promotions consultants, research and development, and Web page development. We will also purchase one personal computer equipped with cable modem capabilities. The remainder will be held as cash to ensure a positive cash balance during our start-up period.

We are offering three £20,000 memberships with principal and interest to be paid in years three, four, and five. With a large projected cash balance after Fiscal Year 3, we are confident that we will repay our equity members by Year 5.



1.1 Objectives

- To build a substantial cash balance by the end of year three.
- To contribute £100,000 by our third year to not-for-profit organizations that assist women's health initiatives and organizations.
- To reach increase sales ten-fold by the end of Year Three.
- To pay off any loans or equity investments by the end of Year Three.

1.2 Mission

Pink Lady Bug Designs is dedicated to becoming the premier provider of high-quality products to the market for the purpose of raising funds for under-served women's health programs. We will accomplish our mission by:

- Forming strategic alliances with companies and organizations that share our vision.
- Conducting our business fairly and ethically.
- Treating our employees with dignity and respect.

1.3 Keys to Success

- Telling the Pink Lady Bug story.
- Securing sufficient start-up capital to fund the marketing plan, administrative costs, Web page development, and operating cost for six to twelve months.
- Establishing a competitive advantage by being the first to market with our products and following up with a strong national marketing strategy.
- Securing a celebrity spokesperson/major national sponsorship for the product.
- Controlling finances and cash flows by keeping capital and operating costs low.

Company Summary

Pink Lady Bug Designs LLC sells high quality products to the market for the purpose of funding women's health initiatives. We have developed an alliance with Bissinger French Confections, one of the premier confectioners in the United States, to provide us with a range of unique products. The company was incorporated last year.

The Company concept was initially formed two years ago. Upon final approval the company will register an official trademark with the U.S. Patent and Trademark Office.



2.1 Company Ownership

Pink Lady Bug Designs LLC is a privately held corporation. It is registered as a Limited Liability Company, with ownership divided:

51% - Linda Herter

49% - James Herter

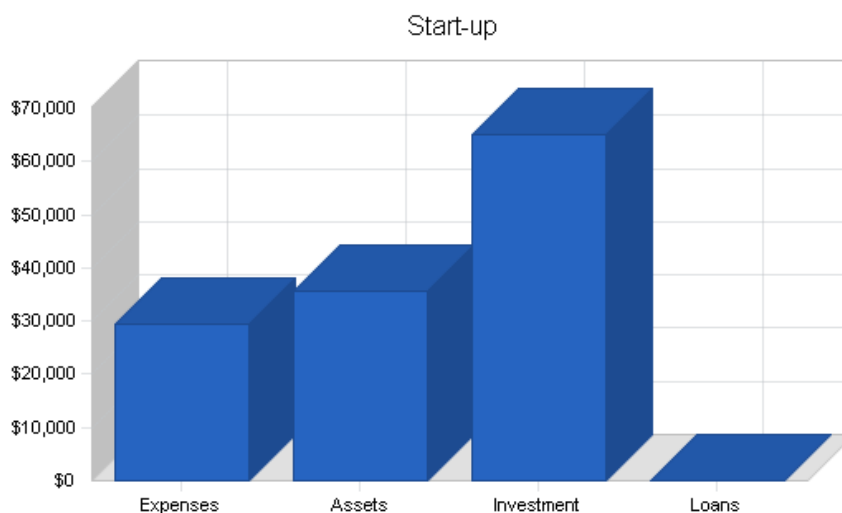
2.2 Company Locations and Facilities

The company office is located in the owner's residence. Initially, we will not maintain inventories or handle fulfillment, so warehousing facilities will not be necessary. Our plan includes the establishment of an office outside of our residence to house an expanded staff in Year Three.

2.3 Start-up Summary

Almost 40% of start-up funds will go towards, administrative, consulting, Web page development and product research and development costs. Expensed equipment includes a new Personal Computer has been made in order to run the requisite business and accounting software.

The balance of funds will be used to maintain a positive cash balance for the first three months of operation.



Start-up

Requirements

Start-up Expenses

Legal & Accounting	£6,000
Stationery etc.	£1,000
Brochures	£1,000
Consultants-Marketing & Merchandising	£10,000
Office Supplies	£1,000
Expensed Equipment	£4,000
Research and Development	£1,500
Web Page Development	£5,000

Источник бизнес-плана: <http://www.bplans.co.uk>



Total Start-up Expenses	£29,500
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Start-up Assets

Cash Required	£35,500
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Other Current Assets	£0
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Long-term Assets	£0
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Total Assets	£35,500
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Total Requirements	£65,000
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Start-up Funding

Start-up Expenses to Fund	£29,500
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Start-up Assets to Fund	£35,500
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Total Funding Required	£65,000
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Assets

Non-cash Assets from Start-up	£0
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Cash Requirements from Start-up	£35,500
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Additional Cash Raised	£0
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Cash Balance on Starting Date	£35,500
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Total Assets	£35,500
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Liabilities and Capital

Liabilities

Current Borrowing	£0
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Long-term Liabilities	£0
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Accounts Payable (Outstanding Bills)	£0
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Other Current Liabilities (interest-free)	£0
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Total Liabilities	£0
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Capital

Planned Investment

Investor 1	£20,000
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Investor 2	£20,000
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Investor 3	£20,000
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Other	£5,000
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Additional Investment Requirement	£0
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Total Planned Investment	£65,000
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Loss at Start-up (Start-up Expenses)	(£29,500)
Total Capital	£35,500

Total Capital and Liabilities	£35,500
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Total Funding	£65,000
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Products

Pink Lady Bug Designs will market uniquely designed products that incorporate a pink lady bug or pink ribbon that is used to identify breast cancer awareness programs and events. We have also been contacted by other women's health organizations to develop products that target their specific fund-raising needs.

Our packaging philosophy will take advantage of the attractive Pink Lady Bug Designs logo. Graphic designer Kaleen Healey developed the logo and package to take advantage of the beauty and popularity of lady bugs.

3.1 Product Description

Phase One will focus on high-quality chocolates. Primarily we are selling a cause: The cause is to help prevent needless and avoidable illnesses in women - especially for those who could not afford medical care - by raising funds to be used toward education, prevention and a cure.

The unique feature of the chocolates is the incorporation of both the pink lady bug and the pink ribbon, which is so identifiable with breast cancer awareness.

Pink Lady Bug Chocolates will bring three to five product offerings to market. We will sell a chocolate lolly pop or chocolate-covered cookie with the familiar pink ribbon and lady bug for event and occasions that require a favor-sized product. Intermediately priced items may consist of two and four caramel or mint candies in attractive packaging. These products can also be used as favors at more upscale events and also as gifts. For special occasions, we will offer high-quality confections that brighten the spirit.

A highly unique aspect to PLBD products is that they are already in high-demand from other charitable organizations. They can either be sold as premiums to these organizations or can be sold as stand-alone items.

In Phase Two, we will include gift baskets and plush collectible animals in our product line. Development of programs for other women's health causes will follow Phase Two.

3.2 Competitive Comparison

Our competition is difficult to define because of our multi-layered approach to the market. We are competing with the multitude of fund-raising organizations for a share of charitable dollars. Because we are incorporating several different retail products, we will also be in direct competition for those consumer dollars.

We feel that our product ideas and marketing strategies are unique. From our research we have not found any competition that has taken the aforementioned marketing approach.

Chocolates

- Direct Competition - From our research we have been unable to find any chocolates that are sold with the purpose of raising money for breast cancer awareness.
- Indirect Competition - Specialty chocolates such as Frango, Godiva, Ghiradelli, South Bend Chocolates,



Sugar 'n Spice. To a lesser extent, we will also have competition with Brach's, Fannie May, Russell Stover, et al.

Gift Baskets

- Direct Competition - From our research we have only found a few gift basket companies that sell their product at the national level with the purpose of raising money for breast cancer awareness. For the most part these are focused on a local level.
- Indirect Competition - Local florists and basket companies that specialize in "occasion-" baskets.

Plush Toys

- Direct Competition - From our research we have not found any companies that sell a collectible plush toy at the national level with the purpose of raising money for breast cancer awareness.
- Indirect Competition - Any of the collectible series of toys marketed by Ty, et al.

3.3 Sales Literature

Once final product selection has been made we will create full-color brochures that will be sent to prospective customers. Each of our products will carry the Pink Lady Bug story through print on the package or inserts in the boxes.

3.4 Sourcing

Sourcing is critical for any enterprise, especially a retail operation. Pink Lady Bug Design's first line of products - high quality chocolates and confections - will be produced exclusively by Bissinger French Confections of St. Louis, Missouri. We have entered into a non-binding agreement with Bissinger's, which can handle large volumes of product. Orders will be placed through PLBD's main office and then communicated to Bissinger's for fulfillment. This will ensure the most expedient delivery and the freshest product possible.

Advertising will be outsourced. Most sales promotions and public relations work are handled in-house by Linda Herter. Professional administrative and consulting tasks will also be outsourced.

3.5 Future Products

Phase Two

We will also expand our "Chocolates for a Cause" products for other women's health causes. After these causes have been addressed we will entertain the prospect of offering our services and expertise to causes outside of the women's health realm.

Panhellenic Chocolates

Contacts have also been made to national sororities, such as Alpha Omega Pi, to provide unique chocolates for Panhellenic functions. We will conduct test marketing at colleges around the Great Lakes region. Most sororities conduct the modern day equivalent of the traditional Sadie Hawkins dance. Accompanying the young lady's invitation to the prospective dance partner is frequently a favor, often in the form of common, everyday chocolates. Pink Lady Bug will provide chocolates in the shape of the sororities' and fraternities' Greek letters. This product will also help to fulfill the education objective of our mission by reaching young women who need to be aware of the need for health screenings.

Premium Chocolates

After the required capital has been generated, and the Pink Lady Bug brand identity has been strengthened, we will design the packaging and introduce a second line of upscale premium chocolates that are comparable to those merchandised in upper-tier department stores and Web pages. A beautiful garden of vibrant pastel-colored truffles and melt away chocolates will make a perfect complement to an already established line of chocolates.

Gift Baskets/Inspirational Items/Jewelry



Includes branching into other areas such as gift baskets that include chocolates, inspirational items from local author, artist, and breast cancer awareness advocate, Nancy Drew.

Pink Lady Bug Apparel

A line of apparel targeting teenage females, with the intent to foster women's health awareness, will be phased in within the three to five year plan. We will take advantage of the growing awareness and brand identity created by the Pink Lady Bug Chocolates by producing simple, yet attractive, hats, jewelry, shirts and other complementary items. We envision taking this program to the grade school, middle school, and high school levels. Our familiarity and experience with cheerleading, gymnastics and girls' athletics will allow us to effectively reach this market.

3.6 Technology

We use off-the-shelf, PC-based software for accounting purposes, including AR/AP, inventory, purchasing, sales, and returns.

Our Web page development, including graphics and layout, will be handled by Kaleen Healey, a Web page and graphic design artist. Day-to-day maintenance of the Web page will be handled by Brian Egendoerfer (see personnel). We will rely heavily upon our Web page as a marketing tool. Orders can easily be placed by customers and redirected to Bissinger's in St. Louis, thereby streamlining the order and fulfillment process.

Market Analysis Summary

Over the past ten years, an average of 150,000 women annually have been diagnosed with breast cancer. The most recent year's statistics, 2001, cites over 200,000 women affected. Another 23,000 women will be afflicted with ovarian cancer. Each of these women easily touch the lives of ten family members, friends, and others who care.

This unfortunately identifies over 20 - 30 million affected people in the U.S. who have a mother, grandmother, aunt, sister or loved one who have been diagnosed with cancer. That is approximately 1 out of 10 people in the U.S.

What these numbers speak to is the need for funding for research, education and treatment. It also describes a very large group of the United States population that is emotionally tied to the cause.

4.1 Market Segmentation

The "Fund-raiser" wants distinctive items that ties their event with their cause and also establishes a memorable occasion. The people in this group and their constituents also overlap the "Affected Family and Friends."

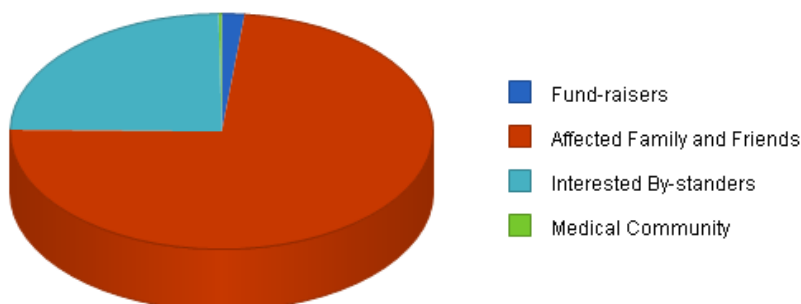
"Affected Family and Friends" are ubiquitous. This group, by far, constitutes the largest potential. The conservative estimate is that 15 million people are touched in some way by breast cancer alone. That number could actually be higher; possibly 30 million.

The "Medical Community" segment, comprised of radiology/oncology/surgical physician/nursing/hospice groups, in addition to the pharmaceutical companies, wants to provide goodwill gifts that help raise funds in addition to raising spirits.

The "Interested By-standers" will be attracted to our unique products and interesting designs. Their recognition of the Pink Lady Bug brand will lead them to purchase our products on a casual basis.



Market Analysis (Pie)



Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Fund-raisers	5%	350,000	367,500	385,875	405,169	425,427	5.00%
Affected Family and Friends	10%	15,000,000	16,500,000	18,150,000	19,965,000	21,961,500	10.00%
Interested By-standers	5%	5,000,000	5,250,000	5,512,500	5,788,125	6,077,531	5.00%
Medical Community	5%	50,000	52,500	55,125	57,881	60,775	5.00%
Total	8.74%	20,400,000	22,170,000	24,103,500	26,216,175	28,525,233	8.74%

4.2 Target Market Segment Strategy

Fund-raiser Segment

We will focus our marketing initially on the Fund-raiser segment for the various women's health organizations. The reason for this is two-fold:

- To generate cash flow through higher volume and lower overhead, and;
- To use this volume to get the brand recognized.

We will aggressively market the chocolates to various fund-raisers across the United States. The Susan G. Komen Breast Cancer Foundation is the preeminent awareness building and fund-raising organization for breast cancer. This foundation sponsors and supports hundreds of events throughout the year. We will pursue a partnership with this foundation.

The American Cancer Society sponsors and coordinates the largest charitable golf tournaments in the world. More than 800,000 golfers participate in over 800 tournaments held in 41 states. Winners from each of the local tournaments then compete for the state title. Each state then sends their champions to the ACS National Tournament.

The potential for bulk sales at each level of this tournament is substantial. These contests frequently culminate in luncheons and dinners. Many of these events routinely offer a "favor" at each place setting for the guest. We will aggressively market a four-piece favor size box of chocolate with the distinctive pink chocolate ribbon as a unique and impressive reminder of the purpose for the event.

Affected Family and Friends Segment

Affected Family and Friends is clearly the largest and all-encompassing group. We will concentrate on national advertising through magazines such as Rosie and "O", from Oprah Winfrey and our Web page to get the



message out. The formation of strategic alliances with national retail chains is being researched.

Additionally, we will target teenage girls through educational programs that use the Pink Lady Bug brand and products.

Medical Community Segment

Oncologists, radiologists, surgeons, nurses, and hospice workers that are involved with breast cancer have expressed an interest in purchasing Pink Lady Bug Chocolates to give to their patients as a token of their concern and to brighten their spirits. We will approach pharmaceutical companies to underwrite this as a goodwill program. The pharmaceutical company would be allowed to associate their name with the program as an underwriter. The chocolates would be offered to patients along with Linda Herter's story of hope and inspiration.

Primary Markets

- Fund Raising Event Coordinators – Reaches 300,000+
 - Radiology/Oncology/Surgical Physician/Nursing/Hospice Groups
 - Annual Association Meeting Coordinators - Reaches 50,000+
 - Breast Cancer Victims and Their Family and Friends 15-30 million
- Sources: American Cancer Society, The Susan G. Komen Breast Cancer Foundation, The Race is Run One Step at a Time, Nancy G. Brinker

4.2.1 Market Needs

Each of the market segments have their own needs. By maintaining a variety of products and price points, we will serve these needs. By tying our chocolates and confections into the women's health cause through a visual indication, such as the pink ribbon, or pink lady bug, we strongly influence the buying decision of the fund-raising and gift-giving markets. Our image is enhanced by providing distinctive products that make their event or occasion more memorable.

Favor - Based upon our research, the majority of fund-raising events will offer a favor at each event. Dinners at these fund-raisers will most always have a favor at each plate. This favor-sized item can also be used as a fund-raiser itself.

Favor/Gift - The intermediate-sized products can transcend both the favor and gift segments. From a favor standpoint items such as four and eight piece boxes, in addition to the "business card" products, can be used for upscale lunches and dinners. These products can also be used for gift-giving.

Gift - A range of elegant chocolates and confections are being developed to market to special occasions, i.e.; birthday, anniversary of successful treatments, Mother's Day, Christmas, Easter, etc.

4.2.2 Market Trends

Although the medical community is developing treatments, and ultimately a cure, the unfortunate fact is that each year the number of women world-wide diagnosed with life-threatening diseases increases. This unfortunate trend, by its nature, creates the need for further efforts for fund-raising.

Regarding High-Quality Chocolates

The retail chocolate industry in the U.S. is worth approximately £13.79 billion per year and continues to grow at an average rate of 1.3% per year. The high-end chocolate market is growing at a rate of about 10-20% per year. The following quote supports that fact:

"...high-end chocolates account for £2.5 billion in annual sales in the U.S. alone. That segment is growing by 10% to 20%. Add to this mix the rising popularity of chocolate for corporate gift giving, plus recent indications that dark chocolate may actually be healthy for you - and you have the makings of a veritable boom. In fact, some high-end chocolate companies are reporting annual sales increases of well over 100%, particularly in dark



chocolates. A growing proportion of these sales are coming from the Web."

Source: www.businessweek.com/smallbiz/0007/tr000731.htm

4.2.3 Market Growth

The following statistics are sobering reminders of how many women in the United States are stricken with the two most prevalent forms of cancer. We do not want to refer to this as market growth, yet an opportunity to cite the urgency to raise funds for treatment, education, and a cure.

General Breast Cancer Statistics

- An estimated 203,500 new invasive cases of breast cancer are expected to occur among women in the United States during 2002.
- An estimated 39,600 women will die from breast cancer.
- It is estimated that 1,500 men will be diagnosed and 400 men will die of breast cancer during 2002.
- Breast cancer is the leading cancer site among American women and is second only to lung cancer in cancer deaths.
- Breast cancer is the leading cause of cancer deaths among women ages 40-59.

General Ovarian Cancer Statistics

Ovarian cancer is a serious and under-recognized threat to women's health.

- Ovarian cancer, the deadliest of the gynecologic cancers, is the fourth leading cause of cancer death among U.S. women.
- Ovarian cancer occurs in one out of 57 women.
- The number of women diagnosed with the disease is projected to increase slightly, from 23,100 new cases in 2000 to 23,400 expected cases in 2001.
- An estimated 13,900 American women will die from ovarian cancer in 2001.

Sources: www.breastcancerinfo.org/bhealth/QA/q_and_a.asp and www.ovariancancer.org/general/

4.3 Industry Analysis

Pink Lady Bug Designs is entering into an industry that can be best described as pathos-driven retail marketing and merchandising. Because one of the primary goals is to raise breast cancer awareness and funds for research and other related programs, we will use the growing awareness and sympathetic feelings of customers in the market to help build brand awareness and fuel sales. Consumer expenditures for high-quality chocolates are expected to reach £3.2 billion in 2002. The following industry information supports our belief that the market will strongly support our high-end chocolate product.

"...high-end chocolates account for £2.5 billion in annual sales in the U.S. alone. That segment is growing by 10% to 20%."

Add to this mix the rising popularity of chocolate for corporate gift giving, plus recent indications that dark chocolate may actually be healthy for you - and you have the makings of a veritable boom. In fact, some high-end chocolate companies are reporting annual sales increases of well over 100%, particularly in dark chocolates. A growing proportion of these sales are coming from the Web.

Source: www.businessweek.com/smallbiz/0007/tr000731.htm

4.3.1 Competition and Buying Patterns

The competition may very well be other fund-raising organizations in the women's health realm. They may also be allies. We will make every attempt to form strategic alliances with organizations such as Susan G. Komen Foundation and others.



Because we will be first to market on a large-scale basis, it is hard to isolate the competition. Other companies market unique gift items. Most of these seem to be of the jewelry genre.

There are four main buying periods each year for the breast cancer awareness products: October, which is breast cancer awareness month; Mother's Day; Christmas; Valentine's Day.

4.3.2 Main Competitors

Direct Competition - Other fund-raising organizations, i.e., Susan G. Komen Foundation.

Indirect Competition - Specialty chocolates, such as; Frango, Godiva, Ghiradelli.

4.3.3 Industry Participants

Our competition is difficult to define because of our multi-layered approach to the market. We are competing with the multitude of fund-raising organizations for a share of charitable dollars. Because we are incorporating several different retail products, we will also be in direct competition for those consumer dollars.

We feel that our product ideas and marketing strategies are unique. From our research we have not discovered any competition that has taken the aforementioned marketing approach.

4.3.4 Distribution Patterns

We will employ several methods for order placement. Primarily, bulk product orders will be placed through Pink Lady Bug Designs and fulfilled through Bissinger's French Confectioners of St. Louis, Missouri. We will also develop national retail accounts. These will also be fulfilled through Bissinger's. Our intent is to deal with volume accounts as much as possible.

Our Web page will allow customers to browse our product and read about product development and programs. Individual orders can be placed on our Web page and will be linked to Bissinger's page for direct order placement and fulfillment.

Strategy and Implementation Summary

Strategy is focus: focusing on our strengths and away from our weaknesses. The key elements of our business strategy include:

- Developing brand recognition through exposure to community and business leaders participating in fund-raising events. We will also gain endorsement from national health organizations who are close to the causes that we represent. From there, our focus is to offer products to the various segments that answer to their specific needs.
- Focusing on offering products to the various segments that answer to their specific needs.
 - The fund-raiser groups either want to buy distinctive products in volume at a lower price point or want a product that is more elegant and still distinctive, yet affordable.
 - The Family and Friends group needs are focused on an affordable gift that a child can buy or a fine quality box of "one-of-a-kind" chocolates. Products offered to the various segments will be positioned and priced to satisfy the needs of the customers.
 - The Medical Community group wants products that raise the spirits of their patients. The pharmaceutical companies allocate resources to support the physicians.
- Receiving endorsements through the American Cancer Society. We also plan to have a celebrity endorsement of our products.



- Building our marketing infrastructure so that we can eventually reach a large population base.

5.1 Strategy Pyramid

Our main strategy is brand recognition. It is paramount to our success that the market recognizes our product and our causes.

The tactics under brand recognition include: exposure of our products and causes to community and business leaders; alliances with national health associations; celebrity spokesperson to represent our cause; national advertising.

Our programs will include: development of a database of event planners and coordinators nation-wide; mailing product information to each group along with product samples; attending women's health conferences and medical conclaves and trade shows; contacting celebrities who may be interested; enlisting the services of a professional marketing and promotions firm; utilization of the Internet to expose our products.

5.2 Value Proposition

Pink Lady Bug Chocolates will be positioned as a premium value product - products that cannot be found elsewhere in the market, yet are affordable. We will present each of our segments with products that are high-quality and unique that bring attention and focus to the applicable cause.

5.3 Competitive Edge

Without a doubt the primary competitive advantage will be our passion for helping others and the work-ethic and energy we will bring to the business. The unique selling point in the Pink Lady Bug story will help others to identify with the brand. Based upon two years worth of research, we feel confident that we will be the first to market with our products.

We feel very confident that by being first to market, maintaining close alliances with the women's health organizations, in addition to medical and pharmaceutical communities, we will establish a strong competitive advantage. These strategies combined with the willingness to continually research our market segment's needs will continue to keep us at the pinnacle of our business.

Innovative ideas for marketing and product development will only enhance our success. By maintaining a business strategy that takes advantage of the experience and expertise of our suppliers and allies, we will be able to keep our overhead and capital expenses low and channel resources towards research and development, as well as marketing.

5.4 Marketing Strategy

Our marketing strategy will focus on four segments. Those segments are described in the following sub topics.

- The plan will benchmark our objectives for sales promotion, mass selling, and personal selling.

Phase One of our marketing effort will focus on the "Fund-raisers" and the "Medical Community." We will implement a strategy that gives each of these segments personalized service. This means our marketing resources will be centered around both direct contact by the company president and printed product sheets and product samples that are delivered to the event coordinators, pharmaceutical representatives and physician groups.

A larger portion of the marketing budget will be apportioned to national advertising and promotion in order to deal with the "Family and Friends" segment.

- The marketing budget will be equal to a minimum of 5% of sales and no more than 15%.
- Marketing promotions will be consistent with the Mission Statement.

The "Interested By-standers" will be drawn by our attractive displays, beautiful packaging and collectible



products.

5.4.1 Promotion Strategy

A mix of promotion strategies will be used that are dependent upon the particular segment. We have budgeted £10,000 in our start-up costs to enlist the services of a professional marketing and promotion firm to assist us with the most effective method of reaching the various markets.

Linda Herter has already made numerous contacts with national organizations regarding their interest in our products: She will continue to conduct these solicitations. Free product samples will be sent to interested groups. We have also budgeted travel expense in the start-up costs and ongoing operational expenses for Linda to attend national conferences for these groups in addition to national conferences for professional medical groups.

5.4.2 Distribution Strategy

Bissinger French Confectioners will handle all distribution of product through their St. Louis plant. Web page orders can also be handled directly through their system.

5.4.3 Marketing Programs

Our most important marketing program is re-establishing contacts with organizations and event planners for Breast Cancer Awareness events and functions. Linda Herter will be responsible, with a budget of £3,000 and a milestone date of the 15th of July. This program is intended to make original contacts aware that we have a new product line and attract new customers. Achievement should be measured by securing sales of £129,000 by the end of December 2002.

5.4.4 Positioning Statement

Pink Lady Bug Designs' products give the customer a high-quality product that has true value and also allows them to contribute toward a cause. For fund-raising function coordinators who are looking for a distinctive product to make a lasting impression, Pink Lady Bug Chocolates will more than meet that need. Currently, those event coordinators do not have such a distinctive product.

5.4.5 Pricing Strategy

Our pricing strategy will be developed by comparing our products to other like products and then taking into consideration what the market will bear. We are selling a unique product for a specific reason -- to raise money for benevolent programs. Because of this approach, we will be able to price our product slightly higher than comparable products in the market.

5.5 Sales Strategy

Sales will primarily be handled by Linda Herter. Leads will be developed through direct mailing and sales will be generated through follow-up calls. The Web page will also be used for customers to place orders directly -- orders placed through the Web page will be directed to Bissinger's Web page.

We will also develop fund-raising programs with specific groups who choose to sell our products as a fundraiser. Ordinarily funds would go into specific accounts to be directed to pre-determined organizations or programs, such as the Secret Sisters Society. In certain cases, portions of the proceeds can be directed to the group that is selling the products.

A key feature of our alliances with other organizations is the inclusion of a two-way link between Pink Lady Bug Designs' website and the various organizations' websites. We have already received agreements from the

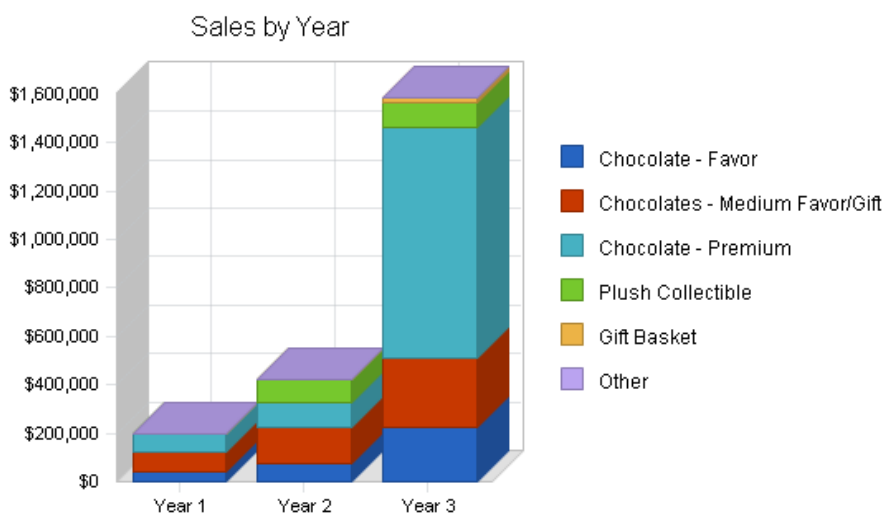
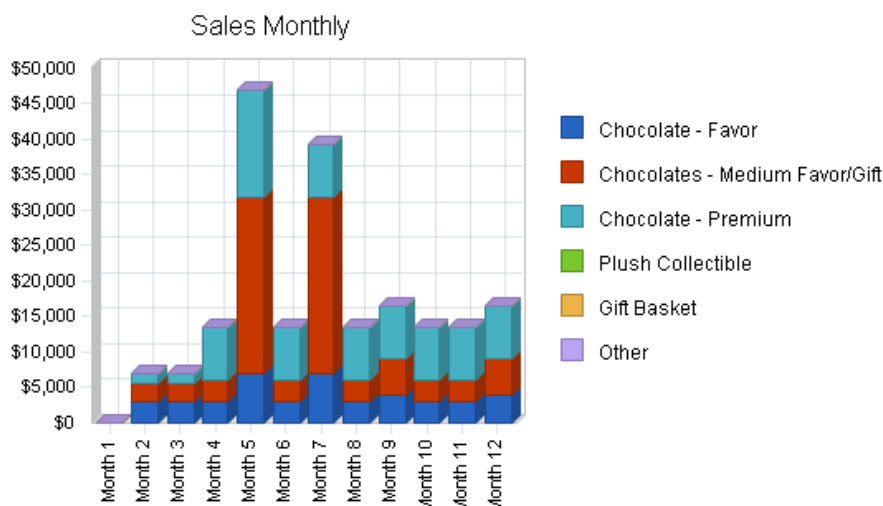


American Cancer Society and states Breast and Cervical Cancer Programs to form two-way links.

5.5.1 Sales Forecast

The following table and chart give a run-down on forecasted sales. The months for the highest potential sales coincide with October (and the two months prior) for National Breast Cancer Awareness, May for Mother's Day, December for Christmas, and February for Valentine's Day.

Year Two and beyond includes the development of baskets and collectible plush animals that will be offered as a premium and offered on a limited basis, a la Longaberger's annual Breast Cancer Awareness Basket.



Sales Forecast

	Year 1	Year 2	Year 3
Sales			
Chocolate - Favor	£42,785	£73,630	£225,865
Chocolates - Medium Favor/Gift	£79,720	£149,700	£285,480
Chocolate - Premium	£77,948	£100,433	£952,635
Plush Collectible	£0	£99,900	£99,900
Gift Basket	£0	£0	£25,000
Other	£0	£0	£0



Total Sales	£200,453	£423,663	£1,588,880
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Direct Cost of Sales	Year 1	Year 2	Year 3
Chocolate - Favor	£21,397	£36,815	£112,933
Chocolates - Medium Favor/Gift	£39,859	£74,850	£142,740
Chocolate - Premium	£38,977	£50,217	£476,318
Plush Collectible	£0	£49,950	£49,950
Gift Basket	£0	£0	£12,500
Other	£0	£0	£0
Subtotal Direct Cost of Sales	£100,233	£211,832	£794,441

5.5.2 Sales Programs

We will not take any sales incentives for the first full year to ensure positive cash flows. Any extra net profit will be held as cash with distributions being paid to investors. Once we have established profitability, we will offer sales incentives as well as profit sharing.

5.6 Strategic Alliances

Alliances and synergy with various suppliers and women's health organizations will be critical to our success. For Phase One of our plan, partnering with Bissinger's French Confectioner's to provide us product at a "better than wholesale" rate, along with logistics and fulfillment solutions, will allow us to make a healthy margin to keep the company viable.

An endorsement from the American Cancer Society and Ovarian Cancer National Alliance for our products and programs will help with national exposure and developing fund-raising event contacts.

We will work with the Susan G. Komen Foundation -- the leader in breast cancer awareness and prevention programs -- to form an alliance that supports both their programs and ours.

Linda Herter is a charter member and driving force behind the Secret Sisters Society, a soon to be nationally recognized program that enlists benefactors and sponsors to fund under-served women's programs. This will create a new market for Pink Lady Bug Designs products.

We will also strongly pursue alliances with pharmaceutical companies. In exchange for their sponsorships and underwriting of costs for various fund-raisers and goodwill products at treatment centers and physicians offices, we will give recognition by allowing them to use our name and include their company logo on our promotional materials and packaging.

We are in the initial phase of developing an alliance with Longaberger Baskets to supply chocolates for their annual breast cancer awareness initiative.

5.7 Milestones

The accompanying table lists important program milestones, with dates and managers in charge, and budgets for each. The milestone schedule indicates our emphasis on planning for implementation.

The most critical step in the start-up process is the selection of the final product. Bissinger's French Confectioners will have product samples completed by the end of June 2002. Once the product selection has been made, brochures and color photography can be produced and other related marketing and promotion steps can be completed.

The milestone table shows purchasing, sales, and marketing goals. What the table doesn't show is the commitment behind it. Our business plan includes complete provisions for plan-vs.-actual analysis, and we will



hold follow-up meetings every month to discuss the variance and course corrections.



Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan Completion	5/11/2002	5/21/2002	£100	Jim Herter	Finance
Start-up Capital	5/22/2002	6/15/2002	£200	Jim Herter	Finance
Obtain Business Insurance	6/16/2002	6/16/2002	£600	Linda Herter	President
Consult w/ Attorney	6/20/2002	6/27/2002	£3,000	Jim/Linda	President
Consult w/ Accountant	6/20/2002	6/27/2002	£3,000	Jim Herter	Finance
Establish Telephone/Fax Lines	6/22/2002	6/29/2002	£250	Linda Herter	President
Obtain Product Samples	6/15/2002	6/29/2002	£1,500	Linda/Jim	President
Develop Web Page	6/15/2002	7/15/2002	£5,000	Linda Herter	President
Re-print Stationery, Business Cards	6/15/2002	6/30/2002	£1,000	Linda Herter	President
Brochures	6/15/2002	6/30/2002	£1,000	Linda Herter	President
Develop National Database	6/1/2002	6/30/2002	£0	Linda Herter	President
Mail Brochures/Product Samples	7/1/2002	7/15/2002	£500	Linda Herter	President
Purchase Office/Computer Equipment	8/1/2002	8/1/2002	£4,000	Jim Herter	IS
Marketing Consultation	12/1/2002	12/31/2002	£10,000	Linda/Jim	Company
Secure Celebrity Spokesperson	1/1/2003	2/28/2003	£3,000	Linda	President
Totals			£33,150		

Web Plan Summary

The Pink Lady Bug Designs LLC website will be the virtual business card and portfolio for the company, as well as its online "home." The PLBD website needs to be a simple, yet elegant and well designed, website that stays current with the latest trends and provides information to the customers and a portal to our programs and products. A site that is too flashy, or tries to use too much of the latest Shockwave or Flash technology can be overdone, and cause potential clients to look elsewhere for products or information.



6.1 Website Marketing Strategy

We will maintain a two-way link between our website and our product suppliers. In addition to using the page as a sales tool, we will develop a monthly newsletter and a links page for other women's health sites.

We will also maintain two-way links between large women's health organizations and supporters.

6.2 Development Requirements

The Pink Lady Bug Designs website will be initially developed with few technical resources. A simple hosting provider, Register.com services, will host the site and provide the technical back end.

PLBD will work with a Kaleen Healey and associates, a user graphic and interface designer to develop the simple, elegant, yet Internet focused site. This group will design all website graphics and layout.

The maintenance of the site will be done by Brian Egendoerfer who is currently employed by the Bigname University as the Manager of Web Development Services. As the website rolls out future development such as newsletters and other related women's health related issues, a technical resource may need to be contracted to build the trackable download and the newsletter capabilities.

Management Summary

Pink Lady Bug Designs will be staffed by employees that believe in the cause and believe in the success potential of a true team. No one person is more important than the next -- each team member is integral to the synergy of the team and the ultimate success of Pink Lady Bug Designs.

7.1 Organizational Structure

Pink Lady Bug Designs is non departmentalized. Operating requirements are matched to the skills and creativity of existing staff members. Linda Herter is President and lead public relations representative, as well as the head of the sales staff for the company. Jim Herter is Vice President and Controller with primary responsibilities that include business development, financial analysis, and accounting.

As the business grows we will add an Office Manager/Administrative Assistant to assist Linda Herter as well as a Marketing/Sales Manager.

7.2 Management Team

Linda Herter, 48, President

Mrs. Herter brings a strong background and intimate understanding of marketing, merchandising and creative design. Employed by the Bigname University Alumni Association as the Assistant Director of Merchandising from August 1993 to April 2000, her primary responsibility was generating capital to fund various continuing education programs by developing and overseeing merchandising and affinity programs.

One of Mrs. Herter's major accomplishments was the development of the Spirit Shop -- a traveling merchandise store -- that helped local Alumni Clubs across the United States raise money to fund their activities. Her travels have taken her from coast to coast and allowed her to create a diverse network of college and university contacts.

She was also instrumental in developing and administering many internal retail programs at the Bigname University. These responsibilities included oversight of game day retail shops for the Alumni Association, development of the License Plate program, and annual creation of the Christmas Ornament.

Prior to her tenure at the University, Mrs. Herter served in various managerial roles in the retail apparel



industry. Casual Corner, Victoria's Secret, and Genie Shop have been the beneficiaries of her expertise.

Mrs. Herter is also the 2001 Honorary Chairperson for the Breast Cancer Awareness Run sponsored by the American Cancer Society. She has been a member of the St. Joseph's Regional Medical Center Women's Cancer Task Force since October 2001. Linda also has served on the American Cancer Society Executive Committee since August 2001. Currently, she is the Chairman of the Secret Sisters Society Luncheon to be held in September 2002 which will raise funds for under-served women in the community that do not qualify for free mammogram programs.

Jim Herter, 42, Vice President and Controller

Mr. Herter has been employed as the Business and Facilities Manager by the Bigname University Food Services department for the past thirteen years. His primary duties are the planning and facilitating of a £31 million budget, oversight of the department's business, accounting, maintenance and identification card production staff, in addition to conducting management training in the areas of financial analysis and planning. Jim also provides direction to the department's management staff regarding capital and plant fund planning. He is responsible for working with management and administrators to ensure that equipment and facilities are maintained and food service equipment technologies are kept current. He frequently assists the Food Services catering department with logistics and coordination for events ranging in size from several hundred guests to several thousand.

Mr. Herter's background in business and the food service industry dates back 25 years when he began working in restaurants at an early age. After leaving State University in 1981, he became a part-time employee with Taco Bell (at the time a PepsiCo company) while attending classes at University. Within five years he was promoted to District Manager, overseeing as many as eight stores. During this time, his district was consistently in the top 20 in sales the United States. Jim's district was selected as a national test market for several new products and systems rollouts because of high quality, service, cleanliness, and hospitality ratings. In addition, his expertise was used to facilitate the opening of many new units in the greater Chicago area and oversee the in-store "fast track" training of upper management.

Brian Egendoerfer, 35, Web Engineer/Consultant

The Bigname University currently employs Mr. Egendoerfer as the Manager of Web Development Services. From 1995 to 2000, Mr. Egendoerfer was Director of Alumni Information Technology for the University's Alumni Association. During this time, he helped establish and grow the Alumni Association Internet presence for the University and has extended the available Internet technology to over 100 University-related alumni groups around the world. Mr. Egendoerfer was the originator and driving force behind the Alumni Association's Internet community which provided an online directory, lifetime email forwarding, and discussion lists in a private alumni-only Internet community.

Mr. Egendoerfer worked for Miller and Miller Information Management Systems from 1992 to 1995 in a support/consultant role. Miller and Miller designs and integrates Novell, UNIX, and Windows NT LANs and also offers business process, workflow and image management consulting services. Mr. Egendoerfer graduated from University in 1989 with a Bachelor of Science degree in Physics. He obtained a Master of Science degree in Administration, magna cum laude, from the University's College of Business Administration in 1999.

Board of Advisors

Craig A. Sponseller, M.D.

Dr. Sponseller is a clinical research physician in Hepatology and Transplant Hepatology at Saint Louis University School of Medicine. He is trained in Internal Medicine at the Medical College of Ohio and in Gastroenterology/Hepatology and Transplant Hepatology at Saint Louis University School of Medicine. Dr. Sponseller began his research experience at Pennsylvania State Medical School and continued his experience in cancer research at Ohio State University School of Medicine. His clinical research in treatment of hepatitis and advances in transplantation have been presented across the country and published in several medical journals. He is intricately involved with the Cancer Center in management of liver cancer and other types of tumors. He



is a member of the American Association for the Study of Liver Disease and the American Gastroenterology Association.

Dr. Sponseller traveled with Naomi Judd during her lecture circuit "An Evening with Naomi Judd" providing information and discussion regarding hepatitis C awareness. He continued to reach the public on treatments and management of hepatitis while participating in the Judd's 2000 Power to Change Tour in affiliation with the American Liver Foundation. Dr. Sponseller has been a strong advocate in disease awareness nationwide and has participated in many local charities and philanthropic events.

George Friend, M.D., F.A.C.S

Dr. Friend graduated from Washington University School of Medicine in St. Louis, Missouri, Dr. Friend completed his general surgical residency at the University of Miami Hospitals and did vascular surgical training at Baylor University Hospitals. He has been in practice in South Bend since 1971.

Board certified, Dr. Friend is a fellow of the American College of Surgeons. He is a member of the Indiana State Medical Association and the St. Joseph County Medical Society. From 1972 through the 1990's he was Director of Surgical Education at both Memorial Hospital and St. Joseph's Medical Center in South Bend, Indiana. He served as chairman of the Department of Surgery at Memorial Hospital and St. Joseph Medical Center and vice-president of the medical staff at Memorial Hospital. He is currently Medical Director of Breast Care Services at Memorial Hospital in South Bend, Indiana.

Dr. Friend will bring a well-informed perspective on current issues concerning breast cancer patients. He also is well connected in medical and pharmaceutical communities across the United States and will provide guidance concerning the appropriate business contacts within these communities. A lifelong resident of South Bend, Dr. Friend is married and has four children.

Karen Castles-Gray

Mrs. Gray of Atlanta, Georgia, is President of Castles Sport, an upscale alumni apparel manufacturer with offices in New York, Massachusetts, and Atlanta. Castles Sport is licensed with over 40 prominent universities in the United States and has produced over £3 million in revenue in 1999. The Castles Sport Collection is featured in some of America's finest department stores including Parisian, Profit's, Dillard's, Belk and Jacobson's. Castles Sport is generally considered to be the up and coming supplier of Ralph Lauren quality and style goods with college logos that are targeted to the alumni market.

7.3 Management Team Gaps

The business strategy for Pink Lady Bug Designs is to start with a minimum of overhead expenses. As a result, Linda Herter will have to cover many of the day-to-day functions that would ordinarily be handled by other staff members. This will cause potential constraints on her time, time that would be better spent on business development and public relations.

7.4 Personnel Plan

The personnel plan is included in the following table. It shows the owners' salary followed by other critical positions. We will employ part-time positions to help with office/clerical duties until such time that the business growth requires the addition of full-time staff.

Sales staff salaries will be built upon a base with performance-based bonuses. All employees will be involved with a profit-sharing program that is also based upon the success of the company.

Personnel Plan

	Year 1	Year 2	Year 3
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Linda Herter - President	£40,000	£60,000	£100,000
Jim Herter - Vice President/Controller	£0	£20,000	£42,000
Office Manager/Administrative Assistant	£0	£32,000	£33,600
Marketing/Sales Manager	£0	£20,000	£42,000
Total People	1	4	4
Total Payroll	£40,000	£132,000	£217,600

Financial Plan

1. Growth will be moderate after Year Three, cash flows steady.
2. We will conduct most of our sales by credit card, check, or money order.
3. We want to finance growth mainly through cash flow. We recognize that this means we will have to grow more slowly than we might like.
4. Marketing will remain below 15% of sales.
5. The company will invest residual profits into financial markets and not company expansion (unless absolutely necessary).

8.1 Important Assumptions

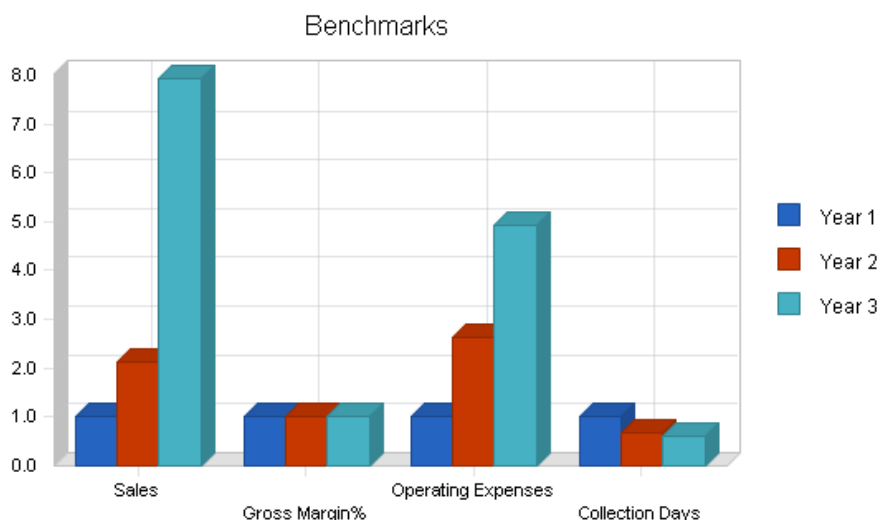
- As women continue to be diagnosed with life-threatening diseases, there will be a growing market for our assistance services.
- Benevolent corporate involvement with health causes will continue to be strong.
- Upscale chocolates will continue to gain in popularity.
- We can be first-to-market and establish a strong foothold within the first 8-12 months .

General Assumptions

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	8.00%	8.00%	8.00%
Long-term Interest Rate	8.00%	8.00%	8.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

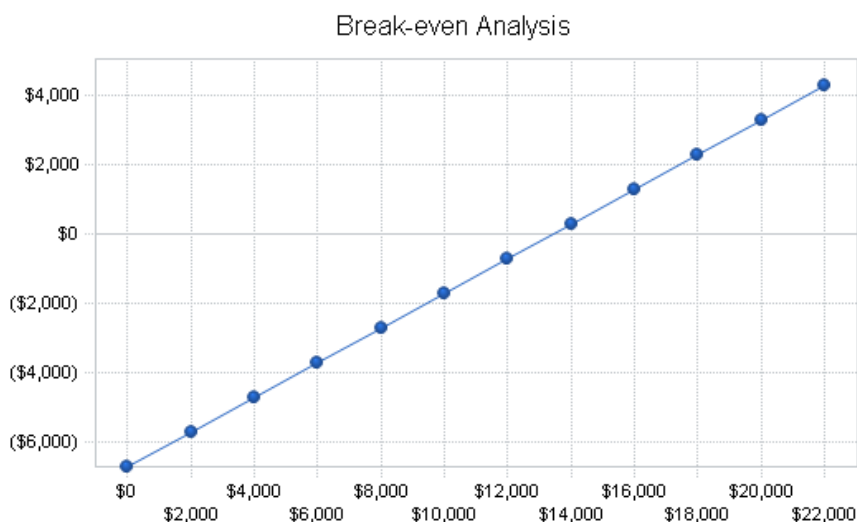
8.2 Key Financial Indicators

We chose these four indicators because they all have real impact on the health of a business. We focus not on gross amounts as much as changes. The chart actually shows changes on a year-to-year basis, rather than gross amounts. For example, growing sales from £1 million to £2 million shows up exactly the same in the chart as growing sales from £20,000 to £40,000. That would also show up the same as increasing gross margin from 20% to 40%, or increasing collection days from 30 to 60, or increasing inventory turnover from four to eight. The chart uses indicator values that are set to compare changes with the base year showing up as 1.00 and all other years showing up as multiples from the base.



8.3 Break-even Analysis

A break-even analysis table has been completed on the basis of average costs/prices. Our cost of goods is 50%. The table below shows our average monthly fixed costs, and the amount we need to sell per month to break-even.



Break-even Analysis

Monthly Revenue Break-even £13,450

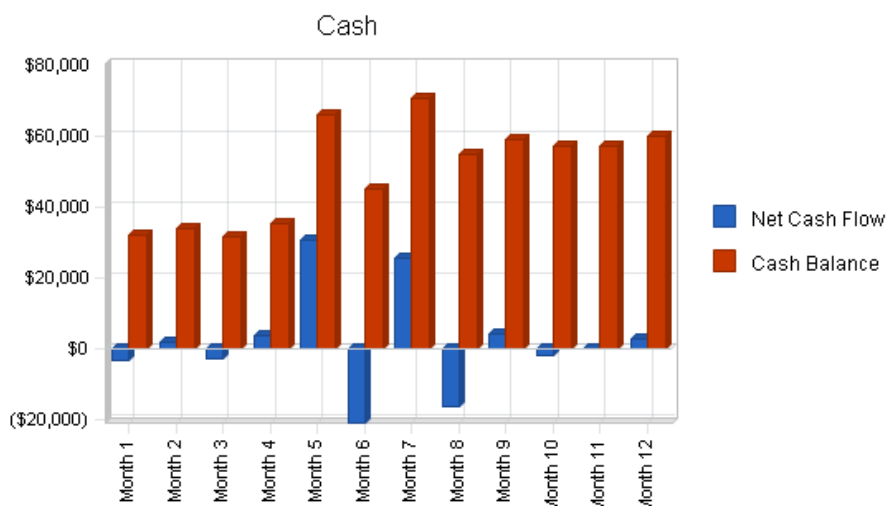
Assumptions:

Average Percent Variable Cost 50%

Estimated Monthly Fixed Cost £6,724

8.4 Projected Cash Flow

We expect to manage cash flow through the cash balance from start-up Investments. No further plans have been made at this point for equity investments through Fiscal Year 2005.



Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	£190,430	£402,480	£1,509,436
Cash from Receivables	£8,549	£19,543	£70,880
Subtotal Cash from Operations	£198,980	£422,022	£1,580,316
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	£0	£0	£0
New Current Borrowing	£0	£0	£0
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	£0	£0	£0
Subtotal Cash Received	£198,980	£422,022	£1,580,316

	Year 1	Year 2	Year 3
Expenditures			
Expenditures from Operations			
Cash Spending	£40,000	£132,000	£217,600
Bill Payments	£134,382	£277,619	£1,026,574
Subtotal Spent on Operations	£174,382	£409,619	£1,244,174
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0
Principal Repayment of Current Borrowing	£0	£0	£0

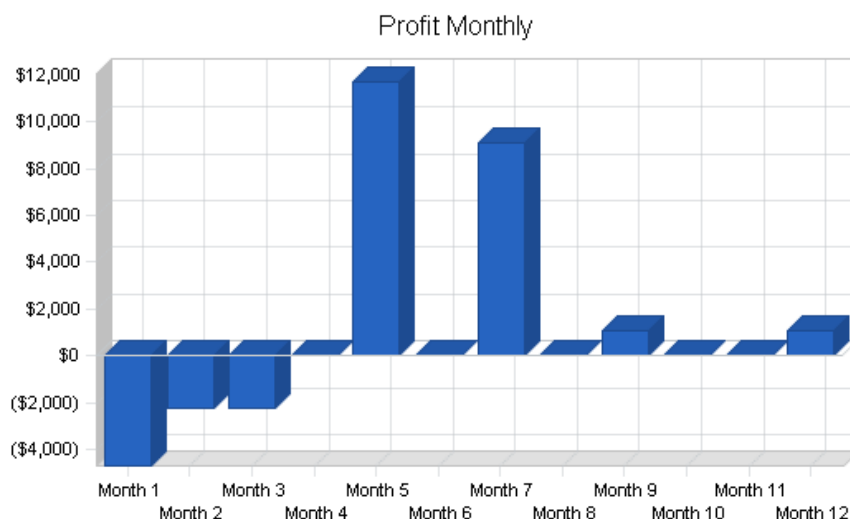


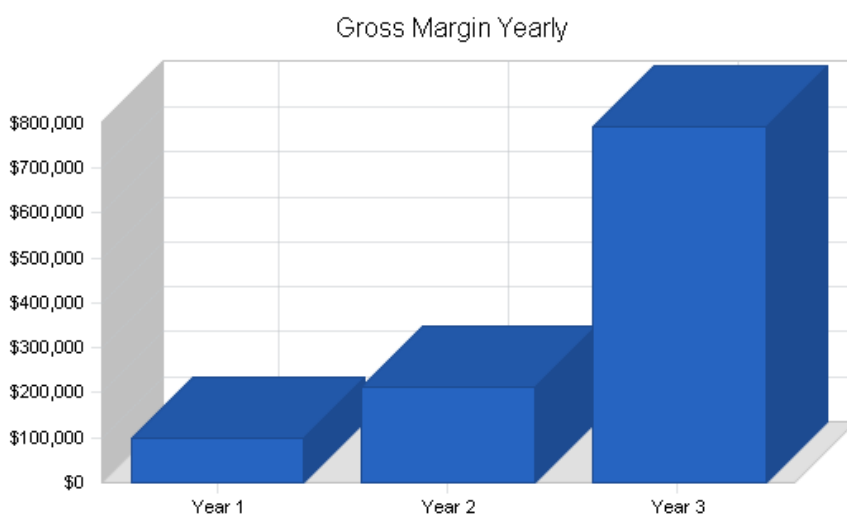
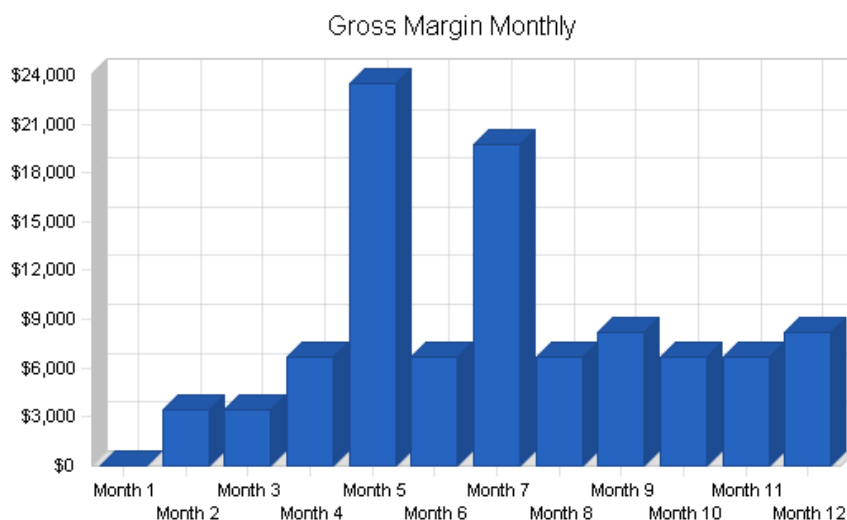
Other Liabilities Principal Repayment	£0	£0	£0
Long-term Liabilities Principal Repayment	£0	£0	£0
Purchase Other Current Assets	£0	£0	£0
Purchase Long-term Assets	£0	£0	£18,000
Dividends	£0	£0	£0
Subtotal Cash Spent	£174,382	£409,619	£1,262,174
Net Cash Flow	£24,598	£12,404	£318,142
Cash Balance	£60,098	£72,501	£390,643

8.5 Projected Profit and Loss

The first year of operations will be spent developing sales and business relationships with key companies and organizations. The sales goal for Year One is conservative and realistic.

We feel that doubling sales in Year Two is very attainable and necessary to fund marketing and personnel objectives. Net profits are reduced in Fiscal Year 2004 as staff members are added and marketing expenditures are increased. This strategy will allow Pink Lady Bug Designs attain the aggressive sales goal in Fiscal Year 2005.





Pro Forma Profit and Loss

	Year 1	Year 2	Year 3
Sales	£200,453	£423,663	£1,588,880
Direct Cost of Sales	£100,233	£211,832	£794,441
Other Production Expenses	£0	£0	£0
Total Cost of Sales	£100,233	£211,832	£794,441
Gross Margin	£100,220	£211,831	£794,439
Gross Margin %	50.00%	50.00%	50.00%

Expenses

Payroll	£40,000	£132,000	£217,600
Sales and Marketing and Other Expenses	£27,300	£44,500	£117,500
Depreciation	£792	£1,600	£1,600
Leased Equipment	£0	£0	£10,000
Utilities	£3,000	£5,000	£6,000



Insurance	£3,600	£3,600	£3,600
Rent	£0	£5,000	£9,600
Payroll Taxes	£6,000	£19,800	£32,640
Other	£0	£0	£0
Total Operating Expenses	£80,692	£211,500	£398,540
 Profit Before Interest and Taxes	 £19,528	 £331	 £395,899
EBITDA	£20,320	£1,931	£397,499
Interest Expense	£0	£0	£0
Taxes Incurred	£5,858	£99	£118,770
 Net Profit	 £13,670	 £232	 £277,129
Net Profit/Sales	6.82%	0.05%	17.44%

8.6 Projected Balance Sheet

All of our tables will be updated monthly to reflect past performance and future assumptions. Future assumptions will not be based on past performance but rather on economic cycle activity, regional industry strength, and future cash flow possibilities. We expect solid growth in net worth beyond the year 2004.

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	£60,098	£72,501	£390,643
Accounts Receivable	£1,473	£3,114	£11,678
Other Current Assets	£0	£0	£0
Total Current Assets	£61,571	£75,615	£402,321
Long-term Assets			
Long-term Assets	£0	£0	£18,000
Accumulated Depreciation	£792	£2,392	£3,992
Total Long-term Assets	(£792)	(£2,392)	£14,008
Total Assets	£60,779	£73,223	£416,329
 Liabilities and Capital	 Year 1	 Year 2	 Year 3
Current Liabilities			
Accounts Payable	£11,609	£23,822	£89,799
Current Borrowing	£0	£0	£0
Other Current Liabilities	£0	£0	£0



Subtotal Current Liabilities	£11,609	£23,822	£89,799
Long-term Liabilities	£0	£0	£0
Total Liabilities	£11,609	£23,822	£89,799
Paid-in Capital	£65,000	£65,000	£65,000
Retained Earnings	(£29,500)	(£15,830)	(£15,599)
Earnings	£13,670	£232	£277,129
Total Capital	£49,170	£49,401	£326,531
Total Liabilities and Capital	£60,779	£73,223	£416,329
Net Worth	£49,170	£49,401	£326,531

8.7 Business Ratios

Standard business ratios are included in the table. The ratios show a plan for balanced, healthy growth. The ratios use the Standard Industrial Classification code 5947.0103, Gift Baskets, retail, which is a close approximation of our business.

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	111.35%	275.03%	3.34%

Percent of Total Assets

Accounts Receivable	2.42%	4.25%	2.81%	15.88%
Other Current Assets	0.00%	0.00%	0.00%	23.99%
Total Current Assets	101.30%	103.27%	96.64%	80.29%
Long-term Assets	-1.30%	-3.27%	3.36%	19.71%
Total Assets	100.00%	100.00%	100.00%	100.00%

Current Liabilities	19.10%	32.53%	21.57%	36.19%
Long-term Liabilities	0.00%	0.00%	0.00%	15.42%
Total Liabilities	19.10%	32.53%	21.57%	51.61%
Net Worth	80.90%	67.47%	78.43%	48.39%

Percent of Sales

Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	50.00%	50.00%	50.00%	37.74%
Selling, General & Administrative Expenses	43.18%	49.95%	32.56%	23.72%
Advertising Expenses	5.99%	4.72%	4.72%	2.14%
Profit Before Interest and Taxes	9.74%	0.08%	24.92%	1.65%

Main Ratios

Current	5.30	3.17	4.48	1.98
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Quick	5.30	3.17	4.48	0.74
Total Debt to Total Assets	19.10%	32.53%	21.57%	58.19%
Pre-tax Return on Net Worth	39.72%	0.67%	121.24%	3.65%
Pre-tax Return on Assets	32.13%	0.45%	95.09%	8.72%

Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	6.82%	0.05%	17.44%	n.a
Return on Equity	27.80%	0.47%	84.87%	n.a

Activity Ratios				
Accounts Receivable Turnover	6.80	6.80	6.80	n.a
Collection Days	57	40	34	n.a
Accounts Payable Turnover	12.58	12.17	12.17	n.a
Payment Days	27	22	19	n.a
Total Asset Turnover	3.30	5.79	3.82	n.a

Debt Ratios				
Debt to Net Worth	0.24	0.48	0.28	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

Liquidity Ratios				
Net Working Capital	£49,962	£51,793	£312,523	n.a
Interest Coverage	0.00	0.00	0.00	n.a

Additional Ratios				
Assets to Sales	0.30	0.17	0.26	n.a
Current Debt/Total Assets	19%	33%	22%	n.a
Acid Test	5.18	3.04	4.35	n.a
Sales/Net Worth	4.08	8.58	4.87	n.a
Dividend Payout	0.00	0.00	0.00	n.a



Appendix

Sales Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Chocolate - Favor	0%	£0	£2,985	£2,985	£2,985	£6,965	£2,985	£6,965	£2,985	£3,980	£2,985	£2,985	£3,980
Chocolates - Medium Favor/Gift	0%	£0	£2,495	£2,495	£2,970	£24,950	£2,970	£24,950	£2,970	£4,990	£2,970	£2,970	£4,990
Chocolate - Premium	0%	£0	£1,499	£1,499	£7,495	£14,990	£7,495	£7,495	£7,495	£7,495	£7,495	£7,495	£7,495
Plush Collectible	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Gift Basket	0%	£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	£0
Total Sales		£0	£6,979	£6,979	£13,450	£46,905	£13,450	£39,410	£13,450	£16,465	£13,450	£13,450	£16,465
Direct Cost of Sales		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Chocolate - Favor		£0	£1,493	£1,493	£1,493	£3,483	£1,493	£3,483	£1,493	£1,990	£1,493	£1,493	£1,990
Chocolates - Medium Favor/Gift		£0	£1,247	£1,247	£1,485	£12,475	£1,485	£12,475	£1,485	£2,495	£1,485	£1,485	£2,495
Chocolate - Premium		£0	£749	£749	£3,748	£7,495	£3,748	£3,748	£3,748	£3,748	£3,748	£3,748	£3,748
Plush Collectible		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Gift Basket		£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 Direct Cost of Sales		£0	£3,489	£3,489	£6,726	£23,453	£6,726	£19,706	£6,726	£8,233	£6,726	£6,726	£8,233

Personnel Plan

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Linda Herter - President	100%	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,337
Jim Herter - Vice President/Controller	100%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Office Manager/Administrative Assistant	100%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Marketing/Sales Manager	100%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total People		0	0	0	0	1	1	1	1	1	1	1	1
Total Payroll		£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,337

General Assumptions

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Long-term Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Pro Forma Profit and Loss

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	£0	£6,979	£6,979	£13,450	£46,905	£13,450	£39,410	£13,450	£16,465	£13,450	£13,450	£16,465
Direct Cost of Sales	£0	£3,489	£3,489	£6,726	£23,453	£6,726	£19,706	£6,726	£8,233	£6,726	£6,726	£8,233
Other Production Expenses	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Cost of Sales	£0	£3,489	£3,489	£6,726	£23,453	£6,726	£19,706	£6,726	£8,233	£6,726	£6,726	£8,233
Gross Margin	£0	£3,490	£3,490	£6,724	£23,452	£6,724	£19,704	£6,724	£8,232	£6,724	£6,724	£8,232
Gross Margin %	0.00%	50.01%	50.01%	49.99%	50.00%	49.99%	50.00%	49.99%	50.00%	49.99%	49.99%	50.00%
Expenses	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,337
Payroll	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275	£2,275
Sales and Marketing and Other Expenses	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66
Depreciation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Leased Equipment	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250	£250
Utilities	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Insurance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Rent	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Payroll Taxes	15%	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£501

Pro Forma Cash Flow

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	£0	£6,630	£6,630	£12,778	£44,560	£12,778	£37,440	£12,778	£15,642	£12,778	£12,778	£15,642
Cash from Receivables	£0	£0	£12	£349	£360	£728	£2,289	£716	£1,927	£678	£618	£673
Subtotal Cash from Operations	£0	£6,630	£6,642	£13,126	£44,919	£13,506	£39,729	£13,493	£17,569	£13,455	£13,596	£16,314
Additional Cash Received												
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	£0	£0
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	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Received	£0	£6,630	£6,642	£13,126	£44,919	£13,506	£39,729	£13,493	£17,569	£13,455	£13,596	£16,314
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,333	£3,337
Bill Payments	£44	£1,459	£5,844	£5,984	£10,776	£31,072	£10,613	£26,362	£10,116	£11,945	£10,051	£10,116
Subtotal Spent on Operations	£3,377	£4,792	£9,177	£9,317	£14,109	£34,405	£13,946	£29,695	£13,449	£15,278	£13,384	£13,453
Additional Cash Spent												
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	£3,377	£4,792	£9,177	£9,317	£14,109	£34,405	£13,946	£29,695	£13,449	£15,278	£13,384	£13,453
Net Cash Flow	(£3,377)	£1,838	(£2,535)	£3,809	£30,811	(£20,899)	£25,783	(£16,202)	£4,120	(£1,823)	£2,212	£2,861
Cash Balance	£32,123	£33,961	£31,426	£35,236	£66,047	£45,148	£70,930	£54,728	£58,848	£57,025	£57,237	£60,098

**Pro Forma Balance Sheet**

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	£35,500	£32,123	£33,961	£31,426	£35,236	£66,047	£45,148	£70,930	£54,728	£58,848	£57,025	£57,237	£60,098
Accounts Receivable	£0	£0	£349	£686	£1,010	£2,995	£2,940	£2,621	£2,577	£1,473	£1,468	£1,323	£1,473
Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Current Assets	£35,500	£32,123	£34,310	£32,113	£36,246	£69,042	£48,087	£73,551	£57,305	£60,321	£58,493	£58,559	£61,571
Long-term Assets													
Long-term Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Accumulated Depreciation	£0	£66	£132	£198	£264	£330	£396	£462	£528	£594	£660	£726	£792
Total Long-term Assets	£0	(£66)	(£132)	(£198)	(£264)	(£330)	(£396)	(£462)	(£528)	(£594)	(£660)	(£726)	(£792)
Total Assets	£35,500	£32,057	£34,178	£31,915	£35,982	£68,712	£47,691	£73,089	£56,777	£59,727	£57,833	£57,833	£60,779
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	£0	£1,264	£5,649	£5,649	£9,716	£30,736	£9,716	£26,027	£9,716	£11,610	£9,716	£9,716	£11,609
Current Borrowing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other Current Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Current Liabilities	£0	£1,264	£5,649	£5,649	£9,716	£30,736	£9,716	£26,027	£9,716	£11,610	£9,716	£9,716	£11,609
Long-term Liabilities													
Total Liabilities	£0	£1,264	£5,649	£5,649	£9,716	£30,736	£9,716	£26,027	£9,716	£11,610	£9,716	£9,716	£11,609
Paid-in Capital	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000	£65,000
Retained Earnings	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)	(£29,500)
Earnings	£0	(£4,707)	(£6,971)	(£9,234)	(£9,234)	£2,475	£2,475	£11,561	£11,561	£12,617	£12,617	£12,617	£13,670
Total Capital	£35,500	£30,793	£28,529	£26,266	£26,266	£37,975	£37,975	£47,061	£47,061	£48,117	£48,117	£48,117	£49,170
Total Liabilities and Capital	£35,500	£32,057	£34,178	£31,915	£35,982	£68,712	£47,691	£73,089	£56,777	£59,727	£57,833	£57,833	£60,779
Net Worth	£35,500	£30,793	£28,529	£26,266	£26,266	£37,975	£37,975	£47,061	£47,061	£48,117	£48,117	£48,117	£49,170