



Public Relations Firm

BUSINESS PLAN

SHP & ASSOCIATES BUSINESS COMMUNICATIONS

757 N. Main Street

Morgan MI 48104

April 1, 1987

This business plan is for a public relations firm offering both traditional and non-traditional public relations services. It features highly developed goals, strategies for networking, a detailed discussion of the competition in the area, and comments from experts in the field.

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SHP and Associates serves the needs of companies for quality business communications. It has the ability to help clients formulate and enunciate their information to important audiences in a controlled and professional manner. Its principals are practiced business professionals and communicators. Its associates are able business analysts, writers, trainers, designers and graphic specialists.

PURPOSE

This Business Plan indicates that the principals and those associated with the business have defined the business as well as possible using available information and judgment. Further, that they have thought through the issues and created practical, workable strategies; that they have reasonable, prudent and achievable goals; and that they have a realistic assessment of the probability of success for the business and a sound plan to build it.

This plan is to be a living document that we will revisit regularly, especially in the first year of development.



EXECUTIVE SUMMARY

SHP and Associates (SHP) is a business communications firm. It was formed by two experienced business and public relations executives to work in the areas of corporate, financial, marketing and management communication. It serves the corporate relations needs of emerging and operating technology and industrial businesses in the southeastern Michigan region, particularly Morgan.

The firm has operated on a part-time consulting basis with a few clients since 1984. Its principals are seasoned businessmen who have served in executive marketing, communications and financial management positions for a number of large international concerns.

The firm is similar in concept to other traditional marketing or public relations firms. However, it differs from such firms in several important aspects:

It has sound relationships with executives at many operating businesses in its market area, as well as with senior partners in the region's leading legal and accounting firms and senior executives of financial institutions. These relationships with influences and venture capitalists are important to the business because they can provide SHP with immediate awareness and exposure with a large core of influential peers.

A Board of Advisors composed of industrial, marketing and financial executives of business and financial institutions and universities has been assembled. This Board serves as a consulting and directive body to assist the firm in securing and conducting its basic business.

SHP offers independent professional counsel and expertise that can be used by clients on an "as needed" basis. This means clients can benefit from such expertise when they require it, on a project or continuing basis. Clients need not retain an expensive house staff.

SHP has close working relationships with specialty firms to get the best work for clients. These specialists are in existing and established firms that maintain selected areas of expertise in video, art and design, training, and typography. This permits SHP principals to concentrate on developing clients rather than building staff and facilities.

Its principals, Mr. John Smith and Mr. Mike Johnson, have industrial operating business experience, thereby giving them a very real understanding of the kinds of tough business and marketing issues faced by corporate or divisional operating managers. SHP principals are not mere communications professionals; rather they are experienced and accomplished business executives who bring business acumen to any company's requirement to communicate its product, people, and related messages in a disciplined and planned way to its chosen audiences. Mr. Smith and Mr. Johnson have held the following positions: Director of Communications, Controller, Vice President of Advertising and Public Relations, Vice President of Marketing, Vice President of Sales, and Vice President of Corporate Operations.

SHP is developing complementary marketing relationships with a network of existing communications firms in Boston, New York, Chicago, and San Francisco. These enable SHP to conduct research or implement activities in those areas on a cost-effective basis.

COMMENTS ON THE MARKET

"This area is well into the phase of requiring a sound infrastructure to support all the excellent area entrepreneurial businesses that have moved out of the start-up phase and into the operational phase. Your kind of business, which can help with market positioning and pinpointing these companies communications, is the key to that infrastructure."

Tom Porter

Partner, Enterprise Management Inc.

Chairman, New Enterprise Forum



The Morgan area "is improving for your kind of business because many companies need help but not necessarily on a regular basis. They don't have resources to staff up, but they do have the needs and resources to expend for major projects."

Dr. John Psarouthakis
Founder, Chairman and President
J. P. Industries

"I know several banks and companies that need your kind of service and will use you - assuming you do quality work at reasonable cost—on an as-needed basis."

George H. Cress
President
Citizens Trust Co.

THE OPPORTUNITY

"Communications, especially public relations, is growing in every phase of business. An entire redefinition of business communications is taking place and all kinds of companies are looking at how they can communicate most effectively with their audiences, be they investors, customers, communities or employers."

Robert Strayton
President, Advanced Technology Division
Hill and Knowlton

SHP's role is to serve the needs of clients in the newest way—by putting senior executives with broad skills and sound judgment to work on every account.

The Morgan area "is much like the Silicon Valley in California was 12-15 years ago. That is, the infrastructure is now developing here to support the growing number of successful technology businesses as well as the solid operating companies that already exist in the area. That infrastructure includes communications, law and accounting firms. It also includes the general growing awareness the commercial businesses are finding the area a good place to be."

Mike Johnson
Partner
SHP & Associates

THE MARKET

The geographic marketplace for SHP is primarily southeastern Michigan, with the highest concentration of effort initially aimed at the Morgan area. It has several substantial existing businesses as well as numerous smaller ones and others spawned by University of Michigan work. Also, the Morgan area is best known to SHP principals; Mr. Smith has worked and resided in the area for most of the past 20 years; Mr. Johnson for the past seven.

Two additional target areas for the business are Toledo and Grand Rapids, both excellent industrial sites. These areas will be explored through complementary relationships with existing communications firms, or with legal or accounting firms or printers.

In the primary target market of southeastern Michigan and northern Ohio, there are approximately 600 businesses that are included in the industrial technology areas. Of these, it is estimated that about 100 now use services in the marketing or financial communication areas; another 50-75 could use such services but do not at this time. These estimates are based on the known number of public companies, client lists of the approximate 30 firms now conducting such business, directories of business from chambers of commerce and Crain's



Detroit Business and the Michigan's 100 Leading Securities book of First of Michigan Securities.

In terms of market size, SHP's competitive analysis shows that the approximate 30 firms doing business in this region had a combined total of \$ 10 to \$ 11 million net fee income in 1986, up from about \$6 million in 1981. (Figures based on firms' reports published in Crain's Detroit Business and Jack O'Dwyer's newsletter, the leading PR industry trade publication.)

SHP believes it will build its business in two years. First by gaining accounts from businesses that do not now employ outside communications counsel. Second, over time by gaining accounts from businesses now employing competitive firms.

Further, some five of the 30 firms have been started in the past year, thus indicating decent success at opening this type of business. While this has added to the competition, the five new firms have not been directly in the financial and marketing segment served by SHP.

The type of firms SHP has targeted are:

- Public, with need for financial relations work
- Private and positioning to go public
- Public or private with clear need to communicate with customers and prospects in a controlled, direct manner

Annual revenue in range of \$2 to \$ 150 million, and particularly in the \$25 - \$75 million range. Larger firms are also targets although most have in-house staffs to conduct such communications work and are not, therefore, deemed primary targets at the early stage of SHP's business.

Awareness

This is being created in Phase I through use of the business leaders' network, meetings and presentations with principals of targeted accounts and a mailing to targeted and secondary accounts. It will be broadened in June by official announcement of the business.

Focus

In the four county area, which is the initial phase focus of SHP, there are the following businesses: 105 public companies, 100 private, 33 service, 36 manufacturing, 15 bank holding, 14 savings and loans, 31 wholesale and retail, 15 large accounting, 25 large advertising agencies, 15 large law firms, 15 engineering firms, 10 health maintenance organizations, 15 general contractors, 25 large hospitals, 24 divisions or subsidiaries of larger corporations, and 1 major governmental research agency.

The focus of SHP for its three business segments will be:

Marketing Positioning

100 private firms, 105 public firms. Especially those in the \$1-5 million revenue range whose markets are unclear and that are run by technically-oriented entrepreneurs.

We are directing our marketing efforts toward them through affiliation with the 1600-member Michigan Technology Council, through venture capitalists who have funded such firms, and through our executive network.

Training

36 manufacturing firms, 1 governmental research agency, 33 service firms. Our marketing efforts are being directed through the executive network, mailing to target accounts, affiliation with Human Resource Development Systems and one key start up reference account.

Источник бизнес-плана: <http://www.referenceforbusiness.com>



Communications

105 public companies, 100 private firms, firms which recently went public. We are directing our marketing effort through affiliation with an existing PR firm which does not do corporate/financial work, and the executive network.

DEFINITION OF THE BUSINESS

SHP and Associates is a partnership of professional business executives with expertise in specific areas of marketing, financial and management communications and special events.

SHP and Associates offers professional expertise in areas often needed by industrial and technology businesses on a project or interim basis.

This practice means clients can use SHP for its expertise on an as-needed basis, clients do not have to retain internal staff and they gain the benefit of having experienced counsel to meet needs as they arise. Such services are also available under ongoing programs.

SHP offers these communications services and products.

Corporate/Financial

- Media relations
- Corporate identity programs
- Annual and quarterly reports
- Private and public offerings
- Annual meetings
- Company positioning
- Speeches and presentations
- Security analyst relations

Marketing

- Business and trade articles, news releases
- Market research - focus groups and surveys
- Customer newsletters and videos
- Marketing plans and presentations
- Product and market segmentation and positioning
- Sales training/incentive programs
- Product introductions
- Seminars and employee training/motivational programs
- Telemarketing

OBJECTIVES, GOALS AND STRATEGIES

This section outlines the reasons why SHP and Associates can be built into a successful firm. The section contains the non-changing objectives, 1987 goals and 1987 strategies as to how those goals will be achieved.

Objective

The objectives of SHP are:



Be a profitable, recognized, respected and authoritative professional leader in its field and market area, as judged by the amount and quality of business it has.

Provide a range of business communications services that are a positive benefit to clients we serve.

Goals and Strategies for 1987

Goal 1

Be a successful start up, emerging from the year with sufficient business to insure profitable operation in 1988. This net fee income base for 1987 will be \$125,000 by year end.

Strategy

Secure sufficient business to insure that we meet plan. Do this by gaining a minimum of eight accounts by year end.

Goal 2

Establish the firm's reputation and awareness among the entire prospect base, the media, the financial community and in the trade, thus helping to position it in order to be able to secure reasonable growth planned for years two and three. Basis of judgement here to be eight clients by year end.

Strategies

Successfully complete all work for clients and build awareness and credibility of the firm by marketing these results.

Provide communications products, thus directing the business to the areas for which it desires to become known.

Provide the benefits of the firm's accumulated knowledge and expertise in marketing and communications to counsel and guide where there is apparent client need.

Goal 3

Attract sufficient investment to insure the ability to direct attention to building the business successfully and not diverting attention to fund raising or other ancillary activities.

Strategy

Work with investors, banks or other appropriate financial institutions. Do not give up any ownership in the business by raising capital via other private investors.

Establish separate corporations which will work together under the joint venture of SHP & Associates.

COMMENTS ON THE BUSINESS

"98 percent of all businesses that fail do so because of the lack of expertise of management in the business, or management's incompetence."

—The Business Plan
Price Waterhouse

"Any consulting business must never try to be all things to all people. You must direct your work and be able to

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perform better than your competitors in those certain select segments."

—Dr. John Psarouthakis

Founder, Chairman and President, J. P. Industries

"Three things are needed for an entrepreneurial business to succeed: the best people, the resources those people need and the environment they need."

—John Barfield

Founder, Barfield Companies

"The best things a good businessman has going for him are his integrity and reputation."

—John Daly

Vice Chairman, Johnson Controls

HISTORY

The firm began partial operations in 1984 as a consulting business serving different computer and software companies.

It functioned as Michael Johnson Associates and was run on a part-time basis. The firm's primary area of business was the preparation of marketing and communications plans, with some implementation work. Clients of the firm in this period included JM Systems Corporation, Data Logic Systems, Dynagraphic Systems Corporation, and others.

In the summer of 1986, Johnson became associated with John Smith. They produced a 50th anniversary celebration plan for Huge Firm International, a division of Huge Conglomerate Inc., in addition to developing other marketing and public relations activities, projects and programs for industrial and technology companies.

Mr. Smith and Mr. Johnson direct the business. In addition, SHP uses business and technical writers, designers, graphics specialists and other support staff to conduct assignments. Also, the firm has a business relationship with an 11-employee professional design and production firm that has been in business since 1975, and a management and sales training firm, Resource Development Systems. Additional business relationships will be structured in 1987 that are complementary to the nature of SHP's business. That is, with existing established communications and marketing firms that offer services synergistic to SHP's. This will include complementary marketing agreements with existing communications firms in New York, Minneapolis, Chicago and Boston, as well as agreements with an audio-visual firm. Freelance researchers and writers will be employed on an as-needed basis throughout 1987; there are no present plans to employ additional staff.

MANAGEMENT AND BOARD OF ADVISORS

SHP and Associates is a business partnership with Michael Johnson and John Smith as principals. The goal is to incorporate as separate businesses and form the joint ventures of SHP & Associates. The firm also has Board of Advisors, as follows:

- T. Randall Macintosh, Group Vice President and Director, Inc., \$70 million computer software firm.
- George Coswell, President, Big Insurance Co.
- Joseph Gerald, President, Huge Firm International, a Huge Conglomerate Company.
- Dr. Thomas Kennedy, Associate Dean and Professor of Marketing, Graduate School of Business Administration, University of Minnesota.

The above individuals are available for references, also. Additional references and a current client listing are available upon request.



COMPETITION

There are some 30 general and specialized public relations and communications firms already in the marketplace in which SHP operates. These include large, established firms with substantial financial, people and customer resources; smaller general and specialty firms that have unique market niches; and individuals who perform freelance work. In general, many of these firms are run by former newspaper or broadcast people ("communicators") whose business experience, understanding and acumen is not high.

It is estimated that these firms have net fee income of approximately \$10-11 million annually, and that this number has increased from \$5-6 million annually five years ago. These estimates are based on published figures for firms in the attached competitive analysis. Another relevant factor is the number of start ups that have been successful and have thus added to the total market size.

Competition also includes in-house staffs, although this is primarily confined to the larger companies in the area. Also, such larger firms tend to have larger budgets and therefore use outside resources to augment their own capabilities.

Another element of competition is commonly overlooked, but certainly ever-possible. That is... not doing this type of marketing and communications work at all. The reasoning, although believed specious by SHP, is that this type of work is optional to a company, that is does not contribute to the bottom line, to product development, or to sales.

And that may well be... for firms that have a unique and solo market niche, ever satisfied customers, no desire to create awareness or generate business leads, or for other reasons.

But for those majority that do not fit such categories, SHP has several differentiators which set it apart from its competition. Those are listed below.

Business Relationship: a network of known industrial, community and academic leaders.

Industrial Operations Experience: first hand knowledge of business operations due to the principals breadth of experience.

Product Specialization: in financial, marketing and management communications areas.

Board of Advisors: of high level business leaders.

Complementary Marketing Agreements: with sound established firms whose skills, geographic range and goals are complementary.

Following is a summary of area firms with which SHP and Associates competes...

Frederick Marshall, Detroit

A large firm in the midwest with an annual net fee income in the millions. Specialized in financial and marketing PR and has numerous clients covered by its numerous employees. Has very professional brochures and capabilities book and lists many large companies as clients. Has high fees (\$4000 monthly retainer is common at low end). Its market is primarily larger companies with substantial promotional budgets.

DP & Associates, Detroit

DPA has 37 employees and \$2.5 million net fee income, double that of four years ago. Much lower visibility than Marshall, but has solid client list in Coopers and Lybrand. Owner is a creative and independent person, known for crisis-type guidance to clients as opposed to the strategy planning and counsel of Marshall. DPA is well regarded for special projects, general publicity and brainstorming ideas with clients. Does much community and charity work and has good ties with the Michigan Commerce Department and area ad firms which do not have PR units.



The Hutchinson Group, Ypsilanti

High competition. Smart people, good work and reputation. Five years old and run by Terrie Hutchinson, a well known promotion woman who created a noted and successful Michigan university fund-raiser. She is well connected and does work for the Chamber of Commerce, accounting firms, Ann Arbor News, Private Industry Council and some 15 other clients. Billings in 1986 said to be \$500K; seven employees, all bright. Not much financial, corporate or marketing work, but deemed to be a primary competitor because of established base and abilities. Primary emphasis is publicity programs; well known capability is staging special events.

Butler Communications, Jackson

Run by Jeff Lehman, who was general manager of the Business Alliance before starting Quorum in 1981. Does advertising, writing, design. Very good growth in hospital promotions-St. Peter's HMO etc. Did 1985 TL Industries' annual report design. Has some IO people. Very well tied to the community to get business leads; has capitalized on these relationships to build the business.

Willis Communications, Southfield

Run by Kelly Willis, an ex-Hamilton PR executive. Aims at high tech companies and does all kinds of brochures, annual reports, articles. Irwin Magnetics, La-Z-Boy Chair, Synthetic Vision and Symplex Corporation are or have been significant clients. Probably \$100K net fee income in 1986. Willis knows many people and is well liked.

Gabriel Sapetta, Troy

New and aimed at corporate-financial area. One man band with Detroit, Michigan as an account. Has made self known among target audience since he left Hamilton, where he was Director of Press Relations for one year.

COMMENTS ON COMPETITION

None of the firms mentioned are public. Companies of this kind tend to list clients as if they do all the client's work. In fact many, or even most, do project work—not on-going retainer work—except with the larger companies.

There are many, many competitors—mostly small. Numerous one and two man bands, as well as consultants in select areas who could be competition on some projects.

Large New York or Chicago headquartered firms have never had much good results in establishing outposts offices in Detroit, Minneapolis, Cleveland, or other mid western cities.

Their costs and fees are high and they offer the New York mentality of "tell them how to do it" which is not often accepted well by the typical midwestern businessman. Therefore, they are not deemed to be a significant current factor in competition.

Primary competition we are running into are Hutchinson, Willis, and Sapetta.

Two Chicago-based firms currently have clients in SHP market area. Public Relations Board serves Great Lakes Federal Bank and Interface Systems for financial and investor relations. The Investor Relations Company serves Medstat.

PLAN FOR DEVELOPMENT

SHP's plan is to divide the start up year of 1987 into two phases: April 1 - June 30 and July 1 - December 31. These activities are planned in Phase I.



Phase I

1. Build client base
 - Prospect mailing and meetings with top 5-On going
 - Key influencers list
 - 25 next likely
 - Remainder (100)
2. Complete Business Plan—March 31
 - Reviews by selected participants
3. Complete Corporate Structure—April 30
 - Investment
 - Type of structure
 - Establish of Board of Advisors
 - Financial
 - Get reference approvals
4. Evaluate Complementary Relationships
 - Opportunities April 30
 - TI Group
 - Other design firms
 - Other PR firms
5. Evaluate facilities May 31
 - Company offices
 - Offices at client sites
 - Offices in, or with, other firms
6. Conduct work for those clients we gain Ongoing
7. Announce the business June 1
8. Complete plan for development for Phase II June 15
9. Complete Phase III (1988) Plan

POTENTIAL WEAKNESSES OF THE BUSINESS

- Too few people to complete work on time, in budget on a consistent basis.
- Acceptance of projects that are not within the segment of business SHP desires to build; may be especially true in year 1.
- Financial issues
 - Cash flow inadequate to meet necessary goals
 - Clients may desire to pay less for services the SHP desires to charge
- Lack of awareness of the firm could cause lack of chance at existing opportunities, especially in first several months.
- Could be trying to do too many things
- Not absolutely certain of what the market will buy
- Competition could beat us out

ADDITIONAL RESOURCES

- Freelance writers: Marie Caliski, former Business Week writer; Margaret Dayner, technical writer; Ted Moran, business and technical writer
- Freelance Artists: Mega Group-design and graphics work



- Management sales and training firm: Resource Development Systems
- Law firms
- Accounting firms
- Family members
- Secretary
- Board of Advisors
- Business executives and others in network
- Banks
- Printing Firms
- University of Michigan Business School
- Public Relations firms in other cities, and in local area
- Venture capital firms

FINANCIAL INFORMATION

"The central question to any business is: who will buy this service or product?"

John Smith, Partner,
SHP & Associates

"The toughest part of a business plan is the sales forecast. You must do your best to understand the environment, outline assumptions, and list controllables and noncontrollables."

Richard David, Partner
Jefferson, Franklin, and Washington

Finance

Philosophy

The plan of SHP is not to spend unless it is absolutely necessary or an opportunity becomes apparent at an earlier time than was planned, thus requiring expenditures earlier. This policy will apply through Phase Ia, at the end of which the policy will be refined to account for expenditures necessary in Phase Ib.

It is the anticipation of the principals of the business that numerous assumptions made in the Business Plan will prove to be wrong, while other unknowns will prove to be a benefit. This is, some planned areas of developing revenue will not workout, while others will arise.

Assumptions

- Two phases in year 1
 - April 1 - June 30
 - July 1 - December 31
- No office space paid for until July 1 at least
 - Use TI office
 - Use TI phone answering and message center
 - Use home offices
 - Use offices at client sites
- No wages until July 1
 - Exception as client engagements are gained individually, or joint projects with work apportioned.



- Design and production work gratis by TI
 - SHP pays typeset, print costs
- Probable purchase of used MVI furniture
 - desks, chairs, conference table
 - files, audio-visual equipment, IBM XI computer, phones easel other sources also available - leasing, etc.
- No public announcement of the business until it is solidified
 - 8 clients
 - Complementary relationships established

Start up Costs (1 year period)

Computer	
Used IBM XT with hard disk and printer	\$1500
Furniture	
3 desks and 2 chairs	
1 conference table and 4 chairs	
2 wood book shelves	
2 file cabinets	
1 computer table	
2 credenzas	\$5000
Office supplies	\$ 500
Secretarial help	\$2000
\$500/month x 4 months	
Telephone	\$ 75
\$25/month x 3 months	
Professional fees	
Attorney	\$1000
Accountant	\$1000

Computer

Used IBM XT with hard disk and printer \$1500

Furniture

3 desks and 2 chairs

1 conference table and 4 chairs

2 wood book shelves

2 file cabinets

1 computer table

2 credenzas \$5000

Office supplies \$ 500

Secretarial help \$2000

\$500/month × 4 months

Telephone \$ 75

\$25/month × 3 months

Professional fees

Attorney \$1000

Accountant \$1000

Printing and mailing
stationery, brochure, business cards \$1000

Copying \$250

Travel and entertainment \$2000

Auto leases
2 x \$350/month x 3 months \$2100



Printing and mailing

stationery, brochure, business cards \$1000

Copying \$250

Travel and entertainment \$2000

Auto leases \$2100

$2 \times \$350/\text{month} \times 3 \text{ months}$

Second Phase: Year 1 (Ongoing Costs)

Office space (6 months) \$7500

Lease cars (6 x \$700/month) \$4200

Professional fees

Attorney \$ 200

Accountant \$2500

Insurance \$1500

Travel and entertainment \$5000

Wages \$10,000

Secretary (6 months)

Partners (6 months)

Benefits

Note: partners may only take expenses from business in this phase; depends on size of revenues.

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Office space (6 months) \$7500

Lease cars (6 x \$700/months) \$4200

Professional fees

Attorney \$ 200

Accountant \$2500

Insurance \$1500

Travel and entertainment \$5000

Wages \$10,000

Secretary (6 months)

Partners (6 months)

Benefits

SHP & ASSOCIATES, INC. PROFIT & LOSS

	1st Year	2nd Year	3rd Year
Income			
Partnership Billings	93	144	168
Outside Reps/Contractors Billings	20	40	80
In-house Media/Adv Services			
Creative		20	80
Printing Etc.		30	120
Gross Income	113	234	448
Cost/Services Provided			
Partnership Draws	73	100	120
Outside Reps/Contractor Billings	15	28	55

1st Year 2nd Year 3rd Year

Income

Partnership Billings 93 144 168

Outside Reps/Contractors Billings 20 40 80



	1st Year	2nd Year	3rd Year
In-house Media/Adv Services			
Creative		20	80
Printing Etc.		30	120
Gross Income	113	234	448
Cost/Services Provided			
Partnership Draws	73	100	120
Outside Reps/Contractor Billings	15	28	55

	1st Year	2nd Year	3rd Year
In-house Media/Adv Services			
Creative		10	40
Printing Etc.		25	100
Gross Margin	25	71	133
G&A & Other			
Rent (includes clerical services - 1st year)	6	5	8
Clerical Payroll & Costs		12	18
Partnership Insurance		5	6
Auto Expenses	8	12	12
Office supplies/Postage	2	5	8
T&E	3	6	12
Telephone	2	6	10
Professional Services, Dues & Subs	3	6	10
Furniture & Fixtures (Expenses)	4	4	4
Other (included adv. promotion, interest exp. & Loan reimb.	7	15	23
Totals	35	76	111
Net Income (Loss)	(10)	(5)	22
Employees (including partners)	2	2 3/4	4 1/2

	1st Year	2nd Year	3rd Year
In-house Media/Adv Services			
Creative		10	40
Printing Etc.		25	100
Gross Margin	25	71	133
G&A & Other			
Rent (includes clerical services - 1st year)	6	5	8
Clerical Payroll & Costs		12	18
Partnership Insurance		5	6
Auto Expenses	8	12	12
Office supplies/Postage	2	5	8
T&E	3	6	12
Telephone	2	6	10
Professional Services, Dues & Subs	3	6	10
Furniture & Fixtures (Expenses)	4	4	4
Other (included adv. promotion, interest exp. & Loan reimb.	7	15	23
Totals	35	76	111
Net Income (Loss)	(10)	(5)	22
Employees (including partners)	2	2 3/4	4 1/2



SHP & Associates, Inc. "Samples": Analysis/Draws

	I	II	Total
1987 Partners Individual Billings	45.0	48.0	93.0
Outside Reps/Contractors Billings (less costs)	20.5	2.5	5.0
In-House Media/Adv. (less cost)			
Gross Billings/Receipts	47.5	50.5	98.0
Less: Operating Expenses	17.5	17.5	35.0
Net Before Loan	30.0	33.0	63.0
Rates: Loan	5.0	5.0	10.0
Net Draw/Taxable	35.0	38.0	73.0
1988 Partners Individual Billings	80.0	64.0	144.0
Outside Reps etc.	6.0	6.0	12.0
In-House Media etc.	7.5	7.5	15.0

	I	II	Total
1987 Partners Individual Billings	45.0	48.0	93.0
Outside Reps/Contractors Billings (less costs)	20.5	2.5	5.0
In-House Media/Adv. (less cost)			
Gross Billings/Receipts	47.5	50.5	98.0
Less: Operating Expenses	17.5	17.5	35.0
Net Before Loan	30.0	33.0	63.0
Rates: Loan	5.0	5.0	10.0
Net Draw/Taxable	35.0	38.0	73.0
1988 Partners Individual Billings	80.0	64.0	144.0
Outside Reps etc.	6.0	6.0	12.0
In-House Media etc.	7.5	7.5	15.0

1988 Cont'd...	I	II	Total
Gross Billing/Receipts	93.5	77.5	171.0
Less: Operating Expenses	38.0	38.076.0	
Net Draw/Taxable	55.5	39.5	95.0
1989 Partners Individual Billings	88.0	80.0	168.0
Outside Reps etc.	12.5	12.52	5.0
In-House Media etc.	30.0	30.0	60.0
Gross Billings/Receipts	130.5	122.5	253.0
Less: Operating Expenses	55.5	55.5	111.0
Net Draw/Taxable	75.0	67.0	142.0

1988 Cont'd ...	I	II	Total
Gross Billing/Receipts	93.5	77.5	171.0
Less: Operating Expenses	38.0	38.076.0	
Net Draw/Taxable	55.5	39.5	95.0
1989 Partners Individual Billings	88.0	80.0	168.0
Outside Reps etc.	12.5	12.52	5.0
In-House Media etc.	30.0	30.0	60.0
Gross Billings/Receipts	130.5	122.5	253.0

Gross Billings/Receipts



1988 Cont'd ...	I	II	Total
	55.5	55.5	111.0
Less: Operating Expenses			
	75.0	67.0	142.0
Net Draw/Taxable			

SHP & Associates, Inc. Income Analysis

By Income Element	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Partner's Billings (Retainer etc.)					
1987	9	28	27	29	93
1988	34	36	35	39	144
1989	40	42	41	45	168
Outside Reps/Contractors Billings					
1987			5	15	20
1988	10	10	10	10	40
1989	20	20	20	20	80
In-House Media/Adv Services					
1987					
1988	5	10	15	20	50
1989	30	50	60	60	200
By Year					
1987—Partner's Billings	9	28	27	29	93
Outside Reps/Contractors			5	15	20
In-House Media/Adv.					
	9	28	32	44	113
1988—Partner's Billings	34	36	35	39	144
Outside Reps/Contractors	10	10	10	10	40

By Income Element	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Partner's Billings (Retainer etc.)					
1987	9	28	27	29	93
1988	34	36	35	39	144
1989	40	42	41	45	168
Outside Reps/Contractors Billings					
1987			5	15	20
1988	10	10	10	10	40
1989	20	20	20	20	80
In-House Media/Adv Services					
1987					
1988	5	10	15	20	50
1989	30	50	60	60	200
By Year					
1987—Partner's Billings	9	28	27	29	93
Outside Reps/Contractors			5	15	20
In-House Media/Adv.					
	9	28	32	44	113
1988—Partner's Billings	34	36	35	39	144
Outside Reps/Contractors	10	10	10	10	40



By Year Cont'd...	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
In-House Media Adv.	5	10	15	20	50
	49	56	60	69	234
1989--Partner's Billings	40	42	41	45	168
Outside Reps/Contractors	20	20	20	20	80
In-House Media Adv.	30	50	60	60	200
	90	112	121	125	448

By Year Cont'd ...	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
In-House Media Adv.	5	10	15	20	50
	49	56	60	69	234
1989—Partner's Billings	40	42	41	45	168
Outside Reps/Contractors	20	20	20	20	80
In-House Media Adv.	30	50	60	60	200
	90	112	121	125	448

Profit & Loss Assumptions

- Partner's draw equal to individual billings and allocations of outside reps/contractor's services (billings less expenses) less 1/2 operations expenses (in first year of operations - partners will equally share responsibility of \$20,000 loan line (by individual investor) and will borrow \$ 10,000 (\$5,000 each) against this line).
- Partner's will file corporation papers under sub-chapter "S" and will assume income tax liabilities (Federal and State), FICA, etc. as individual payers.
- Net Income derived from billings for outside contractors and reps, for in-house media services, printing, etc. less expenses for such services will be divided equally among partners.
- All expenses associated with operations will likewise be born equally by the partners.

SHP & Associates, Inc. Expense Analysis—see following page...

SHP & Associates, Inc. Expense Analysis

	1987												1988	1989
	J	F	M	A	M	J	J	A	S	O	N	D	TTL.	
Rent (includes clerical srvs.—1987)							.8	.8	.8	1.0	1.0	1.1	5.5	8.0
Clerical Payroll & Payroll Costs													12.0	18.0
Partnership Insurance													5.0	6.0
Auto Expenses				1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	8.0	12.0
Office Expenses				.1	.1	.5	.1	.2	.2	.2	.3	.3	1.9	5.0
Telephone	.1	.1	.1	.2	.2	.2	.2	.2	.2	.3	.3	.3	2.4	6.0
T & E	.1	.1	.1	.2	.2	.3	.3	.3	.3	.4	.4	.4	3.1	6.0
Professional Service,														
Dues & Subs				.6	.3	.7		.2	.8				.5	3.1
Furniture & fixtures (expensed)	2.7			1.3									4.0	4.0
Interest Exp&													1.0	1.0
Loan Repayment													6.0	11.0
Other														
(includes adv/promotion)			.6	.1	.9	.7	.1	.1	.6	1.7	1.2	6.0	9.0	12.0
	2	2	3.5	1.1	1.9	4.9	3.1	2.8	3.4	3.5	4.6	5.8	35.0	
	3.9			7.9			9.3			13.9	35.0	6.0	11.0	

	1987												1988	1989
	J	F	M	A	M	J	J	A	S	O	N	D	TTL.	
Rent (includes clerical srvs.—1987)							.8	.8	.8	1.0	1.0	1.1	5.5	8.0
Clerical Payroll & Payroll Costs													12.0	18.0



	1987												1988	1989
	J	F	M	A	M	J	J	A	S	O	N	D	TTL.	
Partnership Insurance													5.0	6.0
Auto Expenses				1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	8.0	12.0
Office Expenses				.1	.1	.5	.1	.2	.2	.2	.2	.3	1.9	5.0
Telephone	.1	.1	.1	.2	.2	.2	.2	.2	.2	.3	.3	.3	2.4	6.0
T&E	.1	.1	.1	.2	.2	.3	.3	.3	.3	.4	.4	.4	3.1	6.0
Professional Service, Dues & Subs				.6	.3	.7		.2	.8			.5	3.1	6.0
Furniture & fixtures (expensed)			2.7		1.3								4.0	4.0
Interest Exp & Loan Repayment												1.0	1.0	6.0
Other (includes adv/promotion)			.6		.1	.9	.7	.1	.1	.6	1.7	1.2	6.0	9.0
	.2	.2	3.5	1.1	1.9	4.9	3.1	2.8	3.4	3.5	4.6	5.8	35.0	
			3.9			7.9			9.3			13.9	35.0	76.0
														111.0