



Printing Company

BUSINESS PLAN

PRINTER PERFECT

7521 Hwy. 59
Baton Rouge, LA 26390
March 9, 1993

Printer Perfect is a new venture specializing in full-color, sheet-fed printing. It caters to short and medium runs. The following start-up plan provides an approach to new business planning and describes how the company will keep ahead of its competition .

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SEC NOTICE

The information contained in this presentation is confidential and intended for the private use of those parties selected by the Officers of Printer Perfect pursuant to the needs of Printer Perfect and has been issued to those parties in good faith and under this pretence. This presentation is not intended as an offer to purchase stock in Printer Perfect nor is such an offer being made, implied, or otherwise stated by the Officers of Printer Perfect.

Any and all selected parties who may share the views of Printer Perfect, regarding the potential for growth and financial prosperity, and who may desire to become financially involved with the Officers of Printer Perfect, with regards to such potential, are assumed to be of a "Sophisticated Investor" class, as described in the codes of the Securities Exchange Commission.

Printer Perfect is a new start-up venture organized and chartered as a corporation in the State of Louisiana. Its Officers are listed later in this presentation. Printer Perfect is a Sub-Chapter S Corporation, capitalized at \$1,000, with 1,000 shares, and no par value stock issued. Printer Perfect will build its home base of operations in Baton Rouge, Louisiana.

Printer Perfect is seeking financial assistance to commence its operations. The amount needed to begin operation is a fifty-thousand dollar (\$50,000) line of credit.



OFFER

The Officers of Printer Perfect realize the necessity to offer an attractive incentive for the use of an Investor's credit lines. In an effort to be realistic and fair from the viewpoint of the potential Investor, the Officers of Printer Perfect have elected to offer a simple and totally realistic profit plan for the Investor, based solely on gross sales.

Printer Perfect will deposit five percent (5%) of all gross receipts from all sales of Printer Perfect in an escrow account with National Bank, Baton Rouge, LA, until such funds in said account amount to a total of twenty-five thousand dollars (\$25,000). The proceeds of this account will be made available to the Investors upon the release of the lines of credit by Printer Perfect. The total length of time for the use of the Investor's credit lines shall not exceed two years from date of investment. This twenty-five thousand dollar (\$25,000) profit represents a net gain of fifty percent (50%) in two years or less.

Printer Perfect agrees to make quarterly financial statements available to all Investors until such time as escrow funds attain the twenty-five thousand dollar (\$25,000) maximum. All accounts of Printer Perfect will be audited on an annual basis by Cooper and Schornack, PC, New Orleans, LA. The findings of these audits will also be made available to the Investors until such time as escrow funds reach the twenty-five thousand dollar (\$25,000) maximum.

The debts incurred, as a result of the use of the Investor's credit lines, will be repaid in the following manner: A ten thousand dollar (\$10,000) limit will be placed on the general fund account of Printer Perfect. Any and all deposited funds which exceed the ten thousand dollar (\$10,000) limit will be swept out and automatically applied to any outstanding debts resulting from the use of borrowed funds. This sweep account method of repayment will allow Printer Perfect to use the available credit lines in a more efficient and cost effective manner than regular thirty, sixty or ninety day notes.

It is understood that all assets of Printer Perfect will be pledged toward repayment of any and all unpaid debts resultant from the use of the Investor's credit lines, until such time as all said debts have been fully repaid. Furthermore, the Officers of Printer Perfect will pledge to make personal restitution for any and all unpaid debts resultant from use of the funds of Investor's credit lines, should Printer Perfect default in such-indebtedness.

CONCEPT

The basic concept of any printing company is to put ink on paper for a profit. The primary difference between a large printing company, such as Random House, and a small printing company, is how much ink they can place on how much paper for how much profit. This simple concept allows for major differences in the degree of sophistication by which ink is applied to paper, the types of paper to which ink is applied, what is done with the paper once the ink has been applied, and the amount of profit to be made. This brings us to where Printer Perfect will fit in the overall picture of the printing industry. Printer Perfect will be a short-to-medium run, sheet-fed, fiill-color printing company, which specializes in affordable, pleasing color printing. Short-to-medium runs means jobs of 1,000 to 100,000 copies. Sheet-fed means that the equipment prints individual sheets of paper, rather than continuous roll stock paper. Full-color means that the end product is a printed image like a color photograph. Pleasing color means that the color printed images produced are reasonably close to the colors of the original from which they were taken, and are clear and pleasing to the eye. In layman's terms, Printer Perfect will specialize in producing the type of color printing which accounts for seventy-five percent of all color printing that is produced in America today.

In Baton Rouge there is only one company classified as a full-color printing company, Print 1. This company has become specialized as a short-to-medium run color publication company, with long-term contracts for monthly publications. Print 1 does not solicit general color printing. The market in the Baton Rouge area is wide-open for an aggressive, full-color printing company. Printer Perfect intends to aggressively serve this



market.

As our nation grows, it becomes more sophisticated. Due to the technological revolution which is being waged, small companies are demanding more of their printers than they did ten years ago. Today's printing clients demand perfection. They want smart, good-looking color pieces for their products and advertising. They want it, they can afford it, and they deserve to get it. To survive in any business today a company must zero in on a market in which it wants to compete, be capable of producing the type of work which that market demands, be well organized and capable of producing its product cost-effectively, and be sales oriented and aggressive. Printing is no different. No longer can a printing company simply hang out a "Print Shop" sign and expect the world to come running.

Printing can be a very lucrative business venture. However, to be profitable in today's competitive market one must become specialized. If a company can only produce short run, simple printing profitably, then this is the market it must aggressively pursue. A full-color printing company simply cannot produce 250 business cards profitably. Conversely, a small single-color print shop cannot produce 50,000 full-color brochures profitably. Specialization is here.

No printing company can compete in a '90s high-speed, full-color world with slow '50s equipment and skills. The ones who try will fail. Any printing company, large or small, which refuses to expand, upgrade its equipment, and increase its skill levels, will slowly lose its profitability and eventually vanish. The days of the local "Print Shop" that could print everything its customers wanted have drawn to a close.

Printer Perfect will start with an edge over its local competitors because of its equipment choices and skilled people. It will remain a leader because of the vision and determination of its officers.

Today's full-color printing companies require extensive and sophisticated equipment, skilled personnel, and a good client base for survival and growth. Printer Perfect can lease the equipment, it has the key personnel in place, and has instant access to a broad client base. All that is needed to make this new company a thriving Baton Rouge industry is a small financial "Jump Start." Printer Perfect needs your assistance. Today IS the future and Printer Perfect is for today.

MARKET

Within a forty mile radius of Printer Perfect there are over fifty large national and international manufacturing companies. Each of these companies uses the services of full color printing companies. Printer Perfect will aggressively seek out these accounts to produce their printing. One advantage Printer Perfect will have over the printing companies in New Orleans will be the ability to produce the end product at a more competitive cost. As earlier stated, we are living in a computer world. By selecting new state-of-the-art equipment, the production costs will be lowered because of the speed of the equipment and the lower skill level requirements. By being a "new" company, Printer Perfect will not be concerned with recovering its investment in slower, "old style" equipment which has many good years of service left.

Full-color printing will be the specialty of Printer Perfect. However, simple single and two-color work will also be solicited. The same sophisticated equipment that prints four colors of ink on one side of a sheet of paper is also capable of printing two colors of ink on one side of the paper, reversing the paper, and printing two additional colors on the other side. This is an obvious advantage over simple single-color equipment. Although the equipment may cost more initially, the speed at which the work may be accomplished will easily offset these costs and make the end product better and less expensive for the client.

In the immediate Baton Rouge area, there are over two hundred smaller accounts which are now being serviced by the local "print shops." These accounts will be easily serviced by Printer Perfect simply because of the ability to provide a better product, at the same or even lower costs, than the local "print shops."



INITIAL START-UP COST

It would be sheer folly to think that all building improvements, equipment purchases, inventory, and operational expenses for six months of operation could be covered for \$50,000. However, we will start the operation in a conservative and cost effective manner that will allow growth at a financially solid pace.

The building, described later, will need a few internal improvements to make operation feasible. Two restrooms must be added to accommodate the production employees, a camera room must be built, and electrical current for equipment must be run from the main source. The labor for these improvements will be done by the officers and staff of Printer Perfect. The plumbing for the additional restrooms will be the responsibility of the landlord. There are several small used pieces of equipment that will be purchased, rather than leased. The offices must be furnished and made presentable.

Listed below are the budgeted figures for these start up costs.

Initial lease payment	\$1,229
Initial utility services	\$600
Internal improvements	\$2,000
Small equipment purchases	\$15,000
Office furnishings equipment & supplies	\$2,500
Initial printing supplies	\$1,500
Total	\$22,829

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LEASE EQUIPMENT

There are four major pieces of equipment which will be acquired during the first year of operation. These four pieces are:

- 30" Challenge auto-spacer program paper cutter (or its equivalent)
Approximate cost: \$13,500 (new)
- 19" × 25" Omni Adast two-color perfect or offset printing press
Approximate cost: \$165,000 (new)
- McCain nine-pocket collator/saddle binder with three knife trimmer
Approximate cost: \$24,000 (used)
- Mergenthaler/Linotronic typesetting machine
Approximate cost: \$35,000 (new)

All of the above equipment will be acquired on lease/purchase plans which are available through the respective manufacturers. Total lease payments for all of the above equipment will not exceed \$4,000.00 monthly. No lease/purchase will be entered into until such time as a positive cash flow has been established.

LOCATION

One of the pitfalls of any new business is the poor choice of a location. Printer Perfect has circumvented this potential problem by selecting an excellent location for its operation. Printer Perfect will be located at US Hwy. 59 at SR 51. This location is a short three minute drive from the west side of Baton Rouge, and is located in an area which shows the greatest potential for growth in Baton Rouge. The building is a 13,520 sq.ft. metal



structure with a solid concrete base capable of handling the weight of any massive printing equipment. It has a loading dock for paper and equipment deliveries, ample employee parking, and a 1,000 sq.ft. brick veneer office.

Many printing companies opt to select more prestigious locations under the false pretense that clients will seek them out. In many instances, a small printing company will locate in a more retail traffic-oriented building, thinking that walk in traffic will offset the additional costs of the more sophisticated environment. This has proven to be a false concept over and over again. Printing clients are not the general public, but rather, business executives who make their selections of printers based on performance, quality and costs, rather than location of the printing company. Printer Perfect has opted to put its financial investment in space, rather than prestige.

The following factors have been carefully considered in selecting this location for Printer Perfect.

Proximity to clients

Since the printing industry demands personal one-on-one service, most of the clients will be served by sales/management personnel at their respective businesses. However, should a client desire to visit the printing facility in person, the selected location will be easy to find. It will be clearly identifiable, as a stand-alone structure facing US Hwy. 59, not hidden in a maze of look-a-like offices in some discrete industrial complex.

Potential for expansion

This one factor is probably the largest deterrent to growth that any new business faces. Printing companies are complex with many large pieces of equipment. They require highly skilled, industrial moving companies to relocate. Moves are very costly in actual dollars spent and loss of revenue from production down-time. There have been thousands of instances where printing companies elected to stay small simply because the cost of relocation was too great. Printer Perfect is fortunate to have this location available. Through negotiations with the lessor, Printer Perfect will be able to secure a portion of the entire building for the first three years, with an option for the balance of the building after the first three years. This will allow a great potential for growth. Based on national averages for the printing industry, a company with 13,000 sq.ft. of production area, when properly managed and staffed, should be able to produce approximately twelve million dollars in annual gross sales. This potential should be sufficient for ten to twelve years of operation of Printer Perfect. Once a printing company reaches this level of production, an alternate production facility is usually chosen over a plant expansion or relocation.

Cost

Obviously, any company must consider the cost of the location. Printer Perfect is fortunate that the chosen location will be available at realistic costs. For the first three years, the lease will be on an accelerating scale, beginning at \$0.13 (thirteen cents) per sq.ft. occupied space and ending at \$0.20 (twenty cents) per sq.ft. This will give the company an opportunity to recover start-up costs and build a solid financial foundation prior to accepting responsibility for the larger monthly rent expenditures. The officers of Printer Perfect have negotiated to begin operation in the east portion of the building, which encompasses 9,460 sq.ft. of the total 13,520 sq.ft. This translates into a monthly expenditure of \$1,229.80 ($\$0.13 \times 9,460$ sq.ft.) for the first year, \$1,513.60 ($\$0.16 \times 9,460$) for the second year, and a maximum of \$1,982.00 ($\$0.20 \times 9,460$) beginning the third year and continuing for six additional years thereafter. First option for the entire 13,520 sq.ft. building, at the end of the first three years, at the \$0.20 per sq.ft. rate, has also been agreed upon by the lessor.



ASSUMPTIONS

Gross Profit

Using a formula developed and tested over a lengthy period of time, we found the average gross profit to be 67.67% of sales price. We will be using 68% as a gross profit figure in making the projections for the potential profitability of Printer Perfect. The average price per impression was \$.05.

Efficiency

Using a similarly tested formula, we found the total number of impressions (applying ink to one piece of 8 ½ × 11 inch paper) possible in an eight hour day will be 1,032,000. This is a 100% efficiency rate. No company can possibly attain this figure. However, based on the experience of the officers of Printer Perfect, efficiency ratios of 45% to 65% are attainable. We will use the efficiency factor of 50% in making projections regarding the addition of more equipment or an additional shift of workers.

Typesetting

Typesetting will not be figured in this presentation. Typesetting is a separate entity in printing and must be treated as such. Printer Perfect will have typesetting facilities by the sixth month of operation. However, the cost and profits from this phase of the operation are not included in the projections. Any and all profits from the typesetting department will be included in all financial reports and dividend payments, since such reports and payments are based on the gross sales of the entire operation.

Existing Economic Conditions

It will be assumed that the economic conditions that currently exist in Louisiana will continue. The officers of Printer Perfect cannot control these factors. Should extreme negative economic conditions befall the Louisiana area, these adverse conditions could effect the projections made in this presentation.

FIXED MONTHLY EXPENSES

The first six months of operation are probably the most crucial for any new business. The Officers of Printer Perfect are fully prepared to guide this new venture through this difficult stage of operation. Every effort will be made to maintain a low fixed monthly expenditure level during this time period.

Tables for projected fixed monthly expenditures for the first six months, the first year, and the second year have been prepared.

OFFICERS

Mr. Paulie Perlman, President. Mr. Perlman's experience in color printing spans a twenty year period. His in-depth printing knowledge and skills assure Printer Perfect of a foundation from which to build an exceptional color printing company. Mr. Perlman has served in virtually every phase of the printing industry. He began his printing career during his high school years in the late 1950s. By 1968, he had become a journeyman color pressman. Mr. Perlman entered management in 1970, and by 1976 had risen to the position of General Manager of Copy Quickly, a major New Orleans printing company employing over 75 skilled people. In 1975, he was asked to join the staff at New Orleans Junior College, where he taught evening classes in Advanced Color Printing. Mr. Perlman also served as Advisor to the Board of the Printing Industry Association in 1977. In late 1979, Mr. Perlman left the printing industry to become self-employed as president of Bayou Building Trades, a New Orleans-based, offshore model construction company. Under his leadership, BBT grew to



become the most respected and well-known offshore model construction company on the Gulf Coast. Due to negative economic conditions that existed in New Orleans during late 1987, Mr. Perlman was unable to continue operation of BBT and, in mid-summer 1988, he elected to relocate to Baton Rouge. He is currently employed as General Manager of Vidalia Imports in Baton Rouge. Mr. Perlman is a man of vision and wisdom. He is enthusiastic, with sharp business skills and a vast knowledge of color printing. Mr. Perlman gives Printer Perfect an enviable edge over any of its competitors, both present and future. Mr. Perlman is 49 years old, married, and lives in Baton Rouge.

Mr. Mark Benjamin, Vice President. Mr. Benjamin comes to Printer Perfect with 12 years of solid, "hands on" printing experience. Mr. Benjamin began his printing career here in the Baton Rouge area while under the employ of Louisiana State Insurance Company. In 1979, he joined the staff at Vidalia Imports, where he currently serves as production manager. Mr. Benjamin has a unique ability to bridge the "gap" between the desires of the customer and the production necessary to meet those desires. Mr. Benjamin is constantly seeking ways to increase efficiency and lower costs, while maintaining high standards of quality for the client. He is a very capable manager of production employees and has an extensive knowledge of printing equipment. Over his ten year tenure with Vidalia Imports, Mr. Benjamin has become well-known for his promptness with delivery schedules, as well as for working with clients. Mr. Benjamin is driven by his desire to improve the quality of printing services in Baton Rouge. He is stalwart of energy and strength for the long, laborious hours so necessary in building a new company. Mr. Benjamin is 38 years old, married, and lives in Baton Rouge.

Mr. Gregory May, Secretary/Treasurer. Printer Perfect is indeed fortunate to secure the services of such an outstanding professional as Mr. May. Mr. May began his professional career with the Louisiana State Insurance Company in New Orleans. While under the employ of LSIC, Mr. May managed the largest single Premium Payment Department in the LSIC state office. He was honored several times with efficiency awards and quickly rose to division manager for the LSIC State Premium Payment Department. In 1979, Mr. May joined the National Bay Bank in New Orleans as assistant bookkeeper. In three years, Mr. May had risen to Assistant Head Teller of that same bank. In 1983, Mr. May joined the staff of Gulf State Bank, also in New Orleans, as manager of Drive-Thru Operations, where he became solely responsible for the 21 -lane Drive-Thru. His efficiency and excellent management skills were awarded upon two occasions as "Employee of the Month" for the entire GSB system, encompassing 17 branch banks and the third largest downtown bank in New Orleans. This is most impressive when one considers that his competition was over 6,000 fellow employees and managers. In 1988, Mr. May relocated to Baton Rouge and is currently serving as Accounts Manager for AABAA, a Third Party Administrator for the Louisiana School Systems. His primary duty, under this employ, is the management of over 5,000 individual payroll deduction accounts for teachers and other school officials. Mr. May is well-versed in computer skills and has mastered the use of all of the popular database and financial computer software programs used in business today. Mr. May is a very personable and talented individual. He is driven by his desire for perfection and efficiency. His financial background with the banking industry, plus his ability to control and manage massive amounts of data, will provide Printer Perfect with financial and office management second to none. Mr. May is 44 years old, married, and lives in a suburb of Baton Rouge.