



Brew University

Summary/Brief

Brew University is a hands on do it yourself brewery where the customer is the Brew Master. At Brew University customers may brew batches of beer based on styles they select under the tutelage of one of our skilled brewers. Our brewers walk customers through the entire process of setting a beer up for fermentation with a two-hour blend of learning and fun. Additionally, Brew University offers weekly classes about a myriad of topics ranging from home brewing to seasonal offerings, and a monthly certificate program that goes more in depth into home brewing and ends with brewing a batch of beer.

Market Opportunity

The American Beer Market industry is worth 105.9 billion dollars, with craft beer being worth 22.3 billion. In 2015, craft beer grew by 16% and the number of small breweries grew from 3,000,000 to nearly 4,000,000. With an estimated 1.2 million homebrewers, 31% of which are on the west coast, the market continues to stay strong. 60% of homebrewers average around the ages of 30-49. Craft beer is predicted to continue dominating the market in 2017 and onwards with an increase of 16%. Craft beer currently has around a 14% share of the total beer market. We seek to combine the markets of homebrewers and craft beer together. There is not a current location in Seattle that offers the ability to craft your own beer on-site which is where we see our market.

Target Customer

Our business seeks to target those in their mid-twenties to age 64 who have an interest in brewing beer. These people typically have steady jobs, and desire a chance to try something different than just sitting and drinking in a bar. We also seek to target those that already have a strong desire to brew beer, but are wary of the large upfront cost associated with buying equipment. With the growing popularity of craft beer, we plan on brewing our own beer to appeal to local drinkers and entice them to brew beer under our tutelage. We plan on locating in Seattle because of the large population of beer drinkers and the current inability to brew professional grade beer in small batches. To help understand our target market, we visited and spoke with local breweries to understand how they appeal to their target market and what changes they would make to be more successful.

Problem/Opportunity

With a rapid growth in popularity and consumption of craft beer, the desire to duplicate the process in a home environment arose. Beer enthusiasts who wanted to learn the techniques of home brewing were limited to either: long online courses, self-taught videos or local breweries that would only guide thru the technique using commercial equipment but not teach the process of home brewing in a hands-on fashion. Realizing the problem had a practical solution, the founders of Brew University, all craft beer enthusiasts, decided to create a teaching facility, and a set of programs that will allow fellow brewers to learn the required techniques for home brewing and to be able to make great beer themselves.

Product/Service Solution

Brew U. is a teaching and brewing facility that offers different programs according to the consumers' needs; Brew U. offers both basic and advanced courses as well as just a fun atmosphere to brew beer in. Designed for craft beer enthusiast between the ages of 24-64, Brew U. offers in person classes, provides a variety of recipes to learn how to brew under the guidance of a Brew Master, and offers the sale of our own craft beer to allow the consumer to compare their finished product or just enjoy a beer. Intended for hands on experience, Brew U, is the place where you Brew.

Competitors/Competitive Advantage

Brew University's competitors include traditional breweries, home brewing stores, and Gallagher's which offers a similar you brew concept. Additionally, we felt that the co-op owned Flying Bike Brewery offered some similar customers taking ownership approaches to brewing. At Brew University, our competitive advantage is we offer informative hands on classes where customers not only have fun making beer but learn something as well.

- **Gallaghers** – Located in Edmonds, WA, they offer DIY brewing but provide an instruction list and then act as lifeguards. Our competitive advantage is the level of instruction and teaching that sets us apart.
- **Sound Home Brew Supply** – functions as a top tier example of a home brewing supply store. They offer all the supplies necessary to brew the beer we do but with less professional equipment. They also offer semi regular one hour classes on brewing.
- **Flying Bike Cooperative Brewery** – is a co-op owned brewery model where the customers and owners can help shape the direction of the beer making style. However, the customers and owners are not actually making the beer themselves.

Business Model

Brew University is looking to open in the 'SoDo' region of Seattle due to the culture of breweries and wineries making the area popular, and the rent is much cheaper than some other areas in Seattle. Once opened Brew University will begin brewing three beers to have on tap for sale when others come in to brew their own beer or just have a beer as well as to demonstrate three different styles of beer that we can showcase to the consumer. Our "You Brew" class and brewing is the bread and butter of our company; customer groups of 1-10 can brew the equivalent of 138 12 oz. beers for \$250 in a 2-hour session under the instruction and tutelage of one of our brewers and educators. Two weeks after the class we'll bottle the customer's beer and then they pick it up and store it till it is ready to be consumed two weeks later. Brew University will also offer two different types of classes, the first we're calling "Brew-Tech," and those are offered weekly for \$50. These are two hour classes that go in depth into home brewing, specific ingredients, and seasonal varieties where the consumer will leave with a t-shirt and a beer at the end of the class. The second class offered will be "School of Brew" which is an advanced four course class in special subjects that ends with the students making their own batch of beer just like in 'You Brew.' By focusing on the education of the customer Brew University will foster strong customer ties and develop the next great generation of home brewers.

Sales & Marketing Strategy

Brew University's core customers are those that are true beer brand ambassadors; those that have a passion for beer and will spread that passion to others. As such, Brew University will focus its marketing efforts on beer events such as Washington Brewers Festival, Washington Beer Collaboration Festival, Taste Washington, and a host of other beer and food focused events. We will invest in relationships with other breweries around the area and work to feature a lineup of their beers to get people into our space, as well as work with them to host one of our beers to encourage customers to check us out. We plan on hosting our own brewing competitions to bring in brewers to try and win prizes as well as raise the profile of our business. We have a full-time marketing and graphic designer who will work to foster a strong online presence for our business and work to get our story into as many publications as possible.

Company Financials (3-5 Years) / Funding Needed, Use of Funds

Brew University's financial projections for three years out posits revenues at about \$1,413,000, with a steady increase in sales leading to \$1,510,000 at year five. Initial startup expenses before any beer is brewed is estimated to be \$394,000, which includes all the brewing equipment needed, building rent, utilities, permits, and licensing costs. After this, our first-year expenses of being in full operation rises to \$913,870, which includes the addition of employee salaries, and our cost of goods for producing beer for sale, BrewTech, You Brew and our School of Brew class offerings. Our business won't start making a profit until year five, in which we expect our beer sales and class offerings products to increase in popularity, putting our net income at the five-year point at \$273,450.

Startup expenses with breweries are expensive, therefore we would be willing to have no more than two to four investors in exchange for either equity or a fraction of sales until their original investment is paid back, then decreasing to a smaller interest rate for 5-10 years out. The reason for two to four investors is because we already have five owners, and would like to maintain majority ownership between the five of us. The amount of funds we would be looking for is to cover between 20% to 40% of startup and operation expenses, which amounts to about \$260,000 to \$520,000.

Team

Zachary Johnston (Founder and CEO) Mr. Johnston has spent most of his professional career working in the wine industry both in Walla Walla and Woodinville, thereby building a strong love of the art of brewing. Mr. Johnston saw an opportunity in the DIY brewing space and decided to seize on it.

Ilse Torres (Marketer and Graphic Designer) Ms. Torres joins us from Chihuahua Mexico with a strong background in architecture, Ilse is leading the charge in regards to finding suitable property to rent and develop. Her graphic design skills have been invaluable in developing our ideal logo image to both represent our company and attract our target market.

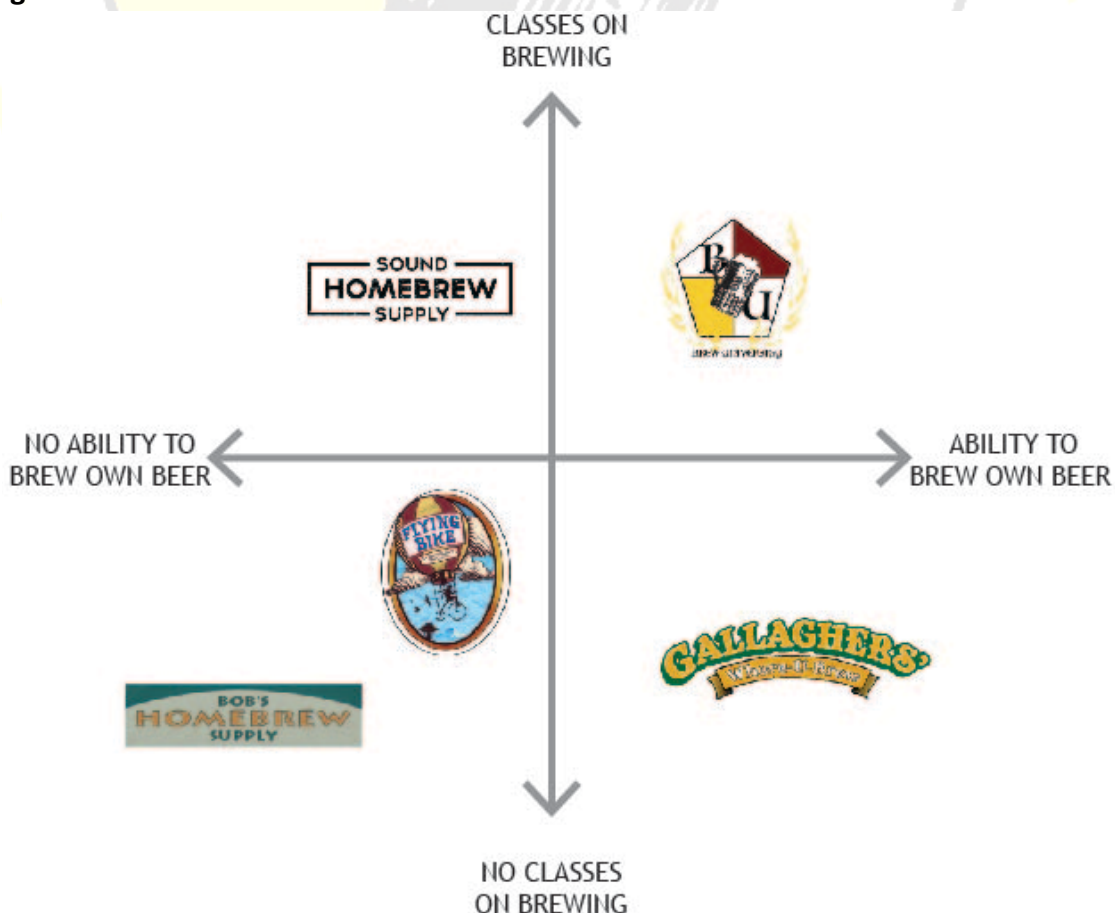
Jon Stewart (CFO) No, not that Jon Stewart, however Mr. Stewart brings to the table an intrinsic understanding of finance. Having spent most of his professional career within the retail industry Mr. Stewart has extensive experience in customer relations as well as management.

Ian Bedell (Brewer and Homebrew support) Mr. Bedell embodies a passion for beer. To put himself through school he worked in a kitchen and developed an intense love for creating and producing a product enjoyable for all. Mr. Bedell has also spent most of his life in the realm of customer service making him the ideal head man to be interacting with Brew Universities customers.

Parker Funai (Head of Training and Development) With a degree in sports science Mr. Funai understands how best to develop and train new athletes to a sport but in our case his skills translate into being able to develop successful brewers. Mr. Funai experience in the food industry will provide important knowledge of how to produce a quality output.

Appendices

Appendix A: Competitive Positioning map on the dimensions of ability to brew beer and class offerings.



Appendix B: Pro Forma Income Statement (Years 0-5)

Income Statement		Startup	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues							
Beer Revenue	0.0	\$169,000	\$338,000	\$585,000	\$650,000	\$663,000	\$650,000
U Brew Revenue	0.0	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000
BrewTech Revenue	0.0	\$65,000	\$80,000	\$95,000	\$105,000	\$105,000	\$125,000
School of Brew Revenue	0.0	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000
Merchandise Revenue	0.0	\$5,000	\$6,000	\$7,000	\$7,000	\$8,000	\$9,000
Total Revenue	0.0	\$965,000	\$1,150,000	\$1,413,000	\$1,489,000	\$1,510,000	\$1,510,000
Expenses							
Brewing Equipment		\$11,000					
Beer COGS(pints)	0	20,800	41,600	72,000	80,000	80,000	80,000
U Brew COGS	0	278,460	278,460	278,460	278,460	278,460	278,460
BrewTech COGS	0	10400	12800	15,200	16,800	16,800	20000
School of Brew COGS	0	21960	21960	21960	21960	21960	21960
Merchandise COGS	0	250	300	350	400	400	450
Rent	312,000	312,000	312,000	312,000	312,000	312,000	312,000
Utilities	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Insurance	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Brewer's Bond	1000	0	0	0	0	0	0
General Administrative:							
Salary - CEO		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Salary - CFO		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Salary - Marketing		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Salary - Teacher		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Salary - BrewMaster		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Total Expenses:	\$394,000	913870	937120	969970	979620	982870	982870
Earnings before income Taxes	-394000.0	\$51,130	\$212,880	\$443,030	\$509,380	\$527,130	\$527,130
Federal Income Tax	0	\$147,645	\$175,950	\$216,189	\$227,817	\$231,030	\$231,030
State Tax	0	\$14,475	\$17,250	\$21,195	\$22,335	\$22,650	\$22,650
Net Income	-394000.0	-\$110,990	\$19,680	\$205,646	\$259,228	\$273,450	\$273,450
Retained Earnings	-394000.0	-\$504,990	-\$485,310	-\$279,664	-\$20,436	\$253,014	\$253,014

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BREW UNIVERSITY

Summary

Key Tech Labs is a mobile education lab that provides children and young adults education with hands on experience with new emerging technologies. We bring new tech such as Rapid prototyping, Augmented reality, Digital imaging and Green technologies right to their places they already go. We know that technology evolves fast and most children, especially urban youth, do not have access to these tools of the future. That is why we travel to them, and let them work with our technologies in order to learn, imagine, and create the key to their futures.

Market Opportunity

The Global market for education in technology has been rising with the emerging technologies that have become relevant in the last several years. This includes Physical technologies such as 3d printing (3.4 billion), Digital Imaging and Digital Technologies such as Virtual reality & augmented realities (35 million). Since Key Tech Labs is a Non profit education and promotions company we work within the Nonprofit sector's \$887.3 billion contributed to the US economy (1). The White house is also providing incentives for states and districts to identify and close opportunity and achievement gaps, as well as provide Grants supporting other strategies that mitigate the effects of concentrated poverty. This plus the STEM (Science Technology Engineering Math) Learning 2013 incentive Race to Top has brought another 4.3 billion to Stem Development business providing for STEM access. On top of this ,the Maker movement backed by the Nation of Makers initiative , has provided over 1,000 community centers called Makerspaces that provide community access of manufacturing grade machinery (2). Key Tech Labs utilizes each one of these initiatives as a non profit education program focused on emerging technologies. Over the next 5 years 3d printing and maker services is estimated to become a 8.4B by 2020 (3).

Target Market

The target range of Key Tech labs is 7-18, students of the next generation whose mobile lifestyle already puts them in a world away from their parents and teachers who use analog systems in this digital world. According to Atmel, a major backer of the Maker movement, there are approximately 135 million U.S. adults who are already makers (4). The average student will be a maker, an individual with a desire to produce their own material or modify something readily available for their own more specific use or need. As youtube, facebook, and other social media go to show, people want their connections and access to the world but have their own way to express it, their own way to possess it. This segment of users covers youth already involved or interested in DIY enthusiasts, Designers ,Gamers, Film Makers, Fashion Designers, and Entrepreneurs. These markers act as the demand for more Makerspaces and the need for education in these new markets. In Key Techs third year we will have our own makespace to provide as a central hub for our manufacturing makers and small businesses. Before that, Key tech labs will be focusing on building the demand for the emerging tech through education and promotions. The Users for this aspect are the organizations that cater to our demographic of students. Organizations such as Schools, Libraries, Community Center, Churches and Makerspaces themselves. It is also been pushed by the top Fortune 500 companies like Boeing, Microsoft, and Google, who are using 3d printing and other emerging technologies within their company and are now pushing for education as a main focus. These same companies are preparing to capitalize on these future markets and gaining hold in it and its future workforce. We have started the education of this work force through our mobile promotions and education model by presenting classes at The Highline Homeschool Center, and interviewing and researching the needs of the local Libraries, Makerspaces, and Community Centers. Through our research we have verified the need for preliminary education and promotions of these local spaces as resources for further education and use.

Problems/Opportunities

Mass production fails to cover the needs of individuals and, as the world becomes more connected, unique content becomes more desirable as the youth now know and need more access to connecting technologies. This brings us to the gap, in coherence with the wage gap, the technology gap is about availability. Drones, solar panels, 3d printers, virtual reality are all technologies beginning their commercial market, but there accessibility is based on cost first and the learning curve of equipment second. Where the latter might be based on time, cost is based on income. As families, small business, and communities struggle with mortgage, debts, healthy living, the immediate necessities out trump the future precedents. On top of this ,schools, especially in the poorer areas, lack necessity for current standard practices and have no budget for digital advancement. This is where Key Tech labs jumps into the ring. A company that provides mobile education on technology and their emerging economic factors, and then provides open source alternatives that can be used in practical and accessible ways, pushing forward the revitalization of our education system and technological education that companies and organization such as Microsoft, Amazon, and Google as well as government organizations like the board of education, have been pushing for the last decade.

Product/service solution

Key Tech Labs is a mobile makerspace that brings emerging tech to underprivileged youth. We provide educational organizations with classes that teach youth how to become makers in their own communities. At the same time we create a demand for the business that sell products and services to the makers market. Our company creates a bridge between the makers and the companies that provide the tools and resources for the maker movement. Our services not only provide much needed education for the community, but fuels the economic growth of local and corporate business in the tech industry.

Competitors/comp advantage

Key tech Labs' competitors consist of groups and companies that participate in technological educations and development, these include Makerspaces as well as mobile educations organizations and our three main competitors:

- Pop Science - One of the first mobile education model to emerge in the northwest, Pop science extended itself as interdisciplinary science based teaching. They teach a variety of STEAM classes to youth in libraries, public locations, and community centers. June 2012
- Sodo MakerSpace - The largest fabrication lab in King County with public access to a multitude of small manufacturing tools and electronic components. The business consist of open space and tools for constructing and fabricating unique objects, products for or by individuals. One of the few makerspaces in Washington to have small manufacturing capabilities. June 2013
- HiveBio - A Biology lab in Seattle that allows access and education on personal or small organization lab testing and experimenting. Focused on providing laboratory space and education for all that desire it. Acting as a DIY space for tinkers and scientist alike, making it a perfect add on to the maker revolution.

Business model

Key tech labs will contract with two main parties, the 1st being organizations seeking technical educations in emerging new tech. The second party consist of business the sell a product or services around technology or the use of it. Our initial contact with the King county library system and the Tacoma Fab labs shows us that there is a high demand from both parties. We will first contact technical companies such as makerspaces and contract with them to act as a non profit wing of their organizations. We will then travel to the locations of the educational organizations and hold workshops that provide students with knowledge to produce and use maker technology. Once we have built up a demand for the makers market we will be driving traffic to our business partners. We monetize our process and receive revenue from both parties. The average workshop will cost \$500 per 4 hour class with an estimate of four class held per week. The business will pay \$2000 per month for the basic business sponsorship package. Within the second year we expect to add multiple level of sponsorship for ranging from \$200 a month for basic consulting to \$10,000 for white label van/services advertising and promotions. By the third year we expect to have a brick and mortar location directly across from Federal Way light rail stations and bringing in 25,000 local members and over 50,000 virtual members per month. We have already contacted the Burien King County Libraries and the Bellingham Foundry and verified our price points for the first year of operations.

Sales & Marketing

- Represent Key Tech Labs at technological trade shows
- We will setup relationships with all current and future makerspaces in the washingtons area.
- We will represent at at 5 Maker Faires in the WA state per year
- We will hire volunteer through Upwork and freelances website to market or Mobile lab to our clients
- We will hire students from our class to volunteer and promote our services to other schools and business.
- We will build and create lesson plans that we will monetize through e-learning platforms such as udemy.
- Write and submit applications for corporate and federal grants in the fields of technology, youth & minority educations.

We plan to reach our clients through direct marketing and intend to contact the educational organization directly

Company Financials (3-5 years)/ Funding needed, Use of Funds

Our startup cost will be focused on licensing and resources and equipment totaling \$16k. we plan in the first year to acquiring main revenue from workshops and grants as well as utilizing crowdfunding to accumulate the needed funding for annual expenses. With a Libraries, schools and business using our services of workshops, Virtual services, and Promotional services, we plan on securing break even revenue \$112K , and by the third year we will purchase our first location as a Makerspace. At the five year mark we will have combination of eight main avenues for funding. Workshops & classes, Virtual Membership, Digital Services, business sponsorship and Grants, Merchandising, & Crowdsourcing and have 3 location of Operation. See appendix (5)

Team & Advisor

Andrew Powers, (Founder & Executive Director)

- A Seattle University graduate, he has experience within Computer science, 3d printing, Digital Design, Animation. A nerd always pushing towards future learning and education, he has made his goal to connect generations and communities through interdisciplinary education and believes knowledge is the Key to a better future. With this ideal ,he has started multiple companies in order to connect the two worlds, Creative Pen studios; Graphic design company, Powers of Promotions; a mobile promotions, Final Scene Productions; a media and film company. Now he is taking his experience and combining the efforts to instruct the next generation on key skills to advance and grow alongside technology.

Adam Powers (Founder & Executive Director)

- Has been running Key Tech Labs as non profit educations for over 2 years. As the approach of the next generations and his son came to being, he realized this world will be changing to a fully digital world and the underrepresented communities will not receive the skills and knowledge for their future. Coming from a household of education, he knows that the technological education will not reach the urban communities until it is too late. So helped co - created Key tech labs to shift the scales and give the keys to the next generation, so that they may open their own doors of opportunities.

Advisor

- **Kristie Powers** has 25+ years in the education field. She is the Facilitator/Teacher for the Highline Homeschool Center and She is the Middle school social studies teacher for The Highline CHOICE Academy . She is also a mother of 3 children whom she home schooled herself, teaching them STEM based education as early as 1990.
- **Glenn Powers PharmD, MD.** has spent 25 years in the medical field and 20 of those years at Highline Medical Center. Dr Powers holds two doctorates, one in Pharmacology and one in Medicine. He also serves as an associate professor at the University of Washington Hospital.
- **Nathaniel Powers**, The late Nathaniel Powers was a master of many trades, Computer Scientist, Self taught Archer, Air Force, he is the inspiration for Key Tech labs. Nathaniel Powers acted as the main STEM educator for Kristie Powers Homeschooling for 10 years in it was his focus to make self actualized students with a love for learning and integrating technologies into the everyday life.
- **Russell Powers** specializes in technologies sales at M3 a microsoft affiliate where he has dominated. As a graduate of Seattle University, he seeks to give back to his community and provide guides to the next generation .

Appendix

1. <https://www.councilofnonprofits.org/>
2. <https://www.whitehouse.gov/the-press-office/2015/06/12/fact-sheet-new-commitments-support-president%E2%80%99s-nation-makers-initiative>
3. <http://time.com/104210/maker-faire-maker-movement/>
4. <http://blog.atmel.com/2014/09/15/diy-by-the-numbers-why-the-maker-movement-is-here-to-stay/>
5. <https://docs.google.com/spreadsheets/d/1q-R2JGzppSPV19Nxtb-fXz3lqcjOIIWdsCRRNF8gAfE/edit#gid=0>

	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
Workshop & Classes	\$0	\$24,000	\$45,000	\$95,000	\$600,000	\$845,000
Virtual Memebrship	\$0	\$5,000	\$28,000	\$108,000	\$200,000	\$345,000
Digital Services	\$0	\$6,000	\$9,000	\$12,000	\$32,000	\$85,000
Business Sponsorships & Grants	\$0	\$24,000	\$24,000	\$45,000	\$55,000	\$95,000
Merchandsie	\$0	\$3,000	\$5,000	\$30,000	\$76,000	\$120,000
Crowdsourcing	\$0	\$6,000	\$10,000	\$45,000	\$75,000	\$100,000
Total Revune	\$0	\$68,000	\$121,000	\$335,000	\$1,038,000	\$1,590,000
Expenses						
Toyota Tacoma 2001	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Car insurance	\$200	\$200	\$200	\$200	\$200	\$200
Gas Budget	\$1,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Car Maintenance	\$1,000	\$5,000	\$5,000	\$7,000	\$7,000	\$7,000
Licenecing fees	\$1,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Website	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Product deveoplment cost	\$0	\$5,000	\$20,000	\$10,000	\$10,000	\$10,000
Equiment Cost	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
General Adminstrative -						
Salary - Executive Director	\$0	\$24,000	\$24,000	\$24,000	\$30,000	\$30,000
Salary - Assitants Director	\$0	\$24,000	\$24,000	\$24,000	\$30,000	\$30,000
Salary - Executive Adminstator	\$0	\$24,000	\$24,000	\$24,000	\$30,000	\$30,000
Salary - Creative Director	\$0	\$0	\$0	\$45,000	\$45,000	\$45,000
Salary - Sales Account Manager	\$0	\$0	\$0	\$45,000	\$45,000	\$45,000
Locations/Office	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000
Total Expenes	\$16,100	\$101,100	\$116,100	\$298,100	\$316,100	\$316,100
Federal Income Tax	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	-\$16,100	-\$33,100	\$4,900	\$36,900	\$721,900	\$1,273,900

Large Manufacturing Capability



K.e.y T.e.c.h



High level of company's percent of market share

Low level of company's percent of market share



POP Up SCIENCE

Small Manufacturing Capability

NUCIANO™

Summary/Brief

Nuciano is a high-fashion accessories brand, inspired from humble beginnings, targeted to provide women with striking quality, effortless functionality and a luxurious image at competitive prices. The brand seeks to bridge the gap between luxury and affordability while possessing the natural ability to express a woman's attitude and grace. With an ultimate goal to become the staple accessory within a woman's closet, Nuciano intends to broaden its range of product offerings, improve its business-to-business (B2B) model, strengthen its marketing strategy and internally readjust to grow into a multi-million dollar international enterprise.

Market Opportunity

Nuciano competes within the US handbag, luggage and accessory industry as an online retailer and as a product manufacturer that relies on distribution channels within this market (*ref. Appendix A*). As of the 2016 industry report from IBISWorld (US segment)ⁱ, the industry revenue totaled at \$14.1 billion, which profits constitute \$689.6 million. The average growth projections during 2016-2021 are forecasted at 3.5%, a 0.6-point increase from the previous five years. Of the 28,438 businesses, the companies with the largest market share include Michael Kors and Coach Inc., who have led the modern fashion era of providing more “affordable indulgences” to consumers who dictate demand through their consumer confidence levels, amount of disposable income and international traveling.

Target Customers

The Nuciano brand is crafted for a niche target segment that is often recognized as the “H.E.N.R.Y.s” (High-Earners-Not-Rich-Yet), a previously understated customer who cannot yet purchase high-priced luxury brands, but possesses a comfortable disposable income. According to a trend report published by New Unity Marketingⁱⁱ, the segment belongs to 24.3 million households that economically reside between the middle class and ultra-wealthy; they generally earn between \$100,000-\$250,000 and are often home to younger affluents, age 25-45. These consumers value lower-priced high-quality products that fulfill the expectation of the high-fashion runway aesthetic and luxurious lifestyle. The H.E.N.R.Y.s are not whimsical spenders, but affluent savers who buy into a brand's perceived sense of prestige. In addition to interviewing relevant distribution channels, Nuciano will conduct a current and prospective customer survey for further analysis of this target segment.

Market Problem & Current Solutions

In the retail industry, the modern consumer either becomes entrapped within the flurry of fast fashion, a cycle of purchasing wearable trends for an inexpensive bargain, or betrayed by high-luxury commodities, exclusive and refined-quality pieces that are too precious for use; the handbag and accessories market has a dichotomous appeal, with few exceptions that entice the contemporary woman. Co-founders Joy and Jude Egbejimba recognized the problem—few brands properly integrated genuine elegance, practicality and affordability in their accessories. The founders believe in democratizing luxury fashion accessories and concluded that those who desire a structured and tasteful purse should have access to it. Through timeless inspirations, Nuciano has grown to provide likeminded women with an accessory that is an extension of their femininity and independence.

Product/Service Solution

At the crossroads between luxury and affordability, Nuciano's handbags range from classic leather silhouettes to chic crystal clutches that both provide each customer with class, quality and design. Ultimately, the leather purses are a woman's "everything" bag; from desk to dinner and the office to her evening out, Nuciano bridges the threshold without requiring a change of accessory. Its crystal clutches, embossed with Swarovski crystals, deliver that million-dollar look at an incomparable offer from other luxury lines. The Nuciano brand was established as a testament to the idea that the first impression of a woman, in any occasion, deserves a timeless accessory, both practical and expressive of her sophistication and style.

Competitors & Competitive Advantage

By targeting the niche between the mass market and the high-end customers, Nuciano does not compete against designers that manufacture and distribute luxury commodities, but against a smaller cohort that competes on a similar platform to the company (*ref. Appendix B*). These established companies include:

- **Michael Kors** — As an industry leader and household name that has successfully established operations in more than 100 countries, the Michael Kors brand has generated a global revenue of \$4.7 billion in 2015 by promoting its affordable luxury line in recent yearsⁱⁱⁱ.
- **Kate Spade** — The charming designer appeals to the vibrant image of the New York city woman. Kate Spade reports that the \$1.2 billion in 2015 sales is accredited to diversifying its product offerings to men, children and home décor^{iv}.
- **Tory Burch** — Launched in 2004, Tory Burch is a budding designer label that features ready-to-wear vacation accessories catered to the effortless look. It heavily invests in expanding its brand through maintaining multiple social media outlets.

These businesses have successfully integrated their designer name into affordable luxury fashion through brand recognition of their accomplishments in the high-end market. However, Nuciano directly positions itself within the H.E.N.R.Y. demand, allowing design of its top-grain leather and crystals, matching or exceeding its competitors' quality to be focused on those consumers.

Business Model

Nuciano will implement two phases of action to revise the operations of business efforts. Phase One will focus on increasing prevalence and market share within the U.S. market. Once Nuciano demonstrates sustainable integration, Phase Two will initiate efforts to penetrate West Africa, specifically Nigeria, because of its positive response and potential through the co-founders' unique experience within and connections to the local fashion industry. After proving a viable customer demand for its products during the last three years, Nuciano will expand its focus from singularly establishing and maintaining relationships with its customers to allocating that consumer interface to sustainable distribution channels. This business model, in order of priority, can be summed up thusly:

1. Maintain a product price point minimum of \$120 across its line of Nuciano leather purses and \$850 maximum for its crystal clutches,
2. Redirect B2C and small B2B engagements to more established chains and departmental stores,
3. Recruit sales representatives working to initiate those B2B communications,
4. Secure timely product releases,
5. Improve Nuciano branding, advertising and online presence (*ref. Sales & Marketing Strategy*),
6. Continue business research of the customer market and product design processes to ensure stable sales, and
7. Fully expand into the emerging West Africa market by replicating the above models.

Sales & Marketing Strategy

Early marketing endeavors in limited trials have validated the company's efforts and will continue to extend and improve the current sales and marketing strategy. This primarily includes:

1. Continuing in-store branding, advertising in brick-and-mortar shops, networking within the fashion community and partaking in trunk shows,
2. Attending nationwide tradeshows and events through sales representatives and independent contractors,
3. Collaborating with high-fashion designers in addition to red-carpet and runway shows,
4. Establishing affiliate and referral programs for bloggers and small business vendors who advertise and distribute Nuciano products from their site, and
5. Developing a stronger and more engaging online presence on website and social media platforms.

Traction/Performance/Awards

In its first few years, Nuciano has made many appearances in the fashion industry through collaborations with top designers and participation in press features, runway shows, Hollywood award shows and online and boutique stores (*Ref. Appendix D*). Nuciano's products have been received positively, especially for their quality, designs and price points. For example, the initial foray into the Nigerian market yielded corporate orders from a key client to gift appreciation for their employees and customers.

Company Financials (3 – 5 year)/Funding Needed & Use of Funds

Previous funding of \$275,000 has been fully provided by the co-founders and was prudently invested in Nuciano's conception and business lifecycle including design, sourcing and production. An initial cash infusion of \$350,000 will boost back-end making and front-end distribution, which can potentially result in a breakeven about 26 months after its relaunch and surpassing one million in sales by year five (*ref. Appendix E*). Specifically, the brand will focus on curating a stronger B2B focus, while further improving product design, supply chain and material sourcing, production costs, customer experience, internal operations and overall marketing to support the expected increased volume of business. The bulk of Nuciano's expenditures mainly derive from product production, shipping costs and outsourced advertising, such as editorial-style modeling and photography for products. However, with an increase of demand, product volume will increase and landed costs will decrease due to bulk operations.

Teams

Joy Egbejimba (Co-Founder & Creative Director)

From an early age, Joy Egbejimba has always admired her grandmother's elegance and critical eye towards the sophistication of a woman's appearance. Tastefully embracing one's feminine charisma through simple and classic silhouettes has influenced Joy in her past work as a model and in establishing Nuciano, a handbag brand dedicated to her grandmother. Joy integrates her devotion to fashion with a technical background in industrial chemistry and accounting to bridge the gap between quality and affordability without compromising merit. She is inspired by the women who reflect herself – strong, sexy, fun and fearless.

Jude Egbejimba (Co-Founder & Chief Operations Officer)

Jude's project management and business expertise allows him to manage Nuciano's supply chain and material sourcing, technical operations and sales representation. With a background as a top software engineer in the Pacific Northwest, Jude has built the Nuciano information technology assets from the ground up to include the e-commerce site and other software projects that support the efficient growth of the business.

Alicia Tang (Marketing Manager)

Nuciano's marketing manager and visual enthusiast, Alicia believes that communication is best portrayed through visible recognition. Her multiple market research experiences with firms in the Pacific Region and a passion for the studio arts mix to provide Alicia with competence for organization, insight and artistry. She has explored multiple outlets, including architectural sketching, clothing design and everything craft-related.

Advisors

- **Steve Brillig** — Currently as a family business director at Clark Nuber, an adjunct professor at Seattle University and a member of multiple advisory boards, Steve has held multiple executive titles in the financial, educational and consulting services for over 30 years.
- **Rubiná Mahsud** — Rubiná, an associate professor at Albers School of Business, teaches business strategy to graduate and undergraduate students. She has most recently disclosed research on the relationship between the effectiveness of a firm's management and its performance in *Strategic Management Journal*.
- **Sarah Kinum** — A certified public state accountant, Sarah has over 18 years of accounting, finance and auditing experience through positions in digital marketing to software solutions in the greater Seattle area. She began her professional career in financial auditing and seeks to earn a Leadership Executive MBA in the spring of 2017.

- Appendix A: Handbag, Luggage and Accessory Market Opportunity Overview

Key Statistics
Snapshot

Revenue
\$14.1bn

Profit
\$689.6m

Annual Growth 11-16
2.9%

Wages
\$1.8bn

Annual Growth 16-21
3.5%

Businesses
28,438

Market Share

Michael Kors **16.1%**

Coach Inc. **12.7%**

Genesco Inc. **7.0%**

Key External Drivers

Consumer spending

Per capita disposable
Income

Inbound trips by non-
US residents

International trips by
US residents

Percentage of
services conducted
online

Revenue vs. employment growth

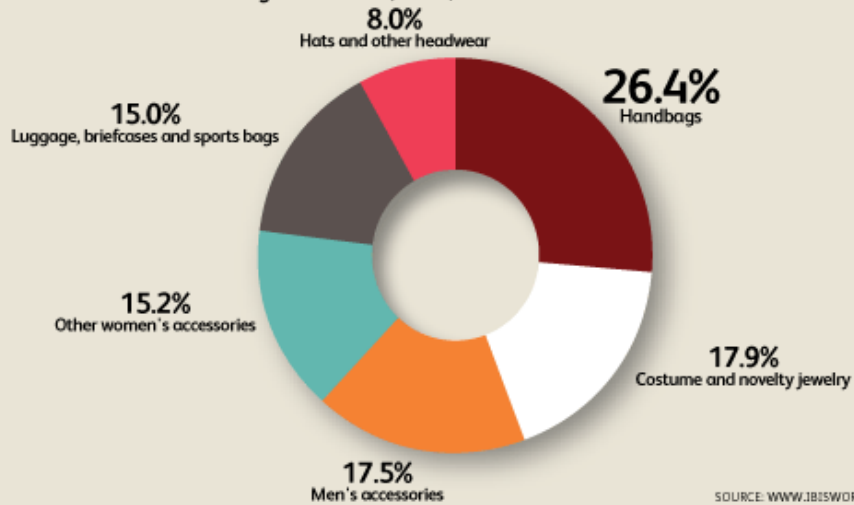


Per capita disposable income



SOURCE: WWW.IBISWORLD.COM

Products and services segmentation (2015)



SOURCE: WWW.IBISWORLD.COM

1. **Press Mentions** — 3 Inside Wedding appearances, Home and family TV, E-news, Gladys
2. **Fashion Designers** —Daniel Hernandez Couture, Gustavo Apiti Couture, A thousand croset
3. **Runway Shows** —Seattle Fashion Week, Laz Anderson Museum Boston Fashion show, London Fashion Week, Boston Fashion show
4. **Bulk Sales outlets** —Zulily.com
5. **Trade shows** —Las Vegas Magic show, Miami Coast show, LA market show, AR New York
6. **Market growth** —UK, Canada and Nigeria
7. **Online stores** —AH Concept in Morocco, Wolf & Badger (UK), thePommier (UK), Illudio (Nigeria)
8. **Boutiques** —Lior at the Venetian in Vegas, Wolf and Badger in London, La Boutique Jolie in Issaquah, Divalani Style in Bellevue

Appendix E: Pro Forma Income Statement (Years 0-5)

	Startup	Year 1	Year 2	Year 3	Year 4	Year 5
Proforma Income Statement						
Sales	\$ 105,040	\$ 410,109	\$ 533,078	\$ 695,075	\$ 903,076	\$ 1,074,891
Cost of Goods Sold	\$ 102,141	\$ 159,283	\$ 203,448	\$ 265,310	\$ 344,671	\$ 411,483
Operating Income	\$ 2,899	\$ 250,826	\$ 329,630	\$ 429,765	\$ 558,405	\$ 663,408
Expenses						
Administrative Expenses	\$ 77,358	\$ 78,661	\$ 100,470	\$ 137,917	\$ 133,074	\$ 144,631
Marketing Expenses	\$ 95,319	\$ 126,750	\$ -	\$ 64,865	\$ 35,871	\$ 20,350
Total Expenses	\$ 172,678	\$ 189,386	\$ 149,205	\$ 186,757	\$ 167,719	\$ 164,756
Earnings Before Interests & Taxes	\$ (169,779)	\$ 61,439	\$ 180,425	\$ 243,008	\$ 390,686	\$ 498,652
Taxes	\$ (50,933.60)	\$ 18,431.83	\$ 54,127.60	\$ 72,903	\$ 117,205.90	\$ 149,595.66
Net Income	\$(118,845.06)	\$ 43,007.59	\$ 126,297.74	\$170,105.91	\$ 273,480.44	\$ 349,056.54

End Notes & References

ⁱ Anya Cohen, "[IBISWorld Industry Report 4483: Handbag, Luggage & Accessory Stores in the US](#)," IBISWorld, accessed February 1, 2017.

ⁱⁱ Pamela N. Danziger, "[Meet the HENRYs: Positioning for the Mindset of the High-Earners-Not-Rich-Yet Customers](#)," available from PRWeb.com, accessed February 3, 2017.

ⁱⁱⁱ Anya Cohen, "[IBISWorld Industry Report 4483: Handbag, Luggage & Accessory Stores in the US](#)," IBISWorld, accessed February 1, 2017.

^{iv} Kate Spade, Kate Spade 2015 Annual Report, 2016, p. 4., from Kate Spade and Company website, <http://nasdaqomx.mobular.net/nasdaqomx/7/3507/5006/>.

^v Progressive Media Group, "Michael Kors Holding Ltd.: Company Profile and SWOT Analysis," Timetric, available from ProQuest, accessed February 7, 2017.

^{vi} Nasdaq, "KATE Company Financials," January 2, 2016, <http://www.nasdaq.com/symbol/kate/financials?query=income-statement>, accessed February 22, 2017.

^{vii} Experian Information Solutions, Inc., "Tory Burch LLC.," *Experian Commercial Risk Database*, December 29, 2016, available from ProQuest, accessed February 22, 2017.

2015 Harriet Stephenson Business Plan Competition
Intent to Enter Business Plan – The PediGlide, LLC

Summary/Brief

The scientific community has dubbed the phrase the “sitting disease” to describe the average American lifestyle that consists of 8 hours a day of sedentary sitting, of which 5.7 hours are at the office. The PediGlide is the only solution that provides a way to keep your legs active in all sitting scenarios; at the office, home and even on an airplane.

Market Opportunity

Due to the numerous types of health benefits the PediGlide delivers, it can be included in a number of different markets. One of those include the preventative and personalized health industry, which is over \$430 Billion dollars in the United States alone and grows by 13% every year. Another is the growing at 7% yearly \$29.6 Billion outpatient rehabilitation market due the PediGlide’s ability to keep patients who have leg surgery active while healing. The third market is the 77 million office workers employed in the United States who are directly affected by the sitting disease. A fourth, but not final, demographic the PediGlide will be a revolutionary addition to is the airline travel market. Blood clots kill up to 100,000 people a year and many more are effected by minor or major health issues. These blood clots form especially well on flights from the increased cabin pressure, dehydration of the circulated air and long periods of sedentary sitting. The PediGlide is the only device on the market that can keep the 848 million US airline passengers active while on a plane.

Target Customers

Our target customer would be a blend of the markets that will benefit from the PediGlide. After a successful Kickstarter campaign that raised over \$13,000 from 160+ backers, we were able to learn more about our specific markets. We saw a very even split between female and male but a drastic trend towards those who are older than the age of 40. With youth being naturally healthier than their older counterparts, they did not comprehend the health benefits of the PediGlide. This could have also been due to our marketing that was focused around the health benefits and not around how the product can tight and tone your leg muscles.

From our analysis we found two major proponents of the PediGlide. The first is a gentleman with knee problems over the age of 45 who is an upper-level manager at an office position that tends to travel for business often. He is concerned with his amount of sedentary sitting and his doctor has informed him of his knee issues from lack of use. The second proponent could possibly the first gentleman’s wife. She is concerned with the health of her loved ones and teaches at K-12 school. She has noticed her students becoming increasingly active with no way to vent their anxiety. She buys one for her loved ones but also encourage those around her (parents of her students, faculty, friends and family) to buy a PediGlide.

Market Problem and Current Solutions

Currently, most people settle for staying inactive for the majority of their day. This acceptance of inactivity is having drastic effects on people including 70% of Americans over 20 considered overweight and a 125% increase of cardiovascular disease. Exacerbating the inactivity only 40% of adults exercise: 25% get the recommended amount to live healthy lifestyle. The health of Americans is becoming a long term issue with the percentage of children considered obese increasing from 7% in 1980 to 18% in 2012.

Your Product/Service Solution

The PediGlide is the only product on the market that can be used under any desk. By providing a way to keep a user’s legs active, the PediGlide helps provide a long list of health benefits. The PediGlide is also the only product on the market that fits on an airplane, keeping legs active in the tightest areas.

Air pressured cabins on planes amplifies the dangers of sedentary sitting with effects from leg swelling to blood clots that can cause strokes, heart attacks or death.

The PediGlide is a patent-pending lower body exercise device measuring 14" length X 14" width X 2.5" height square box with two separate sliding platforms that can be folded in half-length wise for easy storage. In a sitting position, the user first adjusts the resistance to a level they feel comfortable doing for multiple repetitions by adding or subtracting resistance bands. (See Appendix 1 for breakdown)

On average, a user will do 2 full repetitions per second; equating to 120 repetitions per minute and 7,200 repetitions per hour. Assuming two full repetitions is the equivalent to taking a single-leg step, the PediGlide translates to 360 burned calories / hour.

Competitors/Other Solutions

The issue of sedentary sitting has been on the radar of individuals and corporate wellness programs for years with treatments ranging from the most extreme such as the treadmill desk to simply addressing the issue of sitting with a standing desk. However, none of these solutions have been able to penetrate the majority of offices due to numerous of reasons. The treadmill desk does burn a large amount of calories but with a cost ranging up to \$5,000 and size of 6' x 3' it is far too expensive and large. Standing desks have been considered the most logical conclusion to sedentary sitting but standing for long periods of time does not provide much activity and can cause back, hip, knee and ankle problems. The mini-elliptical and pedal exerciser are very similar in their ability to keep a user's leg active and also in their inability to fit under desks. With a user having a large vertical knee movement their knees are often hitting the desk; making the device completely useless. (See Appendix 2 for Pros and Cons of Competition)

Competitive Advantages

Sedentary sitting is more than just at the office; it's on airplanes, on a commute and at home. The PediGlide weighs a very light 7 pounds and collapses in half for easy carrying. Its small profile allows it to be used while sitting anywhere, a point its competition do not come close to. The innovation inside the PediGlide has attracted key partnerships within the medical, educational and retirement communities. By fostering relationships with associations inside these fields, the PediGlide will establish itself as the thought leader on fighting sedentary sitting. (See Appendix 3 for SWOT)

Business Model

After a successful Kickstarter campaign, the PediGlide will expand sales into both direct to consumer and to wholesale partners. For consumers, a combination of social media marketing, PR and innovative non-traditional marketing will drive a strong consumer sales platform. Direct buying through ecommerce at the full price of \$99 provides both the greatest margins as well as the ability to track the demographic of our consumer. An innovative, non-traditional tactic that the PediGlide will be pioneering will be working with commercial property managers of highly concentrated offices in large cities to have product demonstrations on the ground floor near the elevators. By showcasing the benefit of the product where it is most wildly needed, the PediGlide will both teach consumers the dangers of sedentary sitting and introduce the best treatment.

After growing a strong consumer base, the PediGlide will expand into wholesale and retail operations. Primary business sales targets will be physical therapy companies and health fitness retailers. From growing in mostly local and niche stores, the PediGlide will continue its growth by connecting with larger retailers such as Target, Amazon and Costco; all of which have already been in contact with the PediGlide team.

Our inventory costs are \$27 per unit with taxes, shipping and assembly increasing the total COGS to \$44 per unit. Marketing costs have averaged \$25 per unit provides an EBITA of \$30. With wholesalers and retail taking in the cost of marketing price point is dropped to \$70 per unit. With the majority of our startup costs coming from the tooling and setup of the manufacturing, the cost per unit will continue to go down as unit production increases.

Sales & Marketing Strategy

Social media and innovative sales marketing of product demonstration at corporate office buildings will be targeted and strategic. This includes Facebook, Instagram, Twitter and LinkedIn. Using the strategy of becoming the thought leader in the market, the PediGlide will both increase the public awareness of the dangers of sedentary sitting and demonstrate how the PediGlide is the ultimate sedentary sitting solution. Once sales have increased during year 2 and 3, more traditional marketing strategies will be expanded, including 30-second commercials on cable providers. Building strong relationships with industry associations will require traveling and conference show expenses. First year marketing expenses are targeting \$100,000; 75% going towards social media marketing, 20% towards association partnerships and the remaining 5% to build the innovative corporate office sales.

Traction/Performance/Awards

Collaboration with applicable non-profits that are involved with our target demographic has numerous associations that focus around the areas of their concern. The PediGlide is already in connection as (See Appendix 4 for Full Association List):

- Certified Partner of the International Society on Thrombosis and Haemostasis (ISTH)
- Member and guest speaker of American Association of Cardiovascular and Pulmonary Rehabilitation (AACVPR)
- Member and guest speaker of National Association of Therapeutic Schools and Programs (NATSAP)

Company Financials (3 – 5 years out)

Developing the PediGlide, a strong online presence on web and social media, and creating a successful Kickstarter cost \$58,000. Using the traditional product lifetime bell curve, a sale price of \$99.99 and an assumed 300,000 units sold during the 5-year lifetime, the PediGlide will be profitable in year 2. Our assumptions were made from competitors' product pricing and penetrating a modest 0.4% of the 77 million people. Breaking even occurs in year 3 with selling 175,000 units. Our key assumptions include following the traditional 5-year bell-curve and a steady level of marketing expenses relative to increasing sales. The marketing assumption was increased after experiencing higher than expected social media costs during the successful Kickstarter campaign. (See Appendix 4 for Financials)

Funding Needed & Use of Funds

All of the PediGlide funding has come from the personal savings and debt of its founders. The majority of the \$60,000 that was initially raised went towards product development; design, prototyping, revisions, further prototyping. The next phase in the PediGlide is increasing market penetration which will be funded in one of two ways. The first is from increasing pre-orders from our PediGlide to have a working capital from a bank. The benefits of this path is the PediGlide team keeps full ownership of the company but requires a high number of pre-orders to get to the level needed to be funded through a bank. The second option would be to find an investor for a bulk purchase of the units and be able to sell the units as sales come.

Team & Advisors

Dylan Munn (CEO) - With mixing a strong background in both B2C and B2B sales, Dylan has been able to not only meet, but exceed all metrics set on him. In nearly every sales role he has held Dylan was either the top, or one of the top producers.

Ian Walsh (CFO) - A perfect balance of Dylan's full-speed-ahead mentality is Ian Walsh's calm and calculated view. Ian's background includes nearly 2 years at KPMG and another 3.5 years as a Fund Accountant at Silver Creek Capital Management.

Tyson Bogumill (Investor / Advisory) - With a Master's and Bachelor's in engineering, Tyson works as a Project Engineer and Quality Control Manager on international, multi-phase construction projects ranging from \$15-30 Million. His experience helps PediGlide negotiate better pricing with our vendors and properly execute thoroughly planned operations.

Appendices

Appendix 1: Description of the PediGlide

PediGlide: Ultimate Sedentary Sitting Solution

Stay Active While Sitting Anywhere

PediGlide is a patent-pending lower body exercise device measuring 14" length X 14" width X 2.5" .

On average, a user will do two full repetitions per second; equating to 120 repetitions per minute and 7,200 repetitions per hour. Assuming two full repetitions is the equivalent to taking a single-leg step, the PediGlide translates to 360 burned calories / hour.

Stay Active While Sitting Anywhere

Resistance bands built inside the PediGlide provide increased resistance to ensure the user maximizes leg movement activity.



PEDIGLIDE

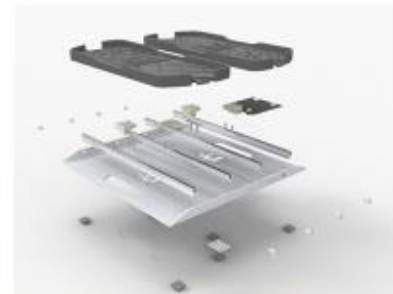
PediGlide: Ultimate Sedentary Sitting Solution

Simple Design, Major Impacts

The PediGlide was designed from the ground up to be the most simple viable product that can address sedentary sitting anywhere. Fewer parts cut down on weight and individual parts breaking down.

Compact & Versatile

With a weight of under seven pounds and the ability to fold in half with a locking mechanism, the PediGlide is the only product on the market that can be taken from your house, to the office and on your long business flight.



PEDIGLIDE

Appendix 2: Pros and Cons of PediGlide's Competition

Walking Treadmill Desk

Pro's
<ul style="list-style-type: none">• High calorie burner• High health benefits• Activates numerous muscle groups• Market intuitively understands benefits and operation design of a treadmill desk• Addresses sitting for long periods of time health hazard
Con's
<ul style="list-style-type: none">• Users can fall from being distracted during multitasking• Costs range from \$1,000 - \$5,000• Noisy in crowded office space• No ability to move to sitting desk if user becomes tired of walking• Takes up large amount of office space, usually around 6' long X 3' wide• 11% drop in motor & cognitive skills of typing, mouse clicking and math problems• High calorie exercise can lead to uncomfortable sweating at work• Zero ability to be used in air travel• Creates static electricity that can possibly shock the user

Pedal Exerciser

Pro's
<ul style="list-style-type: none">• Relatively small and compact• Adjustable tension• Highly marketed to niche demographics like knee recovery patients• Cost between \$30 - \$300• Can be high or low calorie burn
Con's
<ul style="list-style-type: none">• Users hit their knees on a desk if they attempt to use in an office environment• Requires user to have long and/or high leg room at desk• Poor grip on ground, shifts when using• Not usable in small spaces or air travel

Mini-Elliptical

Pro's
<ul style="list-style-type: none">• Cost between \$40 - \$300• Adjustable tension• Design allows for good grip with ground and users' feet• Low calorie burn, no sweating at work
Con's
<ul style="list-style-type: none">• Users can hit their knees on a desk if they attempt to use in an office environment• Requires user to have long and/or high leg room at desk• Not usable in small spaces or air travel• Only utilizes one direction of leg motion• Bulky and not easily carried

Standing Desk

<p>Pro's</p> <ul style="list-style-type: none"> • Addresses sitting for long periods of time health issue • Adjustable models can be installed in some offices • Ease of use • Engages numerous muscle groups • Can burn a relatively high number of calories by simply standing all day
<p>Con's</p> <ul style="list-style-type: none"> • Stationary movement, no further body movement engaged • Non-adjustable models can cause discomfort after hours of use • Standing for too long can be poor health for joints, feet swelling and pregnant workers • Users tend to grow tired of standing all day and revert back to mostly sitting • Not usable in small spaces or air travel • Costs between \$250 - \$1,000



Appendix 3: PediGlide SWOT

<p>Strength</p> <ul style="list-style-type: none"> • First and only horizontal motion office and home leg exercise machine • Price competitive at \$99 / unit • Device is very simple, has adjustable tension and portable • Ease of use and air travel friendly • Can burn both high and low amount of calories during use • No installation required, out of the box ready • Numerous and high level health benefits 	<p>Weakness</p> <ul style="list-style-type: none"> • Does not fully address sitting for long periods of time health issue • Device may not grip well on all surfaces, causing device to shift when being used • Possible slight noise distraction in high density work environments • Need to educate market on uses and benefits
<p>Opportunities</p> <ul style="list-style-type: none"> • First to market • Can expand brand into holistic office health including office meals, further office exercise equipment, newer models, adding technology to device to integrate with health applications 	<p>Threats</p> <ul style="list-style-type: none"> • Elastic industry, easy to enter • High number of established competitors • Competitor copies of devices

Appendix 4: Full Association List



Non-Profit & Industry Associations

Certified Member / Partner







In Communication With











Appendix 5: Financials

Financial Summary			
	2016	2017	2018
Total Sales	\$ 346,042.65	\$ 3,050,832.91	\$ 9,904,545.29
Costs	\$ 624,034.06	\$ 1,343,135.85	\$ 3,865,034.72
EBITA	\$(277,991.41)	\$ 1,707,697.06	\$ 6,039,510.57
Corp. 35% Tax Rate	\$ -	\$ 597,693.97	\$ 2,113,828.70
Profit	\$(277,991.41)	\$ 1,110,003.09	\$ 3,925,681.87

Costs	
Website Update	\$ 10,000.00
Website Hosting (per month)	\$ 39.00
Finalize Product Design	\$ 40,000
Loan Restructure	\$ 56,886.99
New Monthly Payment Loan	\$ 6,607.54
Principal	\$ 660.75
Interest	\$ 5,946.79
Social Media Marketing / month	\$ 6,000
Field Marketing / month	\$ 5,000



Mission Statement

The Madrone School is a private, non-profit that aims to provide a superior and affordable education to children with autism in the greater Seattle area.

About Us

Autism affects 1 in 68 children. In the greater Seattle area, that represents approximately 3,979 school aged children. Of which, approximately 98% of those children have no existing alternative to the public school system setting where they are routinely segregated from their typical peers and do not always receive the appropriate services they deserve. The Madrone School aims to provide an alternative to the public school system and will offer a more affordable and individualized approach to those affected by autism using proven behavioral therapies. If sustainable, we are projecting a growth of 100% every year. Capital infusion can enhance that growth rate or a lack of capital could slow down growth.

Project

The Madrone School will provide a private school, academic focused setting for children diagnosed with Autism Spectrum Disorder (“ASD”). The pillars of the school will be to:

1. Provide supply where there is a rising tide of demand (i.e. reduce size of waiting lists)
2. Provide an affordable education to students regardless of their socio-economic background
3. Provide a superior education to that which is received in the public school system

Provide Supply Where There is Demand

Autism affects 1 in 68 children and 1 in 42 boys.¹ Just focusing on the school districts that encompass the greater Seattle area² we estimate that there are almost 4,000 students with autism.³ That’s enough to fill three public high schools.

If a parent of a child with autism is not satisfied with the public school offering, they have very few options. First, they can move to another school district and hope that the situation improves. Second, they can attempt to enroll their children in one of the two autism-focused private schools in the area.

Unfortunately, both schools are at capacity and are turning children away. Together, they serve approximately 70 students with the largest school, Academy for Precision Learning (“APL”), serving almost 45 children and based in Seattle close to the University of Washington. The second school, Rising Star Academy (“RSA”) of FEAT, serves approximately 25 children, but only serves children through age eight and doesn’t appear to be planning to expand.

Additionally, the currently available schools are extremely expensive. Thus, there is a bias to admit children whose parents work for global companies in the area that have benefit packages that cover the cost of tuition and relieves the schools from attempting to raise funds or ask parents to cover part of the tuition.

By having a child with autism, we naturally know a number of other parents who have children with autism. In our informal polling, we have yet to come across a parent who is not interested in an alternative to the public school system that is located on the Eastside (a suburban area east of Seattle). Even if we assumed that 75% of Seattle parents of children with autism would be interested in an alternative AND assume that every student served by APL and RSA of

¹ <https://www.autismspeaks.org/what-autism/facts-about-autism>

² Seattle, Lake Washington, Renton, Issaquah, Northshore, Bellevue, Mercer Island, Edmonds, Mukilteo, Marysville, Snohomish, Everett, Shoreline

³ 246,676 students divided by 62 = 3,979.

FEAT lives in our target districts, that still leaves no alternative to the public school system for over 2,914⁴ Seattle children with autism.

While it will naturally take some time for The Madrone School to grow, our long term goal is to be a beacon in the night for parents with children on the autism spectrum. If there is an intent to attend the school, we intend to have a seat available.

Provide an Affordable Education

If we ignore property taxes paid by home owners, a public education through 12th grade is free, excluding meals. Yet, parents of children with autism realize that our children need more help than their neurotypical peers which is covered in each child's Independent Education Plan ("IEP") provided by the school district that outlines the services the child will receive during the school day. Additionally, most parents of children with autism spend countless hours sitting in waiting rooms of private, after-school services that help supplement the standard school day. In fact, autism costs an average family \$60,000 a year.⁵ Therefore, through market research and our own sentiments as parents of a child with autism, we believe parents will pay a reasonable amount for quality services to help their children progress.

The key word here is *reasonable*. The alternative options to public school around the city do not state the cost of their tuition on their websites, because frankly, the cost to run a private school for children with autism is a significant sum of money on a per student basis. Without any outside assistance, the annual tuition cost per student starts at approximately \$40,000 and increases as you add supplemental services like speech and occupational therapy. We don't dispute these figures. It really does cost \$40,000 a year per student to run a basic school focused on an autism curriculum.

What *is* unreasonable, however, is burdening the parents with this total annual cost of tuition, which is most likely more than they pay for their home over the same amount of time. Health insurance can help to offset the cost of tuition, but very few insurance plans pick up any of these costs. Two prominent plans do cover the cost of tuition at schools like The Madrone School - Premera Microsoft and Premera Amazon. In fact, RSA of FEAT only accepts three insurance plans, with Premera Microsoft and Premera Amazon comprising two of the three plans. Likewise, APL does not list any insurance plans that they accept, but they do state that "APL is an approved provider of applied behavior analysis services under the Microsoft Corporation ABA/autism insurance benefit".⁶

That's an amazing benefit as long as you are an employee of Amazon or Microsoft. But what about the hundreds of thousands of people in the Seattle area that do not work for those two companies? These two schools have in essence built a school for children with autism whose parents work at Amazon and Microsoft. It allows the schools to save time from billing insurance companies, raising funds and applying for grants. They can do this because there are so many children with autism that they can cherry pick the children from Microsoft and Amazon families.

For the rest of us, we think The Madrone School can still provide the same quality education that the current public school alternatives do, but do it at a cost to parents that is more in line with their income. We plan to subsidize the cost of tuition by tapping into the vast resources in Seattle in the form of family foundations and global corporations based as well as applying for grants. Parents will still pay a "co-pay" to make sure they are committed to the school and ensuring their children are in attendance and engaged, but at a much more reasonable amount. To ascertain the co-pays from parents, we have created a sliding scale to set tuition levels for students based on their household income levels.

Provide a Superior Education

Children who fall under the Special Education umbrella in the public school system are entitled to a "free appropriate public education"⁷.

We covered the free aspect of a public education in the previous section and will discuss an appropriate education here. The word appropriate is vague when relating to education. So, to clarify, an appropriate education in public educators' eyes is a setting where the child is not regressing. Progressing is great, but treading water is good enough. Frankly, the target school districts are just too big to provide the level of education children on the autism spectrum need. When you

⁴ 3,979*.75-70= 2,914.

⁵ <https://www.autismspeaks.org/what-autism/facts-about-autism>

⁶ http://www.aplschool.org/apl_tuition.html

⁷ <http://www2.ed.gov/about/offices/list/ocr/docs/edlite-FAPE504.html>

hear that children with autism make up only 2% of the total student population, you might think that it's a unique problem affecting only a few families.

But that 2% is comprised of almost 4,000 children, the equivalent of almost three local high schools' total enrollment. And even if we assume the APL and RSA of FEAT are totally comprised of children from our target districts, that leaves over 3,900 children with no place to go if they are frustrated with public school system.

Business Model

As The Madrone School is a non-profit organization, the goal is to annually raise funds to cover the cost of running the school. We will fund the school through an annual auction, grants from foundations, an endowment program, relying on gifts from individual contributors, insurance proceeds and parent co-pays. Through research we have conservatively estimated that insurance covers 30% of the tuition costs. The estimated average tuition per student is \$45,026 in year 1 and \$40,761 in year 5. As such, the expenses of running the school is the average tuition times the number of students enrolled. This tuition cost will be subsidized by insurance, endowment and/or grants so that the substantial burden does not fall squarely on the parents.

Sales & Marketing

In the wake of such overwhelming demand, we plan to rely on grassroots marketing and word-of-mouth throughout the autism community. We currently have a Facebook page and website (www.themadroneschool.org).

Timeline

August 2015: Assemble Advisory Board – COMPLETE

September 2015: File incorporation with Secretary of State with the State of Washington – COMPLETE

October 2015: Obtain 501c(3) status from IRS – COMPLETE

November 2015: Launch fundraising campaign – COMPLETE

December 2015: Obtain commitment from Head Teacher – COMPLETE

December 2015: Launch Website – COMPLETE

February 2016: Submit Washington state application for Private School Certification – APPLICATION SUBMITTED

May 2016: Finalize facilities for year 1

June 2016: Obtain commitment from Teaching Assistant

September 5, 2016: First day of school

September 6, 2016: Start fundraising campaign for 2017 school year

Company Financials

We raised \$5,224.95 during our friends and family fundraiser in December of 2015. We have received \$50 in gift cards from Costco of Woodinville and have sent out letters of inquiry/applied for 50 grants (as of 2/20/16). See appendix for detailed financials. Although we could start the school tomorrow with each family paying tuition of \$45,026, we intend to differentiate from current models and reduce this by raising funds as most families throughout the Seattle area cannot afford this tuition level. Along with current fundraising tactics, we are also launching an endowment program that allows donors to make a long-lasting sustainable impact on the school. An endowment of \$645,000 will cover a tuition spot every year, forever.

Appendices

Full Curriculum Financials: Year 1 – Year 5

Advisory Board

Full Curriculum					
ASSUMPTIONS					
Head Teacher/Student Ratio (1:8)	8	8	8	8	8
Total Staff/Student Ratio (1:2)	2	2	2	2	2
Number of Classes (Max 8 students)	1	1	1	1	1
SLP/Student Ratio (1:10)	10	10	10	10	10
OT/Student Ratio (1:20)	20	20	20	20	20
Art/Music to Student Ratio (1:20)	20	20	20	20	20
Admin/Student Ratio (1:60)	60	60	60	60	60
Head Teacher Salary	\$ 65,000	\$ 66,300	\$ 67,626	\$ 68,979	\$ 70,358
Para-Educator Salary	\$ 30,000	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473
SLP Salary & Benefits	\$ 55,000	\$ 56,100	\$ 57,222	\$ 58,366	\$ 59,534
OT Salary & Benefits	\$ 55,000	\$ 56,100	\$ 57,222	\$ 58,366	\$ 59,534
Music Therapy (per hour)	\$ 60	\$ 61	\$ 62	\$ 64	\$ 65
Admin Salary & Benefits	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061
Student per Square Foot	300	300	300	300	300
Admin space to Classroom	10%	10%	10%	10%	10%
Cost per Square Foot (12 mos.)	\$ 12.00	\$ 12.24	\$ 12.48	\$ 12.73	\$ 12.99
Admin Computers (1 + # of Classes)	2	0	1	2	4
Cost of Admin Computers	\$ 800	\$ 816	\$ 832	\$ 849	\$ 866
Tablets/Devices per Student	0.33	0.33	0.33	0.33	0.33
Cost per Student Device	\$ 600	\$ 612	\$ 624	\$ 637	\$ 649
Cost to Furnish 1 Classroom	\$ 2,000	\$ 2,040	\$ 2,081	\$ 2,122	\$ 2,165
Cost of Child Specific Supplies	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082
Cost of OT Supplies per Child	\$ 200	\$ 204	\$ 208	\$ 212	\$ 216
Cost of Misc. Supplies per Child	\$ 200	\$ 204	\$ 208	\$ 212	\$ 216
Software Cost per Child	\$ 120	\$ 122	\$ 125	\$ 127	\$ 130
Curriculum License Cost per Student	\$ 1,250	\$ 1,275	\$ 1,301	\$ 1,327	\$ 1,353
Inflation Rate	2%				
Year	2016	2017	2018	2019	2020
INPUTS					
Students	4	8	16	32	64
Classrooms	1	1	2	4	8
Head Teachers	1	1	2	4	8
Para-Educators	1	3	6	12	24
SLPs	0.4	0.8	1.6	3.2	6.4
OTs	0.2	0.4	0.8	1.6	3.2
Music hours/year	40	40	40	40	40
Admins	0.07	0.13	0.27	0.53	1.07
<i>Minimum Classroom Square Footage</i>	<i>1,200</i>	<i>2,400</i>	<i>4,800</i>	<i>9,600</i>	<i>19,200</i>
<i>Admin Space</i>	<i>120</i>	<i>240</i>	<i>480</i>	<i>960</i>	<i>1,920</i>
Total Square Footage	1,320	2,640	5,280	10,560	21,120
OUTPUTS (P&L)					
<i>Proceeds</i>					
Parental Tuition Commitment	\$ 20,000	\$ 40,000	\$ 80,000	\$ 160,000	\$ 320,000
Insurance Proceeds	48,031	82,607	167,238	337,843	686,614
Grant Proceeds	48,031	82,607	167,238	337,843	686,614
Endowment Proceeds	56,036	96,374	195,110	394,150	801,049
Auction Proceeds	8,005	13,768	27,873	56,307	114,436
<i>Total Tuition</i>	<i>\$ 180,102</i>	<i>\$ 315,355</i>	<i>\$ 637,458</i>	<i>\$ 1,286,143</i>	<i>\$ 2,608,713</i>
Expenses					
Head Teachers Salaries	\$65,000	\$66,300	\$135,252	\$275,914	\$562,865
Para-Educators Salaries	30,000	91,800	187,272	382,035	779,351
SLP Salaries	22,000	44,880	91,555	186,773	381,016
OT Salaries	11,000	22,440	45,778	93,386	190,508
Music Therapy	9,600	19,584	39,951	81,501	166,262
Admin Salaries	0	0	6,936	14,149	28,865
Cost of Facilities	15,840	32,314	65,920	134,476	274,332
Cost of Admin Computers	1,600	0	832	1,698	3,464
Cost of Student Devices	792	1,616	3,296	6,724	13,717
Furniture (Desks, Chairs, Etc.)	2,000	2,040	2,081	2,122	2,165
Child Specific Supplies	4,000	8,160	16,646	33,959	69,276
Occupational Therapy Supplies	800	1,632	3,329	6,792	13,855
Miscellaneous Supplies	800	1,632	3,329	6,792	13,855
Business License	250	255	260	265	271
Insurance Liability Coverage	2,500	2,550	2,601	2,653	2,706
Stationary/Business Cards	300	306	312	318	325
Utilities	2,640	3,168	3,802	4,562	5,474
Unforseen Expense	5,000	5,000	5,000	5,000	5,000
IRS Filing Fees	500	500	500	500	500
Cost of Software	480	979	1,998	4,075	8,313
Cost of Curriculum License	5,000	10,200	20,808	42,448	86,595
<i>Total Expenses</i>	<i>\$180,102</i>	<i>\$315,355</i>	<i>\$637,458</i>	<i>\$1,286,143</i>	<i>\$2,608,713</i>
Surplus (Shortfall) in Funding	\$0	\$0	\$0	\$0	\$0
Tuition per Student	\$45,026	\$39,419	\$39,841	\$40,192	\$40,761

The Madrone School – Advisory Board

Lesla Black – Lesla is a speech and language pathologist (“SLP”). She is a co-founder and provider of Mercer Island Speech Pathology. Lesla is dedicated to assisting children and families of autism by using a natural approach to speech therapy by working to unlock their potential and implementing interests into therapy activities.

Gene Boes – Gene is a Senior Manager at North Highlands Consulting, a management consulting firm. He received his undergraduate degree in Computer Applications from the University of Notre Dame and Masters in Information Management from Marymount University. Gene is currently a board member for Northwest Center, a leading social enterprise organization whose fundamental purpose is to work for inclusion and justice for people with developmental disabilities. In the past, he has served as a board member for Cure Autism Now, an organization of parents, clinicians and leading scientists accelerating research to prevent, treat and cure autism, that has since merged with Autism Speaks, an organization dedicated to increasing awareness of the growing autism epidemic and to raising money to fund scientists who are searching for a cure. Additionally, Gene was a vital advocate for autism therapies and services during his time at Microsoft that has helped create the roadmap for employers and insurance plans to provide benefits for children and adults with autism.

Patti Catalano – Patti is a Board-Certified Music Therapist and a Neurological Music Therapy Fellow and offers music therapy lessons at Music Works Northwest in Bellevue. She received her undergraduate degree from the University of Dayton in Ohio and Masters in Music from Colorado State University. She has lived in the Seattle area for 22 years with her husband and four children and, during that time, has worked with people of all ages – from tiny infants to vital 100+ year olds. Her experience includes music therapy with children and adults with physical and developmental disabilities, children with autism, early intervention, older adults and geriatrics, adults with Alzheimer’s and dementia, pain management and oncology, and health impaired/orthopedically handicapped children.

Jessica DeCoster – Jessica is currently a special education teacher in the Lake Washington School District. She came to Washington State six years ago from Rhode Island where she was born and raised. Jessica earned her Bachelor’s degree from the University of Vermont where she majored in psychology. After graduating, she moved back to Rhode Island and was a teacher’s assistant at a school for students with autism and severe behavioral challenges. In 2009, she moved to Washington State to pursue her Master’s in Education at the University of Washington (U.W.), specifically early childhood special education. She completed her practicum placements at the Experimental Education Unit at U.W. where she was an assistant teacher in an extended day program for preschoolers with autism as well as in a blended classroom for preschoolers. She has been working in the Lake Washington School District since graduating, teaching in a transition classroom at Redmond Middle School and has spent the last three years teaching in a learning center classroom at Emily Dickinson Elementary. This year, she helped open a primary learning center at Horace Mann Elementary in the L.W.S.D. Jessica is currently working toward obtaining her B.C.B.A.

Laura Genuardi – Laura has been teaching special education for 13 years across all grade levels. Laura began her career in Arizona at the elementary level, she is currently teaching in the high school transition program at Eastlake High School. Laura finds her career in special education to be the most rewarding part of her life. She is eager to help support the opening of the Madrone School!

Mary Tinsley – Mary is currently the clinical supervisor at Jigsaw Junction, a center-based organization dedicated to providing behavior analytic intervention to children on the Autism spectrum. Mary is a Board Certified Behavior Analyst since 2004 and has been working with children with autism and their families since 1998. In 2004, she graduated from Northeastern University in Boston, Massachusetts with a Master of Science in applied behavior analysis. During her time at Northeastern, Mary worked full-time at the New England Center for Children (NECC), a world-renown behavior analytic school and residential treatment center for children and adolescents on the spectrum. While at NECC, she worked as a teacher, parent and staff trainer and research assistance for the early intervention program, the day school program and residential programs. During her graduate employment, Mary gained extensive experience in developing behavior plans and functional assessments, implementing video modeling and task analysis procedures, collecting and analyzing various data methods as well as training parents and staff.