



GreenSoul Shoes (GSS)
a GreenSoul Company
"People, Planet, Profits"

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1. Executive Summary

The purpose of this business plan is to win the \$8,000 cash prize to purchase our first two months of inventory. The idea for GreenSoul Shoes came after its CEO, Alastair Ong, visited “Smokey Mountain,” in Manila, Philippines; a shanty town built on a garbage dump with hundreds of barefoot children.

Alastair ended up driving to the local department store and promptly bought out the entire store’s worth of children’s shoes. He drove back to the dump and donated the shoes to the kids. Although this made him feel better, he knew inside that this was merely a band-aid, and that there were far more that needed shoes.

Today, GreenSoul Shoes (GSS) is uniquely positioned as a 100% recycled, waste-reducing shoe company targeted at shoeing eco-conscious hipsters and barefoot children alike. We are targeting the 71 million members of Gen Y who spend \$68 billion a year on apparel, 21% of which was discretionary, and the 35 million LOHAS who are expected to spend \$420 billion by 2014.

GreenSoul Shoes reinvests in the environment by upcycling waste into something of greater use and value. We work with Third World artisans to hand-make shoes from truck tires and for every pair of shoes we sell, we also give a pair away to a barefoot child in the same community. In doing so, we will provide opportunities for Third World economic development while empowering their communities to provide resources for themselves. GreenSoul Shoes will provide shoes for 1 million unprivileged, shoeless children in 5 years with our “buy one, give one” policy.

Existing Problem:

- Lack of a brand that resonates deeply with today’s ecofriendly, socially conscious consumer.
- There is a lack of transparency around how companies operate.
- Current shoe-making processes use energy-draining techniques that leave a huge carbon footprint, while employing wasteful packaging/mailling conditions (shoes inside a shoebox, inside a shipping box).
- There are 300 million barefoot children around the world who suffer from puncture wounds.
- Millions of discarded tire stockpiles in the Third World currently pose an environmental and health hazard—trapping rain water/breeding mosquitoes, providing harbor for vermin/spreading diseases, and are difficult to extinguish once ignited.
- Charitable organizations that currently ship shoes without working with the local community find that
 - i. Shoes shipped are not suited for the local environment
 - ii. Donated shoes wipe out the local economy
- A global community of Third World artisans starved to reach larger markets.

Our Solution:

- GreenSoul Shoes creates a brand that empowers consumers to align their social values with their product purchases.
- GreenSoul Shoes provides a front-end media company to keep consumers abreast with their ongoings.
- GreenSoul Shoes effectively conveys these consumers’ dedication to 100% recycled goods—no glues, no sealers, and no stitching—our products are all unique, more durable, have better grip, and last longer.
- GreenSoul Shoes is completely carbon neutral—with carbon emissions offset by the purchase of carbon credits.
- GreenSoul Shoes uses 100% recycled packaging that also serves as the mailing package.
- GreenSoul Shoes reduces the tires scrap yards in Third World countries.
- GreenSoul Shoes have a life-time guarantee and are shredded post-consumer use for re-use, once more, as mulch and crumb rubber.
- GreenSoul Shoes has a buy one, give one policy—for every shoe sold, we will give one to a barefoot child that cannot afford them.
- GreenSoul Shoes employs market-based restoration and works with local artisans to provide local employment and encourages fundamental changes to these communities.
- GreenSoul Shoes creates an online vehicle for Third World artisans to empower themselves—shoemakers around the world are starting to inquire about our shoemaker program.

GreenSoul Shoes' unique selling proposition is its ability to transform human industry through ecologically intelligent and socially conscious designs. We have a holistic business model that is meticulously designed to use healthy and environmentally safe materials, institutes sustainable corporate practices, and promotes social responsibility for a triple bottom line: people, planet, and profits.

GreenSoul Shoes currently owns and operates an Internet shoe store with substantially lower overhead costs while maintaining a front-end media company targeting Generation Y and LOHAS consumers to attract and educate consumers. We are seeking funding for initial start-up costs to be used for website development, starting inventory, and initial cash to handle the first few months of expenses.

The financial objective is to be operating at, or close to, break-even cash flow within the first three months with steady growth over the next five years. We aim to be profitable from month 6 onward. Our goal is to earn a net income of \$171,011 in year 1 and \$591,490 in year 3. The future goal is 10% of the total market share.

The founding members are all seasoned entrepreneurs. Alastair Ong is CEO and has successfully launched and funded two online technology companies. Iris Chau is COO and CTO and has successfully saved JPMorgan over \$1 million annually in operating costs during her 13 year tenure. Stephen Chen is CFO and CMO. He is the former head of Marketing and Business Development for BearXplorer, a \$6 million dollar software company, and, Mixr Media, a social networking media company, respectively.

Our Board of Directors is comprised of a team of expert shoe designers: Emily Putterman, Jonry Ko, and Nancy Kim. Emily is known as "the shoe guru in New York." She has been teaching for two decades at the lead instructor at FIT, Parsons, and Pratt. Her courses teach students how to design, cut, form, and assemble shoes.

We also have an award-winning Generation Y shoe designer, Jonry Ko, who works for Run Athletics. He is in charge of designing their shoes for Pastry after graduating from Pratt University.

Lastly, we have the owner of Devotte, an upscale women's shoe store, Nancy Kim, on our team. While studying at the Fashion Institute of Technology, she noticed a huge void in the market for quality shoes that were comfortable, affordable, and most importantly fashionable and then launched Devotte.

GreenSoul Shoes has already built significant interest from the media—with interviews at the Wall Street Journal, BusinessWeek, Washington Post, CNBC, Fox News, New York Times, and foreign press including La Repubblica, Italy's main daily newspaper, Al Jazeera English, and Tages-Anzeiger, Switzerland's daily newspaper.

GreenSoul Shoes is located at 12 Desbrosses Street, New York, NY 10013, using space donated by SunShine Suites (www.sunshineny.com).

1.1. Objectives

The objectives for GSS are:

1. To provide underprivileged children around the world in an environmentally-beneficial fashion.
2. To become the dominant shoe company in the Generation Y and LOHAS marketplace that sells ecologically-beneficial and socially conscious walking sandals.
3. To build an online community of GreenSoul consumers who will spread our business model by word of mouth and online.
 - a. Our goal is to have 10,000+ viewers per month on our site in year one; 50,000+ viewers per month in year two, and 100,000+ viewers per month in year three.
4. Leverage the multiplier effect by giving our consumers the option to "buy one, give 2, 3, 4, 5, 10, 15, 20, 50, or 100."
5. Maintain a financially healthy business and validate the trust and advocacy of other people in support of their consumer purchase.
6. Become profitable in year 1. Build brand equity that will carry into other business ventures.

1.2. Keys to Success

1. Empower local artisans to really take ownership of their communities. To inspire hope in their villages and to show that entrepreneurship is a means to uplifting themselves from poverty.
2. Branding. Barriers to entry are low once relationships are established with local artisans. In some ways, this is good and would provide employment opportunity. Still, GSS expects to fully defend its brand by using a hot branding iron to stamp the GSS logo on each pair we manufacture.
3. Continue to automate the ecommerce process. We expect to quickly gain traffic to our site through our social media marketing techniques and need to be able to fill orders quickly and effectively.
4. Develop new products/relationships with new villagers who may be able to make GSS while maintaining the high quality of existing products. We are proactively searching for other local artisan in various countries including Vietnam and Peru. We are also working with Heritage Watch to ensure that our products are created in response to the needs of our customers.
5. Maintain the excellent public-private alliances we have built with the nonprofit Heritage Watch, who are responsible for overseeing the Cambodian villagers who make the current version of GSS. Gather customer feedback through surveys or direct interactions to find out what they need and expect from GSS.
6. To grow our network of retail companies who we will sell our shoes wholesale to.
7. To work with shoe designers to add additional capsules of our existing shoes lines.
8. Find and retain high-value customers. The 80-20 rule of business states that 80 percent of our business will come from 20 percent of our customers. It is therefore critical that we exert the extra effort to ensure that we retain the business of our top customers.
9. Get acknowledged by the fashion and design world that our artisan's shoe design is innovative and stylish. We have already applied to the CEC Codesign Community (CE3C) Awards and the Brown Shoe Design Contest
10. Create and maintain the highest level of customer satisfaction. A very important success factor needed to sustain GSS is to provide the best service to our customers. Satisfied customers are more likely to come back.

2. Company Summary

"The shoes are a symbol of something greater. It's a message about hope."

~Ron Hunter

More than 300 million impoverished children go without shoes every day. That is more than every man, woman, boy, and girl living in the United States. Yet, those 300 million children, with no shoes to protect their feet from injury and disease, depend on shoes as their primary mode of transportation. The need is great.

GSS is a social profit shoe company that sells 100% recycled, rubber tire sandals, and for every sandal sold, one will be donated to an underprivileged child in need. One for one.

Shoes bring self-esteem and eliminate this first stigma of poverty; it gives access to other resources--in many places for example, children without shoes are not allowed to go to school, creating a circular problem of poverty and lack of education.

GSS will provide an innovative model that will shoe these children using market-based restoration.

2.1. Company Ownership

GSS is a privately held LLC owned by its Co-Founders: Alastair Ong, Iris Chau, and Stephen Chen.

3. Products

Initial Product Line

GSS provides snug fitting and comfortable walking sandals via our ecommerce website, www.greensoulshoes.org. Our product was first extensively used in Vietnam from the late 1940's until the fall of Saigon in 1979 when soldiers used old truck tires as footwear given their advantages to boots in humid climates. Since then, rubber tire sandals have become a fashion item in Southeast Asian communities.

Life Cycle of Product:

1. Used truck tires are discarded in scrap yards
2. Tires are collected by families that live on scrap yards
3. Tires are purchased by shoemakers in the dozens on a weekly basis
4. Shoemakers cut the tires into 6 pieces with a knife
5. They use outlines for different shoes size to trace an outline onto the tire
6. A knife is used to pull the excess rubber away.
7. A chisel is used to cut slots for straps
8. An inner tube is cut into strips.
9. The straps are inserted into the sole of the sandal using a screwdriver and needle nose pliers
10. A hot branding iron is used to stamp the GSS logo on each pair
11. The shoes are collected and stacked 500 at a time and sent to the Phnom Penh shipping port
12. Globle Link Service PTE, LTD (Level 4, Building B1, Phnom Penh Center, Sothea Blvd., Phnom Penh, Kingdom of Cambodia) will ship the shoes to New York City.
13. The shipment will arrive at our fulfillment center owned by the Doe Fund.
14. The Doe Fund (232 East 84th Street, New York, NY 10028) will warehousing our shoes until we give them instructions on where to send each pair of shoes.
15. The consumers will receive the shoe in 5-7 business days in a 100% recycled shoe box
16. The shoe box will be cardboard, in the cylindrical shape of an Oatmeal box, and will be perforated down the middle.
17. The consumer will crack the shoebox/shipping box open.
18. Inside they will find sunflower seeds and have will now have two planters to use to plant the sunflower seeds.
19. The shoes will be ready to wear.
20. The consumers will wear the shoes (and love them) for 5 years until they are ready to be discarded
21. The consumers will drop off their shoes at a local drop off point with an established GSS partner where the product will be shredded for mulch and crumb rubber.
22. Cradle to cradle.

Key Features

We use a truck's tread to make the sole of the sandals. Treads are the part of the tire which come in contact with the road surface. It is made of a thick rubber, or rubber composite compound which have been tested by scientists to provide an appropriate level of traction that does not wear away too quickly.

Each shoe is unique as there are thousands of tire tread models, each with different sipes, grooves, lugs, and voids.

1. Sipes are valleys cut across the tire, usually perpendicular to the grooves, which allow the water to escape to the sides to prevent hydroplaning.
2. Grooves run circumferentially around the tire, and are needed to channel away water.
3. Lugs are that portion of the tread design that contacts the road surface.
4. Voids are spaces between lugs that allow the lugs to flex.



	Details	Benefits
Weight	Our sandal weigh 17oz (480g)	Sturdiness and puncture-resistant for consumers
Materials	Durable rubber and rubber-composite truck tire tread	Original wheels had a 50,000-mile treadlife warranty
Fashion	Considered fashionable in Southeast Asian and in tested US communities	We have submitted our artisan sandals to design competitions and are confident that we will receive merits based on feedback from designers formerly at Puma, Reebok, and Pastries. We have polled 61 people on their aesthetic views, rating from a 1 (very unattractive) to a 5 (very attractive) and have an average ranking of 3.9/5.
Functionality	Slip resistant for walking in the rain or while hiking	Truck wheels have sipes which are designed specifically to channel water away from the footprint
Comfort	Comparable to Tevas or Reef Sandals	Scientists at the University of the Witwatersrand in Johannesburg, South Africa, published a study titled "Shod Versus Unshod: The Emergence of Forefoot Pathology in Modern Humans?" and concluded that, prior to the invention of shoes, people had healthier feet. Among the modern subjects, the Zulu population, which often goes barefoot, have the healthiest feet while the Europeans--i.e., the habitual shoe-wearers--had the unhealthiest.
Durability	Sandals have been worn in Southeast Asia for the last half century	The sandals have been time tested and were used extensively by Vietnamese guerilla soldiers who quickly saw the advantages of the resulting sandals compared to boots. During the war many American infantrymen suffered from "trench-foot" or fungal infections which resulted from wearing boots in the humid climate.
Color	Black	Black is always fashionable

Benefits of Giving Shoes

Puncture wounds are common in the foot, especially in warm weather when people go barefoot. But even

though they occur frequently among the poor, puncture wounds of the foot are among the most inadequately treated conditions. That's a big concern, because if not properly treated, infection or other complications can develop.

Getting proper treatment within the first 24 hours is especially important with puncture wounds because they carry the danger of embedding the foreign body under the skin. Research shows that complications of puncture wounds could be prevented if the patient seeks professional treatment right away....or if they had a shoe.

A variety of foreign bodies can become embedded in a puncture wound. Nails, glass, toothpicks, sewing needles, insulin needles, and seashells are common offenders. In addition, pieces of your own skin, can be forced into the wound during a puncture, as well as dirt and debris from the object. By their nature, all puncture wounds are dirty wounds because they involve penetration of an object that isn't sterile.

Sourcing: Reducing Tire Stockpiles

In 2002, the United States created the Resource Conservation Challenge (RCC) with a goal to reuse 85% of scrap tires and reduction stockpiles by 55% in 2008 from the baseline of 300 million stockpiled tires in 2001. This is because scrap tires pose 3 main environmental threats:

- Tires are extremely difficult to extinguish once ignited—a problem as they are a fire hazard in most waste dump sites due to extreme heat
- Tires trap rainwater which breed mosquitoes and provide harbor for vermin to spread diseases
- Tires are bulky, virtually indestructible refuse that last for upwards of 300 years.

This goal was largely accomplished and today 80% to 85% of scrap tires are collected and reused for ground rubber in carpet underlay, flooring material, dock bumpers and railroad crossing blocks. There is also a growing market for ground rubber in athletic and recreational surfaces, as well as, for more durable roads.

The Third World does not have these luxuries.

Poorer communities like Sihanoukville, Cambodia have been a disposal site for other Asian countries. Scrap tires have been dumped there without permission and local authorities, easily bribed, have failed to act to control this problem. A report by Basel Action Network (www.ban.org) had an interview with a 36-year-old woman, who lives near the dump,

"I am in constant fear of the toxic waste every day."

The report continues,

"After suffering several bouts of severe stomach pain she stopped using the well near the dump [...] Instead, she uses a well several kilometers away, but her stomach pains have persisted. She says most of those living near the dump are suffering from poor health."

Taking discarded tires as an example, a customs official said, "On paper, they are used for automobiles in Cambodia." But on being questioned further, he admitted that they were just garbage, because they were too damaged to be used."

Countries in the developing world do not have strong enough laws to control illegal dumping of industrial waste that harms the environment from individuals who take advantage of the lawless situation.

GreenSoul Shoes will collect 5,000 scrap tires in its first year. Our villagers have successfully sourced from the overwhelming supply of scrap tires on a contract basis from local waste dumps to satisfy raw material requirements. In addition, GreenSoul Shoes intends to purchase pre-washed scrap tires from collectors and deliver it to our village artisans. In the future, GSS will pursue relationships with large tire manufacturers like Michelin who may be able to assist us in the cleaning and delivery of scrap tires.

Sourcing: 100% Recycled, Ready-to-Ship Shoeboxes

In looking at the shoebox design, we wanted an efficient means of packaging shoes while eliminating both the use of shipping paper and a shipping box.

Currently, shoes are shipped in cardboard boxes and secured in position by stuffing paper. Not only is this process wasteful and an unnecessarily expensive, it also slows down operation times at retail establishments.

Our shoebox is a cylindrical, 100% recycled box that is inexpensively mass produced for assembly and directly ready for shipping. The shoebox is made from 100% post-consumer waste and not a single new tree is consumed in its manufacturing process. Additionally we will only use soy-based dye and no chemicals, chlorine or ink will be used, thus making it biodegradable.



The reason why we chose this shape over traditional shoe boxes is because it allows GSS to ship the shoe in the original shoebox—without using additional packaging from FedEx or UPS.

Crowdsourcing Shoemakers

We will leverage community-based design, otherwise known as crowdsourcing. By leveraging mass collaboration enabled by Web 2.0 technologies, we hope to bring this conversation to shoemakers globally. Newcomers to the shoemaking community are given an opportunity to practice their skills, while veterans are challenged to keep on their toes.

Additionally, we cover all the costs & development process and cut down on the time it takes to produce a shoe and get our onto the market quickly.

Below is our attempt to leverage crowdsourcing by launching a sandal design contest where we have invited students from Pratt and Parson's to compete for a ten-week internship with GreenSoul Shoes.

A screenshot of the GreenSoul Shoes website for a design contest. The header features the GreenSoul Shoes logo and the title "100% Recycled Rubber Sandal Design Contest". Below the header are navigation tabs for "About", "Entries", "Prizes", and "Rules". The main content area includes a call to action: "Design a creative collection of sandals based on GreenSoul Shoe's original sandal." with a red "ENTER NOW" button indicating "6 days 11 hours left to submit". A central image shows a black sandal. To the right, a "Prizes" section lists "2 prizes available" and a "10-week summer internship with GreenSoul Shoes and the opportunity to launch the winning design into the market." Below this is a "Featured Entries" section with the text "There are currently no entries." The footer contains the "OBJECTIVE" section, which states: "The contest objective is to design a creative collection of sandals based on GreenSoul Shoe's original sandal ('Alpha Model') that is composed of 100% recycled rubber fit. We are looking to find the most stylish shoe design that expresses the cultural values and regional roots and techniques and at the same time uses authentic (100% recycled) materials and innovative straps."

Soulmates Program (Distribution Patterns)

GreenSoul Shoes is planning to expand its operation to include distribution of stores nationwide. Owner funding and internally generated cash flow will enable most the expansion plan.

Our Soulmates distribution partnerships will allow us to partner with retail businesses who will help us reach a critical audience while allowing these companies to also help shoeless children around the world. The primary distribution channel for shoe products is through regional and national product distributors. We are actively pursuing agreements with distributors and will be attending major industry trade shows to develop contacts with distributors in other regions of the country. The secondary distribution channel is through direct retail sales, specialty catalog sales, and website sales. We are also actively pursuing agreements with retailers and specialty catalogs. Once these agreements are in place, our order fulfillment provider will fill these orders.

We are uniquely positioned to gain market share in this segment due to our corporate account relationships through our friends in the shoe making industry.

Shoe Drops

To deliver shoes to children, GSS will embark on Shoe Drops. A shoe drop lasts one to eight days, and is carried out by a team of volunteers and GSS employees. We team up with internationally recognized organizations like UNICEF and Orphans International to access to need of villages and their shoeless children. We do this because we don't want to give 400 shoes to a community only to realize there are 600 shoeless children--leaving the last 200 children without shoes.

4. Market Analysis Summary

4.1. Market Segmentation

GreenSoul Shoes will be targeting two main consumer segments.

- **Generation Y Hipsters** (age 10-24, born 1977 - 1995) are our primary target market. There are 71 million members of Gen Y who spend \$68 billion a year on apparel, 21% of which was discretionary. They spend an average of \$82 per week on entertainment, fashion, food, and technology. These young people dominate almost all facets of popular culture and are the fastest-growing demographic under age 65. Additionally, 75% use the internet regularly.

They are more ethnically diverse and are experiencing tremendous growth in spending power. They listen to alternative music, participate in youth sports like skateboarding and snowboarding, and look towards alternative clothing trends in large urban areas for inspiration. GreenSoul will provide the distinctive shoes and products that are just ahead of the fashion curve. They are:

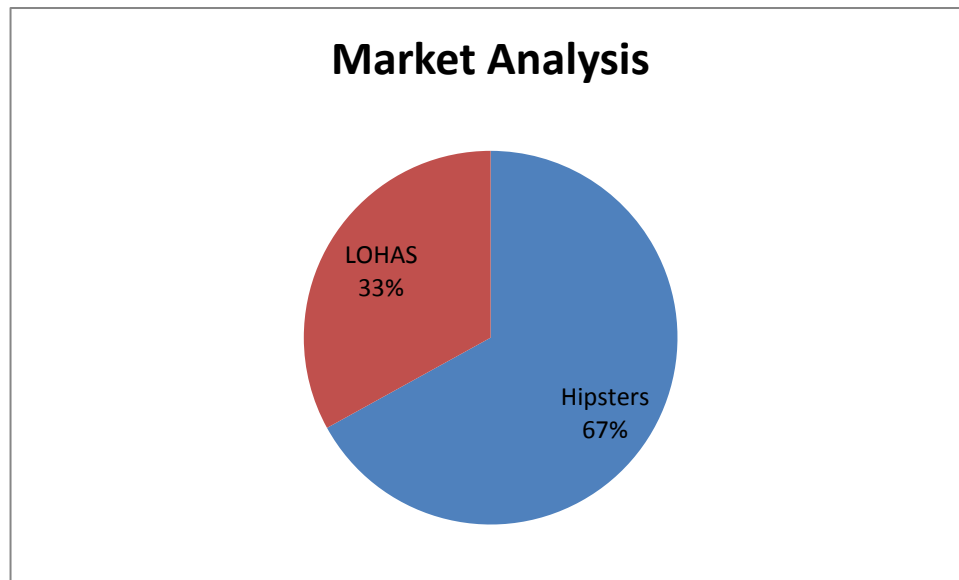
- A segment of Generation Y
 - Males and Females
 - 10-24 years old
 - Urban dwellers
 - In college, college educated, or has an entry level job
 - Style sense is all about mixing it up--vintage and fresh off the rack, cheap t shirts, cool jeans, and funky shoes
 - Thrift stores, one-of-a-kind boutiques, Urban Outfitters
 - Enjoys weekends, hanging out with friends, attending concerts, and drinking at dive bars
 - Is never without an iPod
 - Individuality is expressed through fashion, music, and creative outlets
 - Online community websites like Friendster, MySpace, and the Facebook
- **LOHAS consumers** are the secondary market segment.

LOHAS consumer comprises 12% of all U.S. adults in 2009 (nearly 35 million people). LOHAS is an acronym for Lifestyles of Health and Sustainability. They are adult consumers who make

conscientious purchasing and investing decisions based on social and cultural values. The LOHAS market segment in 2006 was estimated to be at \$300 billion and is predicted to grow to \$420 billion by 2014. Worldwide, this market segment is currently estimated to be worth \$540 billion annually. The Natural Marketing Institute characterizes the LOHAS consumer:

- 75% purchased based on health and sustainability
- 80% willing to spend up to 20% more
- 3x as likely to influence and teach others about the benefits of LOHAS products and services
- 2x as likely to associate personal values with companies and their brands

We believe our potential market reach is 10% of the total Hipster and LOHAS consumer base.



Market Analysis		Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Potential Customers	Growth						
Hipsters	17%	71,000	83,070	97,192	113,715	133,046	17%
LOHAS	17%	35,000	40,950	47,912	56,056	65,586	17%
Total	17%	106,000	124,020	145,103	169,771	198,632	17%

4.2. Target Market Segment Strategy

The potential market for GreenSoul Shoes consists of the 106 million people who collectively belong to either the Gen Y hipsters (71 million, 33% of the population) or adult LOHAS consumers(35 million, 16% of the population). By focusing our efforts on online marketing and building out relationships with retailers, we can cost effectively convey our socially and environmentally conscious message.

Certain media have already been discovered through research. The following online media and specialty publications have been identified:

1. www.treehugger.com
2. www.grist.org
3. www.thegreenguide.com
4. www.inhabitat.com

5. www.environmentalgraffiti.com
6. www.greendaily.com
7. www.aboutmyplanet.com
8. www.ecocitizenonline.com
9. www.thegreenloop.com

In addition, there are Web sites and newsgroups that management has uncovered. Such as: http://listserv.repp.org/mailman/listinfo/greenbuilding_listserv.repp.org and <http://groups.yahoo.com/group/Sustainable-Communities/> which can provide targeted e-mail opportunities.

The magazines and publications will offer exposure for education via PR and articles as well as a means to target media effectiveness in small numbers. The premise is if you advertise to a highly selected target audience you prove salability and price point acceptance. Then you seek to extrapolate the results via broader based media.

A key factor in the success of GreenSoul Shoes will be its distribution. The company plans to use the following retail distribution channels:

- Department stores (Urban Outfitters)
- Apparel specialty stores (like the ones below)
- Internet store

Sustainable Amazon www.sustainableamazon.com 89 South St. New York, NY 10013 (212) 766-9105	Sustainable NYC sustainable-nyc.com 139 Avenue A New York, NY 10009 (212) 254-5400	Organic Avenue 101 Stanton St. New York, NY 10002 nr. Ludlow St.
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Consumers buy apparel and footwear from a variety of retail outlets. In 1998, discount, off-price, and factory outlet stores accounted for 30% of apparel sales, specialty stores accounted for roughly 22%, department stores for 18%, and major chains for 17%, according to data from NPD Group Inc., the remaining 13% was sold through mail order and other means.

Catalogs are another important method of distribution. Consumers have less time to shop, and for some, catalog shopping offers a more convenient and pleasant alternative. In 1996 (latest available) an estimated 13.3 billion direct mail catalogs were printed in the United States--more than 50 for every man, woman, and child in the nation. According to NPD Group, approximately 6% of apparel retail sales were through direct mail/catalogs in 1998, representing a 29% decline from 1997.

Companies like <http://www.ecozenboutique.com/> and <http://greenliving.lovetoknow.com> also have catalogues that we will be listed in.

The distribution channel that has received the most attention recently is the Internet. Although it now represents only a small portion of apparel sales, this distribution channel has the most potential for growth.

Consumers like the convenience of being able to shop from anywhere and at anytime they wish. Manufacturers with Internet sites use them for marketing and informational purposes. With expected technological advances in hardware, software, and data pipelines in the future, shopping for apparel and footwear is gain popularity at a clip of 21% new users in the United States per year.

Currently, consumers are not fully satisfied with the speed, quality, and security of Internet shopping. Another hindrance to wider acceptance is the fact that consumers cannot see and touch the product. Although some manufacturers have started to sell directly to consumers on the Internet, many of them

are being cautious not to alienate their retail (brick-and-mortar) customers. We will be able to leverage both through our relationships with brick-and-mortar retailers, as well as, our online domain expertise.

We expect these issues will be resolved soon and the Internet to become the most important method of retail distribution in the coming decade.

4.3. Industry Analysis

The eco-friendly shoe manufacturing industry is a burgeoning niche and currently represents less than 4 percent of the overall footwear market. Still, it is experiencing rapid growth with a 14 percent increase in footwear products boasting eco-friendly credentials in 2008, according to the NPD Group, a market research firm. Our main competitors are TOMS Shoes and Deckers Outdoor's two footwear lines--Teva and Simple Shoes.

TOMS Shoes was founded in 2006 by Blake Mycoskie. The original TOMS shoe has a unique slip-on design comprised of lightweight fabrics in various colors and prints. When you buy a pair of TOMS, the company will give a pair on your behalf. TOMS Shoes are composed of either a canvas and a non-environmentally-friendly Ethylene Vinyl Acetate sole with a textured bottom.

GSS works with local artisans to create environmentally-beneficial products, the first of which is the 100% recycle rubber tire sandal from Cambodia. The use of recycled rubber tires for the sandals will enable the reduction of the number of used tires discarded in landfills. GSS believes in the importance of empowering the local economy by employing their local artisans and crafters. By working with us, local artisans are able to access larger economies of scale and can re-invest their profits to make better living standards, acquire enhanced tools, and create new products. This will strengthen that economy's base and improve the general welfare of the community.

Our current NGO partner in Cambodia, award-winning organization, Heritage Watch, is our community liaison and works with local artisans to bring the goods to market. Heritage Watch is a non-profit organization dedicated to the preservation of Southeast Asia's cultural heritage. Heritage Watch was founded in 2003 as a result of a sharp increase in the destruction of Cambodia's precious cultural heritage - especially the looting of ancient temples and cemetery sites nationwide. Since then Heritage Watch has undertaken a diverse range of projects aimed at both the supply and demand end of the international antiquities trade as well as promoting responsible tourism in Cambodia.

Deckers Outdoor Corporation is a footwear manufacturer based in Goleta, California, United States. Deckers currently makes five brands:

- Teva
- Simple Shoes
- Deckers Flip Flops
- UGG Australia
- Tsubo

Teva produced 19% of sales, or roughly \$80 million in gross revenue. This brand specializes in outdoor recreational footwear and accessories. It is best known for its open-toe sandals and water shoes. Deckers Outdoor's other brand--Simple Shoes--their environmentally friendly brand--accounted for 4%, or \$17 million in gross revenue. Its Green Toe, ecoSNEAKS and PlanetWalkers are made with water-based cements, organic cotton, environmentally friendly leathers, hemp and recycled car tires.

Eighty-eight percent of the company's sales are made on a wholesale basis to shoe stores, department stores, sporting goods stores, outdoor goods stores and other specialty retailers. Eight percent of sales are generated through the Internet and catalogs. The remaining 4% come through Deckers' 10 retail stores in the U.S. and two in London.

GSS will be positioned as the market's only 100% recycled, socially-conscious brand. Marshal Cohen, chief industry analyst for research firm The NPD Group, notes there is a **huge** opportunity for a retailer who can successfully appeal to consumers' desire to reduce their environmental footprint while living up to the green hype. GSS hopes to create that brand recognition with our unique environmentally beneficial (tire depot depleting) and socially responsible shoe company. We believe that if we build products that our customers can believe in for the long term, we will have customers for life and they will buy more styles from us...and with each shoe purchased, another shoeless child's life will be transformed.

GSS Competition Matrix	Teva	TOMS Shoes	Simple Shoes	GreenSoul
Average Price Point	\$80	\$58	\$50	\$45
Buy One Give One		x		x
Made from 100% recycled materials				x
Made from renewable materials			x	

4.3.1. Competition and Buying Patterns

Natural Marketing Institute (NMI)'s 2007 research found that a variety of product benefits affect consumers' purchase decisions - and that their importance is growing over previous years. The top five product benefits include: not tested on animals, earth friendly, and recyclable packaging. Certification seals have also shown a rapid increase in importance.

LOHAS consumers also place a heavy emphasis on authenticity. Conscious consumers insist that companies reliably and accurately detail product features and benefits. They will reward companies that are honest about processes and practices, authentic about products and accountable for their impact on the environment and larger society. The research that NMI has collected for the past several years indicates the future marketplace for natural and organic personal care products is ripe with opportunity, provided that efficacy and true reasons to believe are met.

Our seasonality, as shown in our financials, is still a factor in the business. We tend to sell much better in spring and summer, and sales drop in the winter due to the seasonality of sandals. We can expect some increase in retail sales due to the Christmas holiday buying season.

4.3.2. Possible Barriers to Entry

Shoe companies are experienced and effective marketers. They employ media marketing and flashy advertisements to good effect. The primary problem they face is an increasingly crowded market and difficulty for new brands to establish consumer awareness. Our first obstacle is to establish brand equity.

Because GreenSoul Shoes are a new product that will be introduced by a new company, we will have no established brand equity. Consequently, it will be important to establish presence as soon as possible through different marketing and public relations efforts. This weakness will be mitigated through social media marketing in an effort to increase awareness. GreenSoul's brand equity problems will also be mitigated through our management team's own credibility and status within the nonprofit community.

Overcome reasons not to buy our shoes – the main one seems to be comfort and functionality from initial market research. Many of our focus groups have told us that they weren't sure how comfortable the sandals are. Given that our goods are made from truck tires, and the lack of a tactile experience from our website, we will need to communicate comfort and functionality through descriptions on the website.

GreenSoul has two competitive advantages that we will leverage to gain market share:

Sustainable Practices - The shoe profession suffers from unsustainable practices—glues, plastics, and wasteful packaging. GreenSoul will employ sustainable practices in all aspects of their business. {See product life cycle}

Customer Care - This is the part of the job that is visible to the customer as opposed to the bulk of the work that is hidden behind cabinets and walls. There are not a lot of shoe companies that have consistently good customer service. This is one way that GreenSoul can easily stand out relative to the competitors.

5. Strategy and Implementation Summary

5.1. SWOT Analysis

We are in a lucrative market in a growing space. We foresee our strengths as the ability to attract users to our media site, once we have the viewers on our site, we will be able to convert 5% to 10% of these users to consumers of our product. Additionally, our media strategy will continually attract users to our website and allow us to market additional products in the future.

In addition, through aggressive marketing and quality management we intend to become a well-respected and known entity in the shoe industry. Our key personnel and NGO partners have a wide and thorough knowledge of the local manufacturing market and expertise, which will go towards adding new shoemakers. However we acknowledge our weakness as a small-sized company without a lot of experience in the shoe industry or the distribution network. Below are the summarized strengths, weaknesses, opportunities and threats.

Strengths

- Strategic market segmentation and social media marketing implementation strategy.
- Strength of our relationships with local shoemakers and communities we work with.
- Diversified manufacturers from multiple countries: ensuring the lack of dependency on one source.
- Combination of skills in management. The managers intend to jointly develop business strategy and long-term plans, having wide experience in product and business know-how.
- An aggressive and focused marketing campaign with clear goals and strategies.
- Background in developing organizational manuals and wikis

Weaknesses

- Lack of brand equity in comparison to our competitors.
- We are currently capped at 2,000 sandals per month on the production side.
- A limited financial base compared to the major players in the industry.
- Lack of clear-cut channels of distribution (though 3 retailers have already reached out to us)

Opportunities

- Specific niche: Appreciation for high-quality, 100% recycled footwear and the creating of a lifestyle brand for the Gen Y hipsters and LOHAS community.
- The new generation of individuals and families who have a far greater appreciation of the power of innovative business models
- Current drive by governments abroad to support import/export business.
- Internet marketing and sales--though the development of niche communities.
- Developing new lines of shoes and adding on more shoe designers.
- Cross selling other products to this valuable community.

Threats

The present growth in the market will result in competition. This competition could emerge from a variety of given sources including:

- Established mass-market companies' development of new lines and vertically integrating so as to be totally in control of supplies and products being sold on the respective markets. (thought they would still lack the authenticity of brand and our holistic approach to business)
- New marketing strategies and tactics by established products and companies to leverage social media (though we have a domain expertise)
- Existing competition extending in the green business line—though will consumers buy its rebranding?
- Other charitable companies with a buy one, give one policy—yes, but we can educate folks on the benefits of a market based restoration model that is more sustainable for local economies.
- A copycat shoemaker with lower prices—our consumers don't just support us on the merits of the product alone.

5.2. Competitive Advantage

GreenSoul's competitive advantage is our brand equity (because of our holistic approach to business), the strength of our management team, and our 100% recycled shoes niche.

Brand Equity

We have the ability to generate revenue streams for local shoemakers and to provide its customers with a statement about their environmental and social consciousness. GreenSoul is focused on serving the hipster youth and LOHAS adult as part of a lifestyle statement. We want to represent their style and life choices. We believe that we will create a loyal customer base that will see GreenSoul as part of their lives.

GSS understands how to build authentic brands for a more sustainable future. For us, branding is representing the full strategic integration of sustainability and brand. From design to development to delivery is a brand decision. That is why we work with award-winning NGOs like Heritage Watch to collaborate with local artisans to handmake 100% recycled truck tire sandals. The goods are shipped to our consumers who can appreciate artisan goods and rest easy knowing that in a few months, we will be inviting our consumers to come out and join us in shoedrops where we will distribute one shoe for every shoe sold.

During the year, we have cultivated partnerships with organizations like Orphans International and UNICEF to deliver the shoes and to work with other companies to deliver a package of goods to the third world.

Our Established Partnerships



"Protect the Earth, Protect Yourself" Tours

Daniela Ruby Papi

www.firstgiving.com/pepybuildsihs

012-474-150 (Cambodia Cell)

1-914-458-4262 (US# which rings in Cambodia)

www.pepyride.org

d@pepyride.org

Strength of User Generated Content/Media

Sky King

stinger101@gmail.com

Partnerships Being Pursued

World of Good

priya@worldofgood.org

After our shoes are worn down, we'll come and recollect them to be shredded into mulch. The carbon emissions induced during shipping? Eliminated with carbon credits we will be purchasing to make us carbon neutral.

Strength of Management Team

This paragraph will briefly touch on our team's expertise, for more detailed information please see the management summary section. Alastair has started a number of other profitable companies, all of which he had no prior experience. Iris has managed teams globally for one of the largest investment banks in the world. Stephen has already successfully leverage social media to garner traffic and press. Nancy has a decade of experience in retail and currently owns an upscale shoe company and Lyel has done international NGO work for the past 5 years. This diverse experience has given GreenSoul Shoes the necessary skills and experience to successfully grow this company.

100% recycled shoes

We don't ask you to support GreenSoul Shoes, we strongly encourage you to buy 100% recycled shoes.

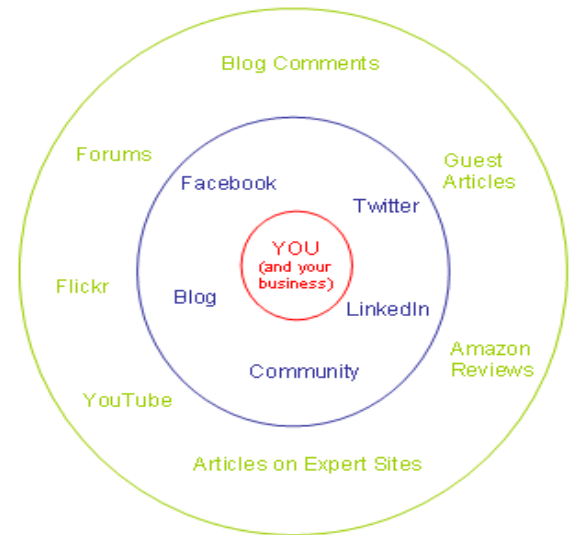
5.3. Sales and Marketing Strategy

"Visibility -> Credibility -> Profitability" is the modus operandi for GreenSoul Shoes. GreenSoul Shoes is currently hosted at www.greensoulshoes.org. www.greensoulshoes.org is a media company that aggregates information for Generation Y hipsters and LOHAS content.

The site allows for free syndication of quality blogs pertaining to the edgy, ecofriendly and socially conscious consumer. Viewers will come to rely on GreenSoul for news and information they care about and will provide our viewers with the freshest content.

A critical success factor for GSS is the ability to build a strong niche community of eco-friendly, socially conscious users. GSS will build a large consumer base using:

1. Search engine optimizing techniques
2. Social networking applications and industry tools to attract and build membership
 1. Blogs: creating an RSS aggregator and collecting fresh content
 2. Video: filming our ongoing research at the GreenSoul
 3. Twitter: Sending direct messages to celebrities and thought leaders in the hopes of garnering a retweet
 4. Facebook: linking twitter account to facebook
 5. LinkedIn: sending out Q&A re: GreenSoul Shoes
3. Retain compelling content with paid and volunteer bloggers
4. Key partnerships to drive additional internet traffic
5. Grassroots events to spread the GSS name to targeted Generation Y and LOHAS audiences



Social media marketing usually involves three tactics:

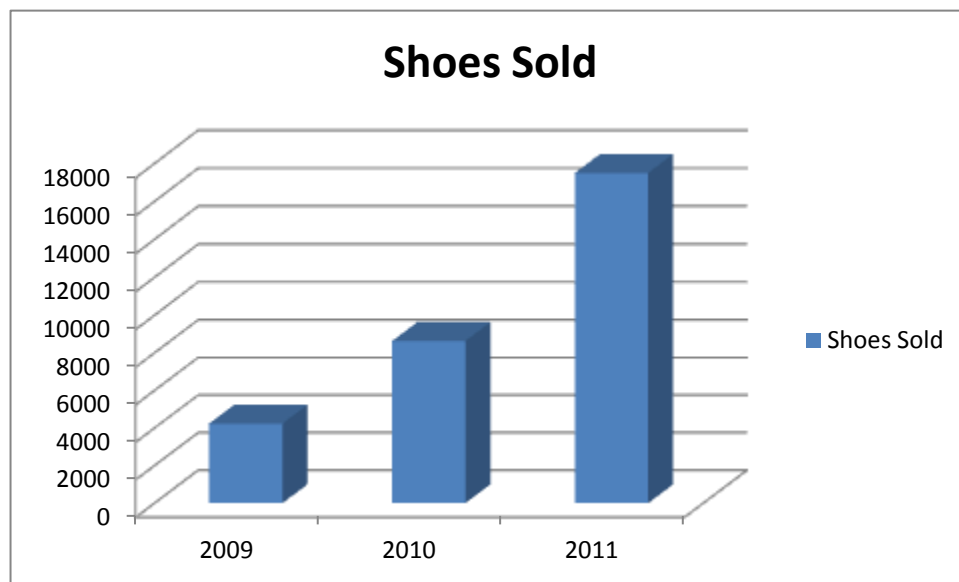
1. Building a powerful profile on the chosen tools
2. Creating content that the chosen tools audience will really go for
3. Funneling traffic from already popular sites

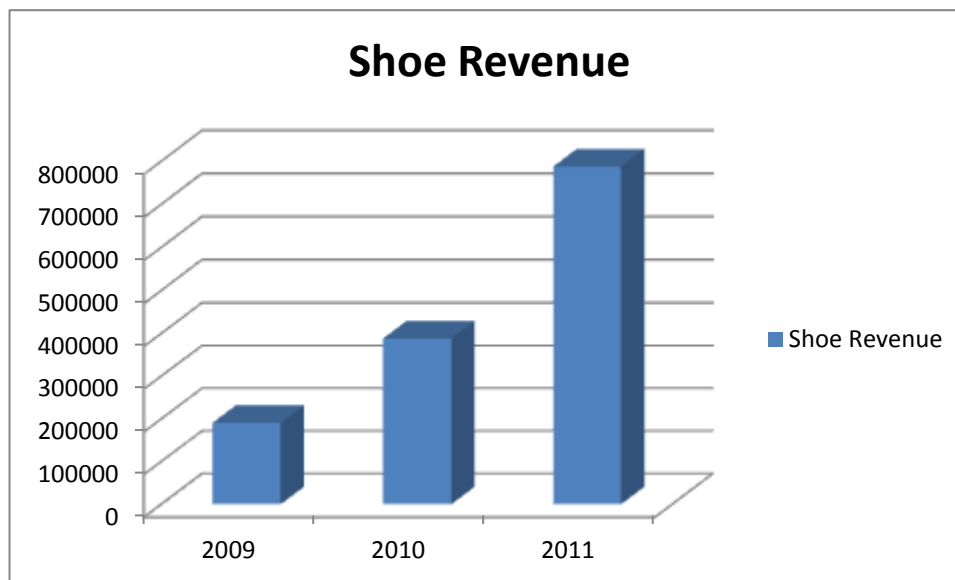
According to a recent survey of 923 online buyers conducted by BizRate Research, 59% of consumers start their shopping at aggregator sites (search engines, shopping portals, and news sites) versus going directly to a merchant's site. We are designing the GSS website to include elements of all three components--search engine, shopping portal, and news site.

What makes us different is that our consumers have a reason to visit our site even when they aren't looking for new shoes. By having a community-generated, Generation Y and LOHAS focused site, we hope that GreenSoul will quickly establish itself as the premiere brand for such consumers.

The new generation of Web 2.0 application is driving the growth of online communities to levels unheard of before through the use of social networking - markets that are traditionally left un-monetized. GSS will change this for the ecofriendly and socially conscious consumer.

5.4. Sales Forecast





The GSS sales forecast is based on expressed interest from our consumers. We were recently profiled on Reuters.com and mentioned in both New York Times and Good Morning America. Additionally, we have been interviewed by both BusinessWeek in their "Former Bankers Turned Entrepreneurs" as well as by the Washington Post in a similar story.

We believe we can convert .05% of the visitors to our site to consumers who will purchase our sandals. To do, we have received 8,000 hits on our website which would translate into 400 sandals sold in our first month. We expect sales of sandals to dip during the fall and winter months. From September to February, we expect sandal sales to decrease by -11% until the month of March arrives when sales are expected to rise to 8% month over month growth again.

**Please note that we are receiving free rent indefinitely from SunShine Suites (www.sunshineny.com).

Assumptions:

Our sandals sell for:	\$45.00
Our growth rate is (per month) for online	22.00%
Sandal cost	\$15.00
Shipping cost per sandal is	\$2.00
Cost of shoe box	\$2.00
Shoe drop cost per sandal	\$6.00
Seasonality (November to February), % Sales Depression	50%
Our growth rate is (per month) for retailer	7%
Growth rate via catalogue	4%
Wholesale price	\$35
Catalogue Price	\$45.00
Growth rate of accessory sales/straps	10%
Cost of accessory sales/straps	\$1.00
Accessory sales/straps Sold for	\$5.00

5.5. Milestones

These are our completed milestones:

1. Matured our holistic, cradle to cradle approach to business that includes three primary stakeholders:

1. Third world shoemakers
2. Consumers
3. Shoeless children
2. Assembled a team, each with over a decade of expertise in starting businesses, including a seasoned online entrepreneur in the ecommerce space, an social media marketing specialist, and an IT and Operations Director at JPMorgan Chase.
3. Sourced sandals, negotiated cost and placed first order of 500 sandals.
4. Launched a beta version of our website.
5. Started to accept reservations for shoes on our website—we have 41 reservations thus far.
6. Identified four eager interns.
7. Established relationships with NGOs including UNICEF, HeritageWatch, and Orphans International.
8. Located and negotiated with fulfillment centers in the metro New York area and have arranged for storage and shipping of our products.
9. Started getting traction in the national and international media. Featured so far by:
 1. Al Jazeera English
 2. New York Times
 3. Reuters.com
 4. Wall Street Journal
 5. Washington Post
 6. Fox Business News
 7. La Repubblica
 8. Tages Anzeiger, Independent Swiss Newspaper
10. Entered business plan competitions
11. Having conversations with branding companies, shoe design schools, retailers.
12. Set up PayPal payment system on our website
13. Created and launched shoe design contest at Pratt and Parsons
14. Initiated and continuing conversations with upscale woman's shoe designer to create a line of sandals with us.

The next step is to launch a fully ecommerce-powered website and get the first order of 500 sandals delivered to our fulfillment center in metro New York.

6. Management Summary

GSS is owned by her three Co-Founders: Alastair Ong, Iris Chau, and Stephen Chen. They are currently all full time employees at GSS with an additional four interns/staff members.

Alastair Ong is Chief Executive Officer and Co-Founder of GSS. His role as the CEO is to set the direction of the company and work with our board of advisors and future board of directors. He is serial entrepreneur and trained attorney, having successfully created, financed and launched two online technology companies, bCorner.com, PinoyDolyar.com, and a real estate company, Ong8, LLC. He has over thirteen years of legal, business development and transactional experience representing companies in a broad range of industries including financial services, technology, consumer retail, and industrials.

Alastair is Co-Founder of PinoyDolyar.com. PinoyDolyar.com is a Filipino-based technology venture that assists overseas Filipinos sending money back to the Philippines. It is an economic and secure alternative to bank transfers and companies such as Western Union.

Alastair was General Counsel and Co-Founder of bCorner.com, a business that place online marketplaces onto high-traffic destination web sites. Their clients include BusinessWeekOnline.com and GoldsGym.com.

Iris Chau is Chief Operating Officer and Co-Founder of GSS. As Chief Operating Officer, she is responsible for the day-to-day operation of the company ranging from product purchases and delivery, development of technology platforms, and business management. She is very experienced with computer graphic design, database administration, and web application development and will be responsible for the overall technical needs of company.

Prior to GSS, Iris defined the technology roadmap for JPMorgan Chase's Banking and Research Department for over eleven years. During her tenure, she released a new global research management and distribution system which saved the firm over \$1 million annually in operating costs. She managed a global team of business analysts and developers in New York, Houston, Glasgow and Mumbai to deliver technology solutions and process enhancements.

Stephen Chen is Chief Strategy Officer and Co-Founder of GSS. As Chief Strategy Officer, he is responsible for all Corporate and NGO partnerships, marketing and sales. He has researched and modeled GSS as a timely social commerce platform leveraging several growth businesses, social media strategies, and consumer trends. Through his longtime social media consulting services and entrepreneurial drive, he has established a far-reaching network of professionals and media contacts to support GSS. We have already been featured on the front page of the New York Times (February 2, 2009) and on the front page of Reuters.com (February 13, 2009).

Stephen is the former head of Business Development of Mixr Media, a Social Networking media company. Mixr Media creates online communities based on targeted content. It harnesses and combines popular applications to create a comprehensive online experience for niche communities of targeted content. Mixr Media's online presence is made up of numerous communities broken down into niche communities based on ethnicities, hobbies, interests and passionate topics of discussion, such as sports, politics and entertainment news. Unlike broad Social Networking sites, Mixr Media differentiates itself with a vast array of communities that each user can access from one single master user account registered on mixrmedia.com.

Emily Putterman has been teaching the cobbling art for more than sixteen years. In addition to teaching at FIT, Parson, and Pratt, she is the Adjunct Assistant Professor in Accessories Design. Emily is well known in New York circles as the “shoemaking guru.”

Nancy Kim is a New York shoe designer and Devotte store owner. (<http://www.devotte.com/>). While studying at the Fashion Institute of Technology, Kim launched a successful career in sales and merchandising, working at Diesel, D&G, Miu Miu, Y3, and Daryl K—all the while still helping out at her parent's fish market. Later, while traveling around the world as a strategy and distribution consultant for high-end footwear companies, Kim noticed a gap in the market for quality shoes with unmatched design detail and comfort within an approachable price point, so returned to school to learn the craft of shoemaking.

Inspired by her emphatically diverse background and the music and travel experiences that first awakened her cultural interests as a teenager, Kim debuted her first line of shoes, “A Traveler's Ballad,” in 2005 to great acclaim in the fashion press, garnering articles in such publications as Lucky, Daily Candy, and Refinery 29.

Jonry Ko is a shoe consultant for GSS. He is currently a shoe designer with Run Athletics. Run Athletics launched in fall 2003 by Hip Hop visionary Russell Simmons and his brother Joseph Simmons, (a.k.a Rev Run) former member of rap group RUN DMC. Today, Run Athletics footwear collection consists of various styles and designs. The Legacy collection reflects the underground sneaker culture and can only be found in sneaker boutiques around the world.

Jonry is the former Assistant Footwear Designer for Fila USA where he designed seasonal collections and interpreted merchandise. He worked with development and sales teams to revise prototypes, colorways, and CAD/teckpacks. He has experience working in multiple categories including Vintage, Tennis, Mountain, Running, Special Projects, Made in Italy, and Infant/Kids.

Lyel Resner is Business Development Manager for GSS. Lyel's roles include looking for new business development ideas and partnerships to increase our sales, company exposure and coordination for our shoe drops. Lyel is a founding member of the Jazmin Safe Water Project in San Jose, Costa Rica where he led efforts to coordinate, design and implement a new water tank and filter for the slum communities in "La Anilla de Pobreza" (Ring of Poverty) in the hills of San Jose. Lyel oversaw community outreach program to educate Nicaraguense refugee community about safe water usage and other health initiatives.

Personnel Plan

Given the current economic downturn, there are a number of highly qualified individuals who are seeking new opportunities. We will leverage programs such as JumpStart NYC (<http://www.levininstitute.org/jumpstartnyc/>) to find interns to help us grow the company in its initial phase.

JumpStart NYC is a unique program to help experienced professionals leaving the financial services industry to explore opportunities to add value in New York's entrepreneurial sector. It is also a great opportunity for us, a sponsoring enterprise, to benefit from the experience and skills of a motivated, experienced professional. As a part of the JumpStartNYC program, our interns are expected to spend 10 weeks conducting a project on an important business opportunity.

Financial Plan

The company's financial plan is based on conservative estimates and assumptions. Each partner has saved \$25,000 of their personal savings to fund their personal expenses while building this company.

6.1. Start-up Funding

Website Design	\$4,000
Inventory	\$2,475
Taxes	\$1,000
Legal	\$625
Computer	\$500
Licensing	\$600
PR/Marketing	\$800
Total Start-up Expenses	\$10,000

Start-up Assets

Amount already raised	\$15,000
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Our First Order

This was the first shoe order we placed with our shoemakers in Southeast Asia through our partner:

Keo Sokpagna
 # 87 AE0, St 288, Sangkat Olympic
 Khan Chamkamon, Phnom Penh, Cambodia
 Tel: (+855) 12 45 75 37

Size	Quantity
5	30
5.5	25
6	40
6.5	30
7	35
7.5	15
8	35
8.5	20
9	35
9.5	20
10	40
10.5	30
11	30
11.5	10
12	25
12.5	7
13	25

Total 452

Size	Quantity
4.5	12
4	12
3.5	12
3	12

Total 48

Grand Total: 500

6.2. Break-even Analysis

Break-even Analysis

Monthly Units Break-even	759
Monthly Revenue Break-even	\$34,169

Assumptions:

Average Per-Unit Revenue	\$45.00
Average Per-Unit Variable Cost	\$19.00
Estimated Monthly Fixed Cost	\$19,742

6.3. Projected Profit and Loss

Revenues	Total Yr 1	Total Yr 2	Total Yr 3
Shoe Revenue			
Shoes Sold Online	1,113	5,558	27,367
Shoes Sold Retail	3,593	9,866	22,220
Shoes Sold Catalogue	3,175	6,416	10,272
Total Shoe Revenue	318,699	884,142	2,471,454
Accessory Revenue			
Accessories Sold	80	277	870
Replacement Straps Sold	80	277	870
Total Accessory Revenue	797	2,773	8,704
Total Base Revenue	319,496	886,915	2,471,454
Running Total Shoes of Shoes Sold	7,881	21,840	59,859
Expenses			
Cost of Shoes (including shipping)	118,211	327,601	897,886
Shoebboxes	2,225	11,116	54,733
Hosting + Bandwidth	2,448	2,448	2,526
Consulting Services	0	2,700	1,200
Staff Wages	0	0	480,000
Marketing	0	24,000	24,078
Rent	0	0	0
Capital Equipment	1,000	1,000	1,000
Software	1,042	2,500	2,500
Insurance	5,000	5,000	5,000
Travel Expenses	13,000	43,200	33,600
Shoe Drop Expenses	0	150,000	360,000
Misc. (supplies, bills, software etc.)	5,400	11,500	15,700
Accessory Expenses	159	555	1,741
TOTAL EXPENSES	148,485	581,620	1,879,964
NET INCOME	171,011	305,295	591,490
TOTAL INCOME	181,011	486,306	1,086,500

6.4. Projected Cash Flow

Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$129,406	\$326,993	\$826,313
Cash from Receivables	\$125,993	\$321,782	\$813,145
Subtotal Cash from Operations	\$255,399	\$648,775	\$1,639,458
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$21,675	\$54,771	\$138,407
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$277,075	\$703,546	\$1,777,865
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$153,469	\$326,000	\$356,000
Bill Payments	\$185,091	\$382,158	\$896,373
Subtotal Spent on Operations	\$338,560	\$708,158	\$1,252,373
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$100,000	\$0
Purchase Other Current Assets	\$4,775	\$5,000	\$10,000
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$343,335	\$813,158	\$1,262,373
Net Cash Flow	(\$66,260)	(\$109,612)	\$515,492
Cash Balance	(\$56,260)	(\$165,872)	\$349,620

6.5. Projected Balance Sheet*Pro Forma Balance Sheet*

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	(\$56,260)	(\$165,872)	\$349,620
Accounts Receivable	\$3,413	\$8,623	\$21,790
Inventory	\$6,175	\$15,603	\$39,430
Other Current Assets	\$4,775	\$9,775	\$19,775
Total Current Assets	(\$41,897)	(\$131,870)	\$430,616
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	(\$41,897)	(\$131,870)	\$430,616
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	\$14,800	\$32,898	\$77,326
Current Borrowing	\$10,000	\$10,000	\$10,000
Other Current Liabilities	\$21,675	\$76,447	\$214,854
Subtotal Current Liabilities	\$46,475	\$119,344	\$302,180
Long-term Liabilities	\$0	(\$100,000)	(\$100,000)
Total Liabilities	\$46,475	\$19,344	\$202,180
Paid-in Capital	\$10,000	\$10,000	\$10,000
Retained Earnings	(\$10,000)	(\$98,373)	(\$161,215)
Earnings	(\$88,373)	(\$62,842)	\$379,650
Total Capital	(\$88,373)	(\$151,215)	\$228,435
Total Liabilities and Capital	(\$41,897)	(\$131,870)	\$430,616
Net Worth	(\$88,373)	(\$151,215)	\$228,435

6.6. Business Ratios

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	152.69%	152.70%	22%
Percent of Total Assets				
Accounts Receivable	-8.14%	-6.54%	5.06%	0.00%
Inventory	-14.74%	-11.83%	9.16%	0.00%
Other Current Assets	-11.40%	-7.41%	4.59%	100.00%
Total Current Assets	100.00%	100.00%	100.00%	100.00%
Long-term Assets	0.00%	0.00%	0.00%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	-110.93%	-90.50%	70.17%	0.00%
Long-term Liabilities	0.00%	75.83%	-23.22%	0.00%
Total Liabilities	-110.93%	-14.67%	46.95%	0.00%
Net Worth	210.93%	114.67%	53.05%	100.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	57.78%	57.78%	57.78%	0.00%
Selling, General & Administrative Expenses	91.92%	67.39%	34.81%	0.00%
Advertising Expenses	9.27%	0.46%	2.42%	0.00%
Profit Before Interest and Taxes	-33.76%	-10.22%	22.43%	0.00%
Main Ratios				
Current	-0.90	-1.10	1.43	0.00
Quick	-1.03	-1.24	1.29	0.00
Total Debt to Total Assets	-110.93%	-14.67%	46.95%	0.00%
Pre-tax Return on Net Worth	100.00%	41.56%	166.20%	0.00%
Pre-tax Return on Assets	210.93%	47.65%	88.16%	0.00%
Additional Ratios				
	Year 1	Year 2	Year 3	
Net Profit Margin	-34.15%	-9.61%	22.97%	n.a
Return on Equity	0.00%	0.00%	166.20%	n.a
Activity Ratios				
Accounts Receivable Turnover	37.92	37.92	37.92	n.a
Collection Days	14	7	7	n.a
Inventory Turnover	12.00	25.36	25.36	n.a
Accounts Payable Turnover	13.51	12.17	12.17	n.a
Payment Days	27	22	21	n.a
Total Asset Turnover	0.00	0.00	3.84	n.a
Debt Ratios				
Debt to Net Worth	0.00	0.00	0.89	n.a
Current Liab. to Liab.	1.00	6.17	1.49	n.a
Liquidity Ratios				
Net Working Capital	(\$88,373)	(\$251,215)	\$128,435	n.a
Interest Coverage	-87.37	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	-0.16	-0.20	0.26	n.a
Current Debt/Total Assets	0%	0%	70%	n.a
Acid Test	-1.11	-1.31	1.22	n.a
Sales/Net Worth	0.00	0.00	7.23	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Pro Forma Cash Flow												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$9,000	\$9,720	\$10,498	\$11,337	\$12,244	\$13,224	\$14,603	\$13,860	\$11,768	\$9,338	\$6,503	\$7,313
Cash from Receivables	\$4,800	\$9,384	\$10,135	\$10,945	\$11,821	\$12,767	\$13,959	\$14,207	\$12,744	\$10,472	\$7,826	\$6,935
Subtotal Cash from Operations	\$13,800	\$19,104	\$20,632	\$22,283	\$24,066	\$25,991	\$28,562	\$28,067	\$24,512	\$19,809	\$14,328	\$14,247
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	8.38% \$1,508	\$1,628	\$1,758	\$1,899	\$2,051	\$2,215	\$2,446	\$2,322	\$1,971	\$1,564	\$1,089	\$1,225
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$15,308	\$20,732	\$22,391	\$24,182	\$26,116	\$28,206	\$31,008	\$30,388	\$26,483	\$21,373	\$15,417	\$15,472
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	\$10,800	\$11,060	\$11,344	\$11,656	\$11,996	\$12,368	\$12,776	\$13,222	\$13,709	\$14,243	\$14,828	\$15,467
Bill Payments	\$705	\$20,945	\$14,945	\$15,812	\$16,749	\$17,761	\$18,874	\$20,464	\$18,269	\$15,640	\$13,570	\$11,355
Subtotal Spent on Operations	\$11,505	\$32,005	\$26,290	\$27,468	\$28,745	\$30,130	\$31,649	\$33,686	\$31,978	\$29,883	\$28,398	\$26,823
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$300	\$315	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465	\$489	\$513
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$11,805	\$32,320	\$26,620	\$27,815	\$29,109	\$30,512	\$32,051	\$34,108	\$32,422	\$30,349	\$28,887	\$27,336
Net Cash Flow	\$3,502	(\$11,588)	(\$4,230)	(\$3,633)	(\$2,993)	(\$2,307)	(\$1,044)	(\$3,720)	(\$5,939)	(\$8,976)	(\$13,470)	(\$11,864)
Cash Balance	\$13,502	\$1,914	(\$2,316)	(\$5,949)	(\$8,941)	(\$11,248)	(\$12,292)	(\$16,012)	(\$21,951)	(\$30,927)	(\$44,396)	(\$56,260)

Appendix

Pro Forma Balance Sheet													
	Starting Balances	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets													
Current Assets													
Cash	\$10,000	\$13,502	\$1,914	(\$2,316)	(\$5,949)	(\$8,941)	(\$11,248)	(\$12,292)	(\$16,012)	(\$21,951)	(\$30,927)	(\$44,396)	(\$56,260)
Accounts Receivable	\$0	\$4,200	\$4,536	\$4,899	\$5,291	\$5,714	\$6,171	\$6,815	\$6,468	\$5,492	\$4,358	\$3,035	\$3,413
Inventory	\$0	\$7,600	\$8,208	\$8,865	\$9,574	\$10,340	\$11,167	\$12,331	\$11,704	\$9,937	\$7,885	\$5,491	\$6,175
Other Current Assets	\$0	\$300	\$615	\$946	\$1,293	\$1,658	\$2,041	\$2,443	\$2,865	\$3,308	\$3,773	\$4,262	\$4,775
Total Current Assets	\$10,000	\$25,602	\$15,273	\$12,394	\$10,209	\$8,770	\$8,130	\$9,296	\$5,025	(\$3,214)	(\$14,911)	(\$31,609)	(\$41,897)
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$10,000	\$25,602	\$15,273	\$12,394	\$10,209	\$8,770	\$8,130	\$9,296	\$5,025	(\$3,214)	(\$14,911)	(\$31,609)	(\$41,897)
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$20,448	\$14,419	\$15,255	\$16,158	\$17,134	\$18,189	\$19,853	\$17,745	\$15,185	\$13,196	\$10,845	\$14,800
Current Borrowing	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Other Current Liabilities	\$0	\$1,508	\$3,136	\$4,894	\$6,793	\$8,844	\$11,059	\$13,505	\$15,826	\$17,797	\$19,361	\$20,451	\$21,675
Subtotal Current Liabilities	\$10,000	\$31,956	\$27,555	\$30,149	\$32,951	\$35,978	\$39,248	\$43,357	\$43,572	\$42,982	\$42,558	\$41,296	\$46,475
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$10,000	\$31,956	\$27,555	\$30,149	\$32,951	\$35,978	\$39,248	\$43,357	\$43,572	\$42,982	\$42,558	\$41,296	\$46,475
Paid-in Capital	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Retained Earnings	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)
Earnings	\$0	(\$6,353)	(\$12,282)	(\$17,755)	(\$22,742)	(\$27,208)	(\$31,117)	(\$34,061)	(\$38,547)	(\$46,197)	(\$57,469)	(\$72,904)	(\$88,373)
Total Capital	\$0	(\$6,353)	(\$12,282)	(\$17,755)	(\$22,742)	(\$27,208)	(\$31,117)	(\$34,061)	(\$38,547)	(\$46,197)	(\$57,469)	(\$72,904)	(\$88,373)
Total Liabilities and Capital	\$10,000	\$25,602	\$15,273	\$12,394	\$10,209	\$8,770	\$8,130	\$9,296	\$5,025	(\$3,214)	(\$14,911)	(\$31,609)	(\$41,897)
Net Worth	\$0	(\$6,353)	(\$12,282)	(\$17,755)	(\$22,742)	(\$27,208)	(\$31,117)	(\$34,061)	(\$38,547)	(\$46,197)	(\$57,469)	(\$72,904)	(\$88,373)