

Table of Contents	Page #
1. Executive Summary	1
Business Opportunity	
Product/Service Description	
2. Company Background	2
Business Description	
Company History	
Current Position and Business Objectives	
3. Products	3-4
Product Overview	
Suppliers and Inventory (For new RFID and OLED products)	
Research and Development	
4. The Industry, Competition, and Market	5-7
Industry definition	
Primary Competitors	
Market Size	
Market Growth	
Customer Profile	
5. Marketing Plan	8-9
Competitive Advantage	
Pricing	
Distribution Channels	
Promotional Plan	
Feedback	
6. Operating Plan	10
Location	
Facility	
Operating Equipment	
Suppliers and Vendors (for OLED and RFID patches)	
7. Management, Organization and Ownership	11
Organizational Structure	
Professional Consultants	
Personnel Plan	
General Operations	
8. Goals and Strategies	12
Business Goals	
Keys to Success	
Future Plans	
9. Financial Assumptions	13-17

Executive Summary

Business Opportunity

The CEC is trying to branch out into a more consumer-based model rather than remain strictly corporate. After a great deal of research, we have found that the best way to do this is by starting an online consumer-based division. This new division will be called ThreadConcept, an online company, which caters to the consumer's wants and needs – some of which they will not know that they have, until our products are seen. ThreadConcept will be a very nimble company that will be able to quickly adjust to changing market trends and stay 'on the cutting edge', helping keep our differentiation.

Product/Service Description

Our goal is to go directly to the consumer, offering them a chance to purchase whatever they desire, rather than just what a sales representative or wholesaler decide they have the right to purchase. One of the product lines we will be offering is scrapbooking. Up to 1 in 4 households in America scrapbook so we thought it would be a good market to offer our patches in. They will fit into a variety of categories. Another market we are trying to enter is politics. The idea is for the customers to be able to express themselves. We will offer patches for different parties, different campaigns, different issues, and different candidates. We are also trying to enter into the pop culture and fads. Nowadays, with text messaging and the Internet, trends can catch on and spread like wildfire. We hope to be able to take advantage of that fact and jump on to fads for short rides, selling related patches. The last product group we are looking to offer is custom-design. This not only expands all of our offered products (if a consumer likes an idea but wants to change it, they can use this service to do so), but they can have any patch made that they wish. We will enable people to express any belief, thought, interest, notion, etc. that they desire.

2. Company Background

Business Description

Since 1890, The Chicago Embroidery Company has been manufacturing and providing the highest quality embroidered emblems at low prices.

Our customers currently include the United States Armed Forces, Federal agencies, state and local agencies, the National Boy Scouts of America, the Girl Scouts of the USA, numerous Boy Scout and Girl Scout Councils, numerous companies large and small, uniform companies as well as small organizations. Since 1890 we have made emblems for just about every customer you can think of.

Company History

The Chicago Embroidery Company was founded in 1890 by a Swiss immigrant who came to America in 1877 and brought the art of Swiss Embroidery to Chicago. Chicago, due to its prominence as a transportation hub and with the local meat packing industry providing raw materials for leather and felt, became a regional center for the garment industry.

In the early days the company used Swiss Looms, also known as Schiffli Embroidery machines, to manufacture Swiss Lace, which was popular for lady's clothing, linens, and other uses.

By the 1940's fashions had changed and lace was less popular than it once was. World War II had begun and the government requested Chicago Embroidery to begin making emblems for the military. We learned how to convert the looms from manufacturing of Swiss Lace to making embroidered emblems and began making emblems or more popularly called "patches" for the military. Following World War II we began making emblems for the National Boy Scouts and have continued making emblems ever since. Over the decades descendants of the founder refined and improved the manufacturing process to provide the highest quality emblems available.

Current Position and Business Objectives

After the original owner of the company allowed the business to dwindle and fade over the years, a new owner—a former employee—is attempting to revive the company, in a stagnant industry. Until now, we have been supplying our product to mainly corporate-based markets. Our customers have been familiar with the company for a long time and CEC rarely gets new customers with fresh requests.

The CEC is trying to branch out into the more consumer-based market rather than remain strictly corporate. After a great deal of research, we have found that the best way to do this is by starting an online consumer-based division. This new division will be called ThreadConcept, an online company, which caters to the consumer's wants and needs – some of which they will not know that they have, until our products are seen.

3. Products

Product Overview

ThreadConcept will be offering many additional products as the company becomes more established and trends catch on, but currently we will be selling scrapbooking patches, political patches, trendy/fad influenced patches, and completely custom ordered patches.

When researching the trends in popular craft activities, scrapbooking stood out amongst other hobbies such as quilting, beading, and painting. The rise in the popularity of scrapbooking has induced the creation of stores (such as Archivers) that are completely devoted to the art. ThreadConcept is taking the opportunity of this large market and producing embroidered patches that are made specifically for scrapbooking purposes. These embroidered scrapbooking patches can provide a 3-D effect to a page of someone's memoirs that would otherwise look flat.

Another strong consideration for use of patches and promotional badges is the political activism and campaigns, where products are offered that enable consumers to express their views and beliefs. With the upcoming election and future elections sure to cause controversy, there is a high demand for products that display standpoints and beliefs. These products could consist of yard signs, bumper stickers, patches, buttons, t-shirts etc. ThreadConcept will be taking advantage of the heated upcoming election and producing patches with political messages presented for each party. For future elections and political controversy, patches can be made within a week of an event, which will provide our customers with fast production of political messages.

In going with the theme of popular culture, ThreadConcept will also be designing and selling patches that follow current trends or fads. These trends are commonly found on the internet and are extremely popular amongst teens. For example, there is a viral expression "You've been Rick-Roll'd", which indicates that a person has fallen for a prank.

By providing a custom-order opportunity for the consumer, we are allowing them to express their individual views and beliefs through the artwork they desire. This is a popular activity amongst teens, who always want people to know what they think. The custom-order section can also be used by teams, clubs, and other organizations that might need a high volume of patches with their specific design.

ThreadConcept will also be holding weekly online contests where people can submit designs for patches and win a monetary prize, as well as having their design sold through the online store.

New and upcoming products to be sold through ThreadConcept will be technologically functional embroidery patches in two categories:

1. RFID Security Tag Patch

A Radio Frequency Identification (RFID) is a security tag that will be able to be attached to small embroidery patches. The security tag uses a thin flexible strip. An RFID tag device is connected to the thin strip and is used for tracing data related to the small patches to be monitored. Several conductors

are laid on the thin flexible strip, and are connected to each other to form a multiple turn coil for providing energy to the RFID tag device when one end of the thin flexible strip is attached to the other end to form a loop.

RFID tags already have a variety of uses, including passports, other IDs, and inventory control. They are commonly used to control access to buildings and restricted rooms/areas. The RFID tags used for these purposes are passive, meaning they are powered by the reader (connected to the lock on the door). When the tag comes within a certain distance of the reader, the reader recognizes it and unlocks the door.

2. OLED Patch (Experimental)

Printing OLEDs onto flexible substrates will open the door to new applications such as displays embedded in fabrics or clothing. OLEDs enable a greater range of colors, brightness, and viewing angle than LCDs, because OLED pixels directly emit light. OLED pixel colors appear correct and unshifted, even as the viewing angle approaches 90 degrees from normal. A miniature, onboard computer controls the OLED fabric and stores programs for each “virtual dress,” as we call them.

Suppliers and Inventory (For new RFID and OLED products)

RFID Security tags and readers will be supplied by various vendors, including the following: GAO RFID, Zebra Technologies, Symbol Technologies and Alien Technologies, to name but a few. These vendors supply a variety of RFID technology offerings with a mix of products such as low and high frequency tags, different type of readers, and handling software. Based on the application, numerous suppliers offer solutions to support emerging markets and security needs, all designed to specific customer specifications, locally and internationally.

Research and Development

RFID and OLED patches are being focused upon to fit into a niche for security purposes, entertainment, public relations, tracking and marketing. Success will come from customers recognizing the appeal and benefits of functional tracing and recognition products that allow for more effective use of time for employees doing productive tasks instead of physically waiting in line to swiping tags or record information. It can be done so much easier and in a more cost-effective manner with our tags. The additional features that come with programmable messages, colors and eye appeal, will allow use of our patches to expand into events, promotions and advertising. Our research has determined that price competition will be a minimal influence given current market conditions.

4. The Industry, Competition, and Market

Industry definition

ThreadConcept is joining many different industries when beginning this new online division. These industries include scrapbooking patches, political activism represented through patches, and custom-made patches ordered online.

We will be entering a new industry when it begins to produce scrapbook patches. The scrapbook industry has been growing rapidly and has opportunities in stores and online. It is currently the third most popular craft in the nation. With the scrapbook industry on the rise patches specifically made for scrapbooking is an untouched niche that would be profitable to pursue. The following sections discuss the opportunity for patches made for scrapbooking.

There is a great demand for political opinion products, especially with the upcoming election. The industry of political activism is currently present in many aspects of the consumer's lives, whether it's putting a bumper sticker on their car, wearing a patch on their shirt or sewing one on their backpack. The products in this industry are geared toward the belief of personal expression, which also leads into another industry we will be participating in.

The industry of customer-designed products is becoming a widespread trend among teenagers and young adults who feel that expressing themselves is an integral part of their lives. There are already many online custom-order patch companies, but ThreadConcept is going to be one of the few that will also be selling online products that could be ordered with no delay. We will also be selling trendy patches that are geared towards the high school to college age consumers. These will be inspired by the latest online trends and the customer's submissions for the weekly contests we will be hosting.

Primary Competitors

Competitors for custom made patches: Lion Brothers, AB emblem, National Emblem, Swiss Artex

Competitors for scrapbooking patches: No other company could be found that makes patches exclusively for scrapbooking. However, there are many stores that serve as scrapbooking suppliers such as Michaels, Archivers, Making Memories, EK Success, and Creative Expressions, Inc.

Competitors for political activism patches: Democratic and Republican National Committees, political campaigns, and novelty stores such as Spencers or Hot Topic

Our primary competitors for the political patches would be political groups or campaigns or primarily novelty stores. However, many of these only offer political products during campaign season so while there is much less interest during the 'off-season', the competition is also substantially less.

Currently, no other business in Chicago area focuses exclusively on the functional technology embroidered patch market. This will provide considerable flexibility in pricing and allow for the creation of a great deal of customer awareness and brand loyalty, erecting significant barriers to entry for potential competitors. While no retail businesses devoted exclusively to functional embroidery patch exist in Chicago, functional RFID and OLED embroidery patches will sell through our online website.

Market Size

The market size for the sale of political merchandise is a massive one with over 122 million people voting in the 2004 presidential election. However, our market share would be considerably less considering the fact that only a fraction of the people that vote spend money on merchandise, or even acquire free merchandise, to express their opinion.

As of 2004, the scrapbook industry is a \$2.6 billion industry which is a 28 percent increase from 2001. Spending on scrapbook supplies by households that scrapbook has also increased since 2001 by 6.3 percent.

We would sell all of our products online. This means that we would not be restricted to selling our product in a certain area. The market size would be large due to the recent trends in scrapbooking and the popularity of political controversy. There are 32.1 million scrapbookers in the United States and over 26 million scrapbooking households. This number is almost 25 percent of total US households.

Using eBay and the website, we have found that the market area is nearly unlimited. Current sales have been in the United States and Europe, but the market is likely to expand over time.

As one of the channels to develop new business opportunities for The Chicago Embroidery Company, our team is targeting the teen market with our trendy patches from ages 12-18 in middle schools through college. As of 2006, the teen population from age 12 to 17, according to Packaged Facts Market Research, reached a total of 25,599,000. Teens from across the nation earn income through household chores, from parents, gifts, and jobs. The gross income of all teens combined to a total of \$80 billion. On average, each teen earns an annual income of \$3,112, which is primarily considered disposable income. In addition, family expenditures on teens for personal items related to entertainment, amounts to \$2,317 million.

Market Growth

A strong possibility for growth is if there is a viral event in the campaign that the company could capitalize on such as Michael Dukakis's 'tank moment'. There is also the fact that in 2004, more young people voted than in any election since 1992 and they are probably the most likely to purchase patches for expression of political beliefs. Any other internet based events or happenings that become popular can be expressed on a patch design.

From 2001 to 2004, the scrapbook market saw a 27.8 percent increase in sales and a 16.9 percent increase in the number of scrapbooking households. By utilizing the Internet and retail stores, CEC will be able to capture the market. Even securing a small portion of this growing market will lead to high profits.

According to U.S. Census Bureau of Statistics, the U.S. teen population between year 2005 and 2015 will decrease by 3%. However, the aggregate income of teens age 12 to 17 will increase to \$118 billion by 2011. Out of this amount, high school teens age 15 to 17 will account \$59.4 billion, which means teens will have a higher amount of spending power and the ability to make more buying decisions. In addition, family expenditures on teens between years 2006 to 2011 will have an estimated 7.3% cumulative growth.

Customer Profile

Our customer profile for the political and trendy patches would be someone with strong political beliefs, not necessarily of voting age. Most likely, customers would be of the younger age as they tend to be more emphatic in their beliefs and have a stronger desire to display them whether that is through t-shirts, bulletins or blogs on sites like MySpace or Facebook, posting videos on YouTube, or any of countless other forums.

The target customers for scrapbook patches are women between the ages of 30 to 50. They have a college education and are employed. These customers also have room or space dedicated to their hobby.

Custom patches can be ordered from anyone. We expect that small organizations will take advantage of the low cost and custom design aspect of our company. The typical person who would order custom patches can be artistic and have very strong beliefs that he or she would like expressed. Even so, this person does not need to be artistically inclined because the design process is included in the package.

5. Marketing Plan

CEC's overall market strategy is differentiation. We will attempt to stand out from other manufacturers of scrapbook embellishments. We will also focus on one part of the scrapbook industry, embellishments. We will reach customers through viral marketing, publicity efforts, and promotions.

Competitive Advantage

Our competitive advantage would primarily be the ability to quickly adapt to whatever the current political mood or internet trend is. We could potentially have a patch designed and posted online for sale within days, if not hours, of an event. We are able to quickly adapt because we do not have to manufacture the products, ship them, and then sell them. We simply post the product online, sell them, and then manufacture them.

ThreadConcept will have a competitive advantage because of its valued services offered to its customers including free quotes, free samples, and high quality and durable patches. Each patch is highly customized according to each individual person's preferences, which increases the patches' usability and satisfaction. ThreadConcept will have a higher competitive advantage over other patch-making companies because of its reputation, past and current customers, and its overall experience in the industry.

There is currently no other business that provides patches exclusively for scrapbookers. The positive response from scrapbookers in the market research was a good indication that there is a demand for this product.

Pricing

Our pricing will be in the \$2-6 range which is the top range people surveyed said they would be willing to buy a patch so we can maximize our profit. If we are able to manufacture the patches en masse, then that will give us a 400-500% markup as it should only cost around \$1 to manufacture patches in groups of at least 100.

Primary and secondary research has shown that selling our product for over \$6.00 would cause us to lose a large portion of the market. For this reason, our highest priced item will be \$6.00, but the prices will range from \$2.00-\$6.00. The pricing will be determined by size and detail of the embellishment.

Through our research using the eBay store, most patches are sold in an auction-style format. They usually sell for \$2.99 plus \$1.99 shipping. Occasionally they might sell for more, but that is the exception and not the norm. When a customer buys multiple patches they only pay the shipping for the first – this encourages customers to buy more now to save on shipping.

Distribution Channels

While we will be able to utilize many distribution channels if we desire such as stores, 'street' sales, catalogs, or business-to-business sales, the primary method will be the Internet.

Promotional Plan

Our promotional plan will primarily be to offer products that sell themselves, which people already have a strong view on. We will primarily promote our products on the Internet, where the sales will take place. We will probably use things such as posting comments on blogs, groups on Facebook, increasing our links so the website comes up earlier on Google, etc.

ThreadConcept will closely follow trends of high school and college students in order to catch any fads or trends that are current so the company can create products specifically geared towards that age group. ThreadConcept will also build relationships with selected schools around the country to ensure future business and to create extra uses for patches.

ThreadConcept will promote itself using online advertising and cross-advertising. An example of cross-advertising is the link to and information about ordering custom patches from the ThreadConcept website included in the eBay auction descriptions.

We will also be holding a weekly online contest where the customers will be able to submit their designs for a popular patch idea. The winner will receive a monetary prize and their design will be sold through the website.

Feedback

Feedback will manifest itself primarily through e-mails and follow-up purchase surveys sent through the website where customers will be able to rate our products and services, as well as ask any questions they have, and offer any suggestions or comments about our website, offerings, prices, etc.

eBay has a built-in feedback system that the CEC can use to judge its customer's satisfaction. So far every customer has been very pleased and has left positive feedback for us, with the exception of one customer that did not leave any at all. There is also a link to email the CEC with any further feedback, questions, or concerns that is at the bottom of every auction.

6. Operating Plan

Location

ThreadConcept will be conceived as a Division with the Chicago Embroidery Company, currently situated in Chicago, IL. The retail business will have an Internet web site and operate out of Corporate Headquarters.

Facility

There will be no additional physical space required to administer this virtual business. Meetings with potential customers will take place at CEC Headquarters, 1813 Montrose Ave, Chicago, IL 60613. Mail and shipping will be administered from this location.

Operating Equipment

The equipment needed to make the patches already exists with the original Chicago Embroidery Company. The patches are digitized and produced in China. The new designs for ThreadConcept can be manufactured through the CEC's connections with these manufacturers.

There will be a need to develop a limited number of RFID and OLED prototype patches for initial marketing and proof of concept. It is not anticipated that capital expenditures will be needed for start-up, although there may be expenditures required depending on the outcome and success of customer/partnership developments and testing.

Suppliers and Vendors (for OLED and RFID patches)

Our Business Plan will be shared with a number of potential customers and technological partners to evaluate. Using the leverage of CEC's existing business, we will explore projects to prototype and debug both RFID security patches and OLED patch concepts, and better assess the business technology readiness to mass produce these items, understanding the need for flexibility and individualization. This activity will consume the first several months of our operation.

7. Management, Organization and Ownership

Organizational Structure

There will be an initial Advisory Board made up of CEC Leadership personnel, select Customers, technology partners along with ThreadConcept Principals/Managers. This will initial serve as the organizational structure. As direction, products, markets, operations and growth take firmer hold; the organizational structure will be re-evaluated.

Professional Consultants

It is expected that initial product development will take place with RFID and OLED manufacturers who are looking for potential customers to market their products. In conjunction with CEC Customers and their future objects, ThreadConcept will interact with industry leaders to assess marketing trends, production considerations and product liabilities prior to commencing larger scale operations.

Personnel Plan

Initial functions within ThreadConcept require a Purchasing/Supply Chain individual that looks at materials, products, prices and raw materials needed to support known or potential sales. A Sales/Marketing individual will need to explore consumer needs, trends, events, gatherings, opportunities and promotions that could benefit through use of ThreadConcept offerings. An Operations/Engineering/Design individual will be needed to determine the production feasibility and means to cost-effectively develop profitable products.

General Operations

There will be weekly meetings held at CEC Headquarters, to go over the Business Plan and performance, Operations/Marketing/Purchasing action items and discuss of next steps. All other communications will be held via web conferences, email or phone.

8. Goals and Strategies

ThreadConcept is a consumer driven and technology based business, selling graphic patches that represent current and future fads. Consumers also have the option to submit their own artwork and ThreadConcept will create the patches for them. Following the consumer driven theme, ThreadConcept has a weekly contest in which consumers submit graphics and vote to see them made into patches. The business itself is entirely internet based, making it accessible to all online users.

Business Goals

ThreadConcept's business goals are as follows:

- To obtain new webhosting, with a professional website to go along with it.
- To generate a stable market base within a year.
- To generate enough momentum that weekly contests have at least 30 entrees.
- To produce net income levels of 3 million dollars in a span of five years

Keys to Success

ThreadConcept will be successful due to the high demand for products that represent popular images. The product it offers, while unique, is simple enough for consumers to find many different possible applications for it. ThreadConcept will allow users to submit and vote on graphics in order to make new products. This strategy generates momentum and excitement since it is the consumer that gets to choose which product is made. By pushing off the design work onto the client, it not only saves time and money, it also solidifies a demand for the new product.

Lastly, ThreadConcept's business model allows for it to create a large variety of products, all with different purposes while still centered on embroidered patches. This means that through E-Commerce, ThreadConcept can sell products that range from scrapbooking items to RFID security patches. The internet is full of shoppers looking for various goods and ThreadConcept can offer a wide assortment of them.

Future Plans

Assuming the ThreadConcept proves successful, the owners will explore possible new technologies that can be applied to embroidered patches. Further, if business continues to expand, ThreadConcept and its parent company, Chicago Embroidery Co., will attempt to pick up overstock patches from smaller distributors and sell them through alternate E-Commerce means.

ThreadConcept's future plans include:

- Invest in embedded portable media, such as the use of OLED's
- To explore additional uses of embroidered art and alternate means of distributing it

9. Financial Assumptions: Projected Cash Flow Analysis

1st Year

Pop Design	Cost of Ideas	% of Sales	Avg Units Made
CrowdSourcing	10% revenue	70	1000
Designer	Fixed	30	

Cash Flow	Year 1						
Item	Orders/Year	Avg Units/Order	# sold	Rev/Unit	Total Rev	Costs/Unit	Costs
Scrapbook	35	1000	35000	\$2	\$70,000	\$0.70	\$24,500.00
RFID	80	100	8000	\$5	\$40,000	\$2.00	\$16,000.00
Pop Sales	30000	1	30000	\$5	\$150,000	\$0.80	\$24,000.00
Custom Small	50	100	5000	\$5	\$25,000	\$2.00	\$10,000.00
					\$285,000		\$74,500.00

Revenue	\$285,000
CrowdSourcing Comm	\$10,500.0
Revenue (net of Comm)	\$274,500
Cost of Goods	\$74,500.00
Direct Margin	\$200,000.00
Salary Expenses	\$372,500
Business Expenses	\$160,000
Total	\$532,500
Margin After all Expenses	(\$332,500.00)

2nd Year

Pop Design	Cost of Ideas	% of Sales	Avg Units Made
CrowdSourcing	10% revenue	70	1000
Designer	Fixed	30	

Cash Flow	Year 2						
Item	Orders/Year	Avg Units/Order	# sold	Rev/Unit	Total Rev	Costs/Unit	Costs
Scrapbook	75	1000	75000	\$2	\$150,000	\$0.70	\$52,500.00
RFID	200	100	20000	\$5	\$100,000	\$2.00	\$40,000.00
Pop Sales	60000	1	60000	\$5	\$300,000	\$0.80	\$48,000.00
Custom Small	100	100	10000	\$5	\$50,000	\$2.00	\$20,000.00
					\$600,000		\$160,500.00

Revenue	\$600,000
CrowdSourcing Comm	\$21,000.0
Revenue (net of Comm)	\$579,000
Cost of Goods	\$160,500.00
Direct Margin	\$418,500.00
Salary Expenses	\$475,000
Business Expenses	\$185,000
Total	\$660,000
Margin After all Expenses	(\$241,500.00)

3rd Year

Pop Design	Cost of Ideas	% of Sales	Avg Units Made
CrowdSourcing	10% revenue	70	1000
Designer	Fixed	30	

Cash Flow	Year 3						
Item	Orders/Year	Avg Units/Order	# sold	Rev/Unit	Total Rev	Costs/Unit	Costs
Scrapbook	150	1000	150000	\$2	\$300,000	\$0.70	\$105,000.00
RFID	350	100	35000	\$5	\$175,000	\$2.00	\$70,000.00
Pop Sales	100000	1	100000	\$5	\$500,000	\$0.80	\$80,000.00
Custom Small	150	100	15000	\$5	\$75,000	\$2.00	\$30,000.00
					\$1,050,000		\$285,000.00

Revenue	\$1,050,000
CrowdSourcing Comm	\$35,000.0
Revenue (net of Comm)	\$1,015,000
Cost of Goods	\$285,000.00
Direct Margin	\$730,000.00
Salary Expenses	\$600,000
Business Expenses	\$225,000
Total	\$825,000
Margin After all Expenses	(\$95,000.00)

4th Year

Pop Design	Cost of Ideas	% of Sales	Avg Units Made
CrowdSourcing	10% revenue	70	1000
Designer	Fixed	30	

Cash Flow	Year 4						
Item	Orders/Year	Avg Units/Order	# sold	Rev/Unit	Total Rev	Costs/Unit	Costs
Scrapbook	300	1000	300000	\$2	\$600,000	\$0.70	\$210,000.00
RFID	700	100	70000	\$5	\$350,000	\$2.00	\$140,000.00
Pop Sales	200000	1	200000	\$5	\$1,000,000	\$0.80	\$160,000.00
Custom Small	300	100	30000	\$5	\$150,000	\$2.00	\$60,000.00
					\$2,100,000		\$570,000.00

Revenue	\$2,100,000
CrowdSourcing Comm	\$70,000.0
Revenue (net of Comm)	\$2,030,000
Cost of Goods	\$570,000.00
Direct Margin	\$1,460,000.00
Salary Expenses	\$722,500
Business Expenses	\$300,000
Total	\$1,022,500
Margin After all Expenses	\$437,500.00

5th Year

Pop Design	Cost of Ideas	% of Sales	Avg Units Made
CrowdSourcing	10% revenue	70	1000
Designer	Fixed	30	

Cash Flow	Year 5						
Item	Orders/Year	Avg Units/Order	# sold	Rev/Unit	Total Rev	Costs/Unit	Costs
Scrapbook	500	1000	500000	\$2	\$1,000,000	\$0.70	\$350,000.00
RFID	1000	100	100000	\$5	\$500,000	\$2.00	\$200,000.00
Pop Sales	250000	1	250000	\$5	\$1,250,000	\$0.80	\$200,000.00
Custom Small	500	100	50000	\$5	\$250,000	\$2.00	\$100,000.00
					\$3,000,000		\$850,000.00

Revenue	\$3,000,000
CrowdSourcing Comm	\$87,500.0
Revenue (net of Comm)	\$2,912,500
Cost of Goods	\$850,000.00
Direct Margin	\$2,062,500.00
Salary Expenses	\$840,000
Business Expenses	\$350,000
Total	\$1,190,000
Margin After Expenses	\$872,500.00