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BUSINESS PLAN CREATED TO SECURE A BANK LOAN

EARLYBIRDE ART ONLINE ENTERPRISES, INC.

Business Plan

1. Executive Summary

Earlybirde Art was successfully established 11 years ago in Pendleton, Indiana. The company is a popular regional source of fine, hand-crafted wooden vases and bowls and also has gained a national following through participation in numerous art fairs across the country.

Owners Earl and Elizabeth Imel seek marketing-related capital to support the launch of Earlybirde Art Online Enterprises, Inc. The company intends to create an iconic e-commerce home goods brand. Through aggressive, laser-focused marketing activities, the online extension of the Imel's successful business will grow to over \$100,000 of revenue over the next three years.

1.1 Business Opportunity

Experts estimate that in our lifetime, the Internet will have a greater impact on our day-to-day lives than any other service or product in the world. Studies show that over 90 million people worldwide currently use the Internet, with more getting on the web every day. This makes the Internet the single fastest-growing marketplace, as evidenced by the continued phenomenal growth of companies such as eBay.com and Amazon.com – both of which do exceedingly well selling home goods in the same category as Earlybirde Art Online.

The Imels long ago discovered that a viable and thriving market existed for their goods beyond the regional gift shops that sell them. For years, the Imel's have travelled across the county to vend their unique wares at art fairs and shows. This has allowed the company to refine its product line, understanding precisely what their target clientele values and embraces: top-quality, durable wares and highly attentive customer service.



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The continued category growth that eBay and others enjoy – even while the country has struggled economically – indicates that the Imels should continue pursuing online expansion of their business. Theirs, after all, is not a new venture. While many Internet businesses may come and go, Earlybirde Art already has:

- a strong nationwide following,
- an impressive mailing list of repeat customers,
- a well-honed merchandise niche, and
- a proven business model.

1.2 Product/Service Description

Earlybirde Art Online will market and sell a variety of hand-crafted hardwood bowls and vases to individual customers via the Internet.

Products will include but will not be limited to:

- Vases
- Lidded Bowls
- Open Bowls
- Art Products

The product mix will vary, depending on item popularity and the availability of specific items by wholesale drop shippers the company uses. Earlybirde Art Online will rotate products offered at the website until it establishes the most profitable mix of wares.

Total dedication to attracting and retaining customers has served the Imel's business well. They enjoy meeting people from around America as part of their "road show" to sell at art fairs. Staying in constant contact with their fans helps keep the company top-of-mind and its products moving. But a penchant to go the extra mile to create distinctive customer experiences is an ingredient that's given the Imel the business longevity they've enjoyed.

They are proud of their reputation for consistently exceeding their customers' expectations. This service style will continue once Earlybirde Art Online is launched.



1.3 Current Business Position

The Imels have operated for 11 years as a sole proprietorship. As part of their decision to push forward with an online marketing extension, they recently completed steps to do business as an S-Corporation.

1.4 Financial Potential

Projected Monthly Sales
\$9,200

Current Cash Position
\$4,000

Projected Monthly Expenses
\$0 - \$2,000

Payables
\$0 - \$2,000

1.5 The Request

Earlybirde Art Online is requesting \$12,500 to create a strong online presence. The Imels are excited about taking the business to the next level. The funds will be used for marketing and on-hand materials.

2. Company Background

2.1 Company History

Earlybirde Art has a strong foundation, both in its home region of the Midwest and beyond. It has a solid repeat customer base and continually attracts new buyers who become collector-fans. The Imels have built a well-oiled business system, serving clientele from around the country and helping supply many local gift shop owners. With these two key channels

firmly established, the Imels plan to scale-up their winning system by doing more of the same. Only now they will apply their expertise to reach millions of prospects worldwide who shop the Internet.

2.2 Current Position and Business Objectives

The Imels are committed to providing customers who seek quality home goods the best service possible. Their objectives for the next 3 years are to:

- Make Earlybirde Art Online an iconic brand among fine, hand-crafted home goods.
- Develop an effective e-commerce site from which to sell numerous hand-crafted vases and bowls.
- Launch a laser-focused, measurable marketing campaign to drive customers to the website.
- Create an infrastructure for fulfillment of web-based sales.

2.3 Ownership

Earlybirde Art Online Enterprises, Inc., is a privately owned Indiana company. It is an S-Corporation owned and operated by Earl and Elizabeth Imel. There are no plans to add additional owners at this time.

3. Competitive Comparison

Earlybirde Art Online's competitive edge will be its uniquely signed hand-crafted wooden bowls and vases – along with the company's easy-to-use website and superior customer service. The website will provide the company a competitive advantage because research indicates that ease of use on a website significantly increases sales. The design of the website itself will encourage purchases because it will be so quick and easy to use. Too often, merchants operating in the Imel's niche lose sales because their sites are complex and far from intuitive.

3.1 Research and Development

The Imels take great pride in continually refining their business system. They plan to use the latest technology and productivity software to streamline operations. They also seek out special opportunities with suppliers to deliver new, high-value goods to the marketplace. They are always learning new and better ways to serve and retain customers.

4. The Industry, Competition and Market

4.1 Industry Definition

The e-commerce market is semi-mature and characterized as high growth rates, low barriers to entry, and a few large competitors. Despite the competition in the market, many companies have reported annual growth levels of 30%. The market leaders are:

- **eBay.com:** An Internet company known worldwide for its unique selling points and ease of use. The company itself is not a direct threat to Earlybirde Art Online, but other e-tailers selling on eBay are competitors. Earlybirde Art Online does not view this as a major problem because it will also use eBay to promote products.
- **Amazon.com:** Similar to eBay, Amazon will not serve as a direct competitor, as Earlybirde Art Online also will have a presence and promote its wares on this site.

4.2 Primary Competitor

Overstock.com: This company will be a direct competitor to Earlybirde Art Online. However, Earlybirde's custom client care and reduced operating costs give a distinct advantage over Overstock.

4.3 Customer Profile

Target Customers:

Baby Boomers

Adults 25-54



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Target Customer Types:
Upper Income
Middle Income
Impulse or Emotional Purchasers

5. Marketing Plan

5.1 Competitive Advantage

Strengths

Proven business model
Well-honed merchandise niche
Strong nationwide following
National mailing list of repeat customers
Exemplary, personalized services

Weaknesses

New to the online space without wide brand recognition

Opportunities

Expansion of business to the Internet
Moving into new market segments that offer improved profits
Leveraging popularity of online affiliate marketers to build the brand

Threats

A new competitor may enter the marketplace
Further economic downturn in the U.S. and abroad

5.2 Pricing

Product Bundle Pricing, combining several products in the same package.

Promotional Pricing, discounting to attract and retain bargain hunters.

5.3 Distribution Channels

Direct to consumer

5.4 Promotional Plan

Internet Marketing: Will engage in web-based marketing, offering discounts for the first year to create awareness for the company and its product line. Because of the recession, Internet marketing has experienced decline in recent quarters. As a result, the costs of buying ads on the Internet have dropped, making expenditures more cost effective.

Direct Mail: A bulk mail permit will be secured to send post cards and other promotional mailers to all postal customers on the company's mailing list.

Affiliate Marketing Program (Referrals): The popularity online of referral programs will be leveraged, using website and blog owners as an informal "sales force" to help drive traffic to Earlybirde Art Online. In exchange for visibility on their sites, each lead they generate will entitle them to a small percentage the sale.

Art Shows & Fairs: Earlybirde Art Online will continue its marketing presence at major events around the country. The company plans to be among the sponsors of selected art shows, to amplify the brand with key niche audiences and industry influencers.

Outdoor Advertising: In heavily populated areas of Indiana, an outdoor advertising campaign will be mounted.

6. Management, Organization and Ownership

6.1 Management/Principals

Earlybirde Art Online is an S-Corporation. Earl and Elizabeth Imel are founders and owners of the company.