

# Video Service

BUSINESS PLAN

EXPRESS VIDEO SERVICE

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*Express Video Service fulfills a unique niche in the competitive video rental market by specializing in corporate training videos, as well as special interest videos. Express Video Service further distinguishes itself from the competition by offering a delivery service. This plan highlights market analysis and strategy by identifying unfulfilled customer needs and providing exceptional customer service.*

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## INTRODUCTION

Express Video Service will distribute pre-packaged videotape programming to the corporate and residential market. Our videotape programming inventory will consist of corporate management, training, sales, personal self-improvement and special interest titles.

Rentals of our tapes will be made available through on-site delivery and pick-up to the customer's office complex or condo/townhouse residential community. All titles will also be made available for purchase utilizing the same on-site delivery service.

### Selling Points

Express Video Service brings to the consumer an exceptional collection of videotape programming; products especially selected by Express Video Service to satisfy the special lifestyle of the Madison and Arnold county corporate employee and community residents.

Express Video Service stands for quality service and convenience. Our customers will find that we've assembled not only a unique and wide variety of titles, but we feature the first tape delivery service in the area.

Quality and service underlies everything offered at Express Video Service. Every videotape in our inventory has been carefully selected with the customer's lifestyle in mind. The customer will find an answer to almost every need, for both corporate performance and personal value.

## **MARKET ANALYSIS**

### **Market Definition**

The key market segments for Express Video Service are corporate office complexes and townhouse/condominium developments within the Madison/Arnold County area. According to the U.S. Department of Commerce, business establishments in Madison County alone exceed 8,000, with close to 3,000 firms being service oriented and over 700 involved with finance, insurance and real estate. The New Jersey Department of Transportation has concluded in their Regional Forum that if the present land development trends continue, commercial development along the Main Street Corridor will increase by 214 percent from 20 million square feet in 1980 to 62.8 million square feet in 2005. Jobs will grow by 240 percent from 56,600 to 192,300.

Overall, Madison County's residential population has shown steady growth in the past twenty-five years. NJDOT estimates that housing units will increase by 165 percent, from 30,149 in 1980 to 79,957 in 2005. State projections from the Department Of Labor indicate a surge in population between 1980 and the year 2000, from 307,000 to approximately 362,000.

Currently, the market distribution is shared by several participants on the retail store-front level. With the stability and growth of the corporate and residential market segment in the Madison/Arnold County area, videotape rental performance, over the past two years, has generated substantial revenues for area suppliers. However, retail customers are looking for greater inventory variety and availability.

The lack of distribution of corporate and special interest programming has resulted in the need to change the way the average consumer views videotape rental as a "movie-only" business. This new outlook to videotape availability allows Express Video Service to step into the market and operate efficiently by catering to a new market niche. Express Video Service has the ability to provide educational and learning tapes to the corporate community, with on-site delivery and pick-up of inventory being unique to the videotape rental market.

### **Market Penetration**

The videotape rental market continues to grow at a rapid rate. Currently, there is a 70% penetration of video recorders in American homes. Over the last 5 years, compared to homes receiving Cable TV and the number of independent commercial television stations, VCR penetration has shown the largest growth over the period, increasing by a factor of 30. In 1988, figures published by A.C. Nielsen ratings showed a 9.5% decline in viewership. The trend away from network viewing will continue, and while VCR penetration may not grow as quickly as in the past, the rate at which new home video releases come out will increase.

An estimated 135 million prerecorded videos were sold to dealers in the consumer market in 1988. The top 70 golf instruction tapes, a prime tape category for the corporate market, have sold approximately 680,000 units, grossing wholesale revenues of over \$50 million in the past 12 months.

## Targeted Consumer Outlets Include:

### Initial Start-Up Phase (First 3 Months):

<u>Corporate Total</u>	
Davis Complex	2,000 employees
Park Industries	8,500 employees
<u>Residential</u>	
Forest Trails	2,900 units
Strawberry Fields	621 units
<b>Total</b>	<b>14,021</b>

### Secondary Phase (Second 3 Months):

<u>Corporate Total</u>	
Sullivan Center	2,500 employees
Emerson Business Center	10,000 employees
<u>Residential</u>	
Canton	1,500 units
Plymouth	2,000 units
Pine Forest	2,700 units
<b>Total</b>	<b>32,700</b>

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Of the 14,000 customers in our initial start-up phase, approximately 70% own VCRs. Of this 70%, we expect a 10% share of the market for the first month of operation, 15% for the second month, and 25% for the remainder of our first year:

	<u>MKT</u> <u>Size</u>	<u>VCR</u> <u>Penetration</u>	<u>Mkt Share</u> <u>Sept. (10%)</u>	<u>Mkt Share</u> <u>Oct. (15%)</u>	<u>Mkt Share</u> <u>Nov. (25%)</u>
Davis Complex	2000	1400	140	210	350
Park Industries	8500	5950	595	892.5	1487.5
Forest Trails	2900	2030	203	304.5	507.5
Strawberry Fields	621	434.7	43.47	65.205	108.675
<b>Totals</b>	<b>14021</b>	<b>9815</b>	<b>981</b>	<b>1472</b>	<b>2454</b>

  

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The market potential for Express Video Service, based on a conservative average rental of one (1) videotape per month, per customer, totalling 4900 weekday and weekend rentals for the first quarter — with a current rental price of \$5 per weekday and \$7.50 per weekend rental — is approximately \$14,600 in gross receipts for the first three months. Additionally, special weekly rentals of our corporate series tapes, available at \$100 per week will generate an additional 300% annualized profit:

Revenues (1st Qtr)	
Weekday Rentals	\$8183.01
Weekend Rentals	\$6128.05
Corporate Rentals	\$300.00
Gross Rental Revenue (1st Qtr)	\$14611.06

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### **Strengths**

In terms of product/service strength, Express Video Service's tape inventory and delivery service has several distinct advantages over the competition. First, it has marked differentiation in product inventory offering training, management, sales and special interest videos, as opposed to a limited scope of blockbuster movies. Also, our service is favorably differentiated from the competition with our unique delivery and pickup service to the area's corporate office complexes and condo/townhouse residential communities.

### **Weaknesses**

The only notable marketplace disadvantage is rental pricing, with most consumers used to paying between \$1.50 and \$3.50 per videotape rental. But, Express Video Service should be able to position itself as a service-oriented company with an unmatched inventory of very special titles in order to charge a premium for rentals and thereby reduce this weakness considerably.

Corporate weaknesses, at this time, consist only of a lack of awareness, on the employees part, to programming that is readily available for their use. However, we will take steps to educate and inform the consumer about the availability of product and its resulting benefits which we feel should alleviate this problem.

## **CUSTOMERS**

The most typical customer for our product/service is someone who is in the corporate office environment, and who currently uses management training and sales tapes for seminars, training and overall corporate knowledge. We also appeal to those employees who rent entertainment and special interest titles for viewing pleasure in the privacy of their own homes.

It is highly likely that our potential customers are going to be familiar with VHS videotape as an entertainment medium, and that they will readily accept our unique inventory list of management training and special interest tapes, provided that we make the potential customer aware of the availability of Express Video Service's vast array of titles.

Complimentary products/services already in use by our customers are corporate training manuals and audio cassettes. These current products are seen as a tremendous help in compelling customers to acquire our product and to use our service.

The principal buying motive of corporate executives, managers and employees is education. Learning the various aspects of the corporate world enables them to better their performance, and thus, their company's

profits. Their personal income may also increase as a result of these informative manuals and audio cassettes. The principal motive of action will be the availability of various titles through Express Video Service's on-site delivery service.

## **Key Market Consumers**

### **Corporate Executive**

Title: CEO, President, VP Finance, H.R. Director, Personnel Administrator, Office Manager.

Power: Permitter, Decision Maker, Influences Technical Consultant, Initiator

### **Young Professionals**

Age: 25-35

Income: Medium to high

Sex: Male or Female

Family: Bachelor or married

Geographic: Suburban

Occupation: White collar

### **House wife**

Age: 35-55

Income: Fixed

Sex: Female

Family: Full nest

Geographic: Suburban

Occupation: White collar/Blue collar family

### **Young Married Couples**

Age: 35-55

Income: Medium to high

Sex: Male or Female

Family: Married or no children

Geographic: Suburban

Occupation: White collar

### **Older Couple**

Age: 55-70

Income: High or fixed

Sex: Male or Female

Family: Empty nest

Geographic: Suburban

Occupation: White collar or none

# **COMPETITION**

Express Video Service's line of videotape programming offers important information and education to today's corporate managers and employees in everyday managerial and employment situations. Competitive threats today come from consultants who perform "live" for the company in training seminars.

Express Video Service's products/services perform in virtually every corporate environment where business managers and employees are well educated and informed on the uses of video in today's world. The ability to be informed, educated and entertained by your television set is nothing new in the world of video. What is new, however, is Express Video Service's full capability to develop a vast inventory of titles on a variety of topics and special interests as opposed to concentrating on blockbuster movie titles. These corporate training, management, sales and special interest titles, along with their on-site delivery to the corporate and residential markets is unique to Express Video Service's products/services. Our research indicates that the performance of our product line and titles is superior to anything else on the market today.

By all comparisons, Express Video Service's products/services provide a greater inventory, with a wider variety of titles, and have superior production values and product content than the local retail video outlets. Our delivery service is unmatched by anyone in our market area.

## **Videotape Product/Service**

Companies that compete in this market are local retail outlets (for entertainment titles) and mail order catalogues (for management and special interest video). The home or office delivery feature of Express Video Service is not shared with any competitors. Competition does exist, however, in the residential market in relation to inventory of entertainment titles. Competitors in this area are American Video, Sunshine Video Production, and Jackson Video. While they stock a large inventory of titles, the diversity is lacking and delivery is non-existent. All companies charge competitive prices.

All of our competitors' products only operate in a limited way: the customer has to order through a catalogue and wait for delivery, or the customer has to go out of his way to a retail outlet to pick up a tape. Our competitor's product/service does not provide the same service that Express Video Service is offering: on-site delivery and pick-up of videotape programming, either on a rental or purchase basis.

## **Observations & Conclusions**

It appears, from the above information, that Express Video Service has secured a specific market niche opportunity.

# **MARKETING STRATEGY**

Express Video Service's marketing strategy is to enhance, promote and support the fact that our product and services are unique in the marketplace. Our inventory of videotape titles emphasizes corporate training, management, sales and special interest entertainment, rather than our competitors' strict adherence to blockbuster movie titles. Our service features on-site delivery to the office or home rather than our competitors' non-deliverable goods sold or rented through a retail outlet/storefront or mail order catalogue.

## **Comprehensive Plan**

The overall marketing plan for our product/service is based on the following fundamentals:

Express Video Service is in the business of distributing pre-recorded videocassette programming.

We plan on reaching the company executives, office managers and employees located within the twenty largest office complexes in the Madison/Arnold County area, with a secondary market consisting of all the townhouse

and condo residents located within the twenty largest residential complexes in the Madison/Arnold County area.

Express Video Service's channel of distribution will be door to door delivery of catalogues and inventory.

Express Video Service will be catering to an existing market of corporate trainers, consultants and personnel administrators familiar with video as a means of information. Specifically, Express Video Service will be establishing an entirely new attitude, with all employees, in the corporate use of video programming. Thus, we plan on a 10% share of the market upon upstart, increasing to a 25% share during the second quarter of operation. As the concept catches on and competitors enter the arena, Express Video Service expects to maintain a substantial share of the market through pre-established contacts, product knowledge, superior service and inventory. Additionally, following our corporate market introduction Express Video Service will also seek to capture a significant share of the consumer market with its unique delivery service to the home.

## **Positioning**

Our products will be seen by the consumer as very professional in production value and content. Our service will be seen by the consumer as very professional, upscale, and second to none with its unique on-site delivery feature.

Our most unique advantage, being the on-site delivery and pick-up of videotape programming, can be exploited to achieve a winning position in the consumer's mind.

In terms of market segmentation advantages, we can use corporate managers, employees and upscale "yuppie" suburbanite consumers to arrive at a winning position.

We will reposition the videotape product as a training and learning tool in addition to an entertainment medium. We will reposition the service of the product as a deliverable item rather than an item which needs to be shopped for and picked up at a retail outlet or purchased only through the mail.

## **Reposition the Competition**

We can reposition our competitors by showing their limitations of product line (only entertainment titles) and the limitations in service (you must go to them for a tape... Express Video Service comes to you!).

Express Video Service's marketing strategy incorporates plans to sell our line of products/services through a catalogue of titles, with rental and sales implemented by a direct sales force.

# **SELLING TACTICS**

## **Direct Sales**

We have chosen to use a direct sales force because our products/services require considerable customer education and post sales support directly from the company. Express Video Service anticipates hiring one sales representative for the corporate community in each county of coverage.

## **Manufacturers' Representatives**

Because various videotape distributors carry several product lines compatible with ours, in keeping with our upscale and professional corporate image, we feel that it would be appropriate to select production representatives carrying those titles containing high production values and professional content, regardless of cost. We will also establish business relationships with distributors selling entertainment titles appropriate to the companies' employees for take-home entertainment.

## **Distributors**

One of the key elements designed into the Express Video Service marketing plan is the targeting of our distributors. It is important to select distribution channels already in existence and staffed with professionals possessing appropriate backgrounds and expertise.

The distributors' products are pertinent to the nature of Express Video Service's business and to the well-being of our customer base. It is not difficult for us to reach distributors who are educated as to the benefits available in using certain management and special interest tapes.

Express Video Service will also develop sales agreements directly with independent video producers, publishers and production companies who are involved with the actual production of special interest videos. This strategic marketing approach takes full advantage of the fact that these professionals are intimately involved with the content of the tape and its desired effect on the viewer. They already have expertise and have been practicing in their field for a length of time.

By operating within these distribution channels, in this manner, we feel that we can maintain control of our market. In addition, we can generate growth at a reasonable pace and obtain excellent sales results.

## **Ordering Structure**

To place an order, the customer will call Express Video Service's local phone number or Fax Express Video Service's pre-printed order form to our corporate offices. All office rentals placed before noon will be delivered that same day to the customer's office by 4PM. Express Video Service will pick up returns from the office the following day. For residential delivery, tapes will be delivered door-to-door early that evening at a designated time for each particular community.

## **Pricing Structure**

Daily weekday rentals to office complexes cost \$5 per special interest title rental if ordered and delivered before 4 PM to an office. Daily weekday rentals to residential complexes cost \$5 per special interest title. Customers will be charged \$7.50 for weekend rental.

Corporate series rental titles are priced at \$100 per weekly rental.

Payment is simple: Upon registering with Express Video Service, each interested customer (CEOs, Presidents, Managers, condo/townhouse residents) will receive a Free membership card. Our advertisements must address the following guidelines: all customers must be preapproved to receive a special free membership card in their name, prior to issuing the customer's membership card. Express Video Service will make an imprint of each customer's major credit card along with registering any pertinent information necessary to establish credit. All rentals will then be billed to the credit cards—no checks written, no cash or exact change needed, no handling hassles with corporate offices or leasing agents. Monthly statements to customers will show all rentals and billings with order forms on file at Express Video Service's office should any discrepancy arise.

## **BUSINESS RELATIONSHIPS**

Express Video Service, through contacts and past business relationships with AMY-TV's Julia Anderson, has formed some very important relationships with major teleproduction companies and independent producers in the industry. The following is a list of existing relationships:

### **Joint Marketing Agreements**

Joint marketing with established companies will produce revenues, credibility, and market presence. Express Video Service is pursuing joint marketing agreements with other area businesses, management associations and



residential communities to further the name of Express Video Service's products/services in the corporate and residential market. Our plans include having them market our videotape products/services within their office and community developments.

Express Video Service currently has a joint marketing relationship with Video Center, Inc., Manning Enterprises, and Techno Imagery. We are in the process of engaging in agreements with Water Springs residential community, Davis Complex Associates (Davis Complex), USA Business Parks (Park Industries), Young-Lynn Associates (Forest Trails) and several other large corporate and residential communities in the Madison and Arnold County area.

We feel that we require a substantial inventory of a large variety of management and special interest videotape titles to enhance the attractiveness of Express Video Service's product line to customers.

### **Third Party Supplier**

Because we do not have the resources to acquire the rights to these titles for exclusive distribution, we rely on independent producers, publishers, professional associations, government agencies and established corporate telecommunication facilities for the development of many types of management, training and sales videotapes. Express Video Service will establish a Third Party Supplier relationship with several videotape distributors, independent producers, production facilities, management associations and corporate A/V coordinators.

### **Agreements Joint Development Efforts**

Express Video Service, through AMY-TV's Julia Anderson, has been involved with joint development efforts with Techno Imagery, Manning Enterprises, Samuels Productions, Taz Enterprises, and Video Center, Inc.

A joint development project with Emily Ray Cosmetics and Tireman Videos has been discussed, but has not yet begun.

## **ADVERTISING & PROMOTION**

Express Video Service recognizes that the key to success at this time requires extensive promotion. This must be done aggressively, but on a specifically concentrated scale within our initial target market area. To accomplish our sales goals, we require an extremely capable advertising agency and public relations firm. Express Video Service plans to advertise in the Madison County area's major business magazines and journals such as "Central Jersey Business", "Madison Business", "World Business News" and "Targeted Publications". Upon funding, an agency selection shall be made, and with their assistance, a comprehensive advertising and promotion plan will be drafted. Advertising will be done independently and cooperatively with distributors, publishers, producers and companies with whom Express Video Service has joint marketing/sales relationships.

### **Media Advertising and Promotion Objectives**

Position Express Video Service as an upscale, service oriented firm for the business and residential community and as the leading supplier of corporate and special interest videotape programming to the corporate employee and community resident.

Increase company awareness and name recognition among company executives, business managers, and all company employees, with secondary consideration given to residential customers in condo/townhouse communities.

Develop, through Express Video Service's video marketing survey, significant information to develop immediate and long-term marketing plans and inventory control.

Create product advertising programs supporting Express Video Service's office and community delivery and

pick-up service.

Coordinate sales literature, demonstration materials, telemarketing programs, and direct response promotions in order to boost the Express Video Service name and videotape programming inventory to the forefront of the corporate environment (from the executive's desk to the employee's cafeteria).

Maximize efficiency in selection and scheduling of publications to cover the Madison and Arnold County corporate and residential markets.

## **Media Strategy/Advertising Campaign**

Because Express Video Service's tape distribution is so innovative and unique, it is important to develop a promotional campaign that is consistent and easy to understand. The best way to reach our potential customers is to develop an intense advertising campaign promoting our basic premise - on-site delivery of corporate management and special interest tapes for use, in office, by all corporate employees. This will be complimented by an inventory of entertainment and special interest titles for employee "take-home" and residential delivery.

Position Express Video Service in a quality editorial environment consistent with creative objectives.

Select primary business publications and office newsletters with high specific market penetration.

Schedule adequate frequency to impact market with corporate image and product/service messages.

Where possible, position advertising in, or near, video reviews, video technology articles, training seminar ads and appropriate editorials.

To get the most out of our promotional budget, our media coverage will be to focus on the corporate executives, business managers and employees located within the twenty largest office complexes in Madison and Arnold County. The condo/townhouse owners/residents located within the twenty largest residential complexes in the area will be addressed as a secondary market.

We will develop an advertising campaign built around door-to-door delivery of videotape programming to the corporate and residential market with a specialized, demographically-controlled inventory list. Beginning with a "who we are" position, we'll support our position with ads that reinforce the Express Video Service message. Importantly, we will develop a consistent reach and frequency throughout the year.

For the greatest impact and recognition, it is necessary to run full page ads for the first quarter of advertising, with back page placement in business magazines preferable.

To maintain/establish our up-scale company image, the delivery and tone of our advertising must convey the excellence of the titles in our inventory, including quality content and production.

Ads will convey the look and feel of a professional, up-scale, corporate company.

Research indicates that door-to-door networking has not yet been used by any of our competitors. Express Video Service will offer that door-to-door personal touch!

## Preliminary Media Schedule

<u>Targeted Publications</u>	94,000 households 23 communities
<u>World Business News</u>	2500 business locations 17,000 circulation 50,000 working professionals Full page: \$435-5695 Half page: \$220-\$400
<u>Central Jersey Business</u>	15,000 circulation Full page: \$1050-1500 Half page: \$575-\$825
<u>Madison Business</u>	6,500 circulation Full page: \$520-\$650 Half page: \$300-\$370

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In regard to competitor's advertising, it is necessary to prioritize the corporate and special interest videos above the market-saturated entertainment titles, and the delivery and pick-up of these titles at the customer's place of employment or residential community.

## Promotion

In addition to standard advertising practices, we will gain considerable recognition through:

- Corporate contact receptions and networking functions (sponsored year-round by the area's Chamber of Commerce and independent associations).
- Press releases
- Joint Sponsorship of corporate events and functions

Corporate videotape programming is already being utilized throughout the Madison County business community. Many of these products/titles are distributed internally from corporate headquarters to the satellite offices for internal use only. These tapes may only appear yearly or semi-annually. Our products/services will consist of a substantially larger inventory, not limited to only one company's internal library, and will be offered on a daily basis at a substantial cost savings, with rental availability, as well as purchase option.

The number of national trade shows attended will be approximately 4 each year, primarily Video Rental Association Conference, VRO, The New York Video Conference, and Corporate Video Show. We will also exhibit at approximately 5 local shows each year, both independently and with companies with which Express Video Service has joint marketing/sales agreements. Reports and papers will be published for trade journals.

## **Incentives**

A select group of prospective clients (area firms with more than 50 employees or smaller firms with current high tape purchase/rental patterns) will receive a complimentary calendar/planner, custom designed with Express Video Service's sales promotion programs, products and services (available from Contemporary Graphics, 123 Main St., Simpson, OH 43812). A select group of prospective clients (area firms with more than 10 employees) will receive a complimentary blank T-120 videocassette, packaged in a custom designed Express Video Service sleeve.

## **Direct Mail**

For the corporate employee living in a local residential community, flyers introducing the Express Video Service concept and service will be mailed to select condo/townhouse complexes. These flyers will offer a coupon for a free membership or blank videocassette. When the potential customer calls for more information, an Express Video Service representative will make an appointment to go to the customer's home, setup an account, and personally deliver the Express Video Service catalogue.

## **Investment in Advertising and Promotion**

For the first annual quarter of our project, advertising and promotion will require about 20% of projected sales. After the first quarter, we feel that we can budget our advertising investment as 10% of total sales.

Compared to industry average we are investing more in trade promotion because Express Video Service is introducing an entirely new concept to the corporate market. Office delivery of videotape programming is new to the area, and we have to introduce the concept to the market and keep the Express Video Service name and service concept in front of the office managers and employees.

Compared to industry average we are investing more in consumer promotion because the "heavy spenders" perform better. The consumer is bombarded from every direction with video stores, inventory of movies, free memberships, etc. Express Video Service must establish a special niche in the market with a unique inventory list and an even more unique service: on-site delivery! We must stand out from, and above, the competition with our uniqueness!

# **PUBLIC RELATIONS**

## **Objectives**

Position Express Video Service on the leading edge in providing management, training, sales and special interest videotape programming to, the corporate community and the residential community.

Increase Express Video Service awareness and name recognition among buyers and customers in both the corporate and residential markets.

Communicate on a regular basis with three target publics:

- Major trade, business, and local publication editorial staffs
- Key management personnel in the existing customer companies
- Management/consultant organizations

## **Strategies**

Develop a sustaining public relations effort, with ongoing contact between key publication editors and Express Video Service personnel.

Develop a regular and consistent product/service update program for the major target medias, keeping key editors abreast of inventory development, new territorial coverage and new product/service introductions.

Develop an internal newsletter which can cover key sales successes, significant marketing events, technical support and product/inventory development stories. Externally, the piece would be targeted to key customers and prospects.

Develop a minimum of four technical articles written by key management and production executives to be placed in "Madison Business" and "Central Jersey Business" within the next 12 months.

Establish contact with editorial staffs for the purpose of being included in product "round-ups". This exposure builds credibility and market acceptance.

## **Corporate Capabilities Brochure**

### **Objective**

Produce a complete company profile on Express Video Service to be used as the primary public relations tool for all target media editorial contact. This is also effective for inclusion in press kits and sales packages.

Portray Express Video Service as the leading supplier of quality special interest videotape programming; our product line is especially designed and selected by the Express Video Service staff to satisfy the corporate market's business needs and the employees' personal lifestyles. Express Video Service has assembled not only a tremendous selection of tapes, but a specialized list of titles that take videotape distribution and rental to a new level. The distinction between our product line of special interest video titles will be made over the competition's selection of only blockbuster movies. Importantly, a distinction between Express Video Service's "new and unique" office and home delivery service will be made over other store-front retailers.

### **Recommended Contents**

The profile will include sections on the following broad subjects:

- Overview of the Market; size; characteristics
- The Market need in 1990, present & future
- The Company
  - History
  - Management Philosophy
  - Brief sketches of Top Executives
- The Products/Services
  - Market niches

### **Company Profile**

**Sales** - portray Express Video Service's executives and full selling team, including representatives and distributors, as a savvy, dedicated support group with one overriding mission: customer satisfaction. We know our product line and the benefits that your company and employee can get from any one of our management/training and special interest tapes.

**Marketing** - present marketing department in their role of market research, tape and title selection, new product discovery/inventory, etc. Providing an updated and improved product line to the user.

**Technical Support/Quality Assurance** - portray the QA and technical support staff as a highly competent and dedicated group of individuals concerned with customer satisfaction.

**Product Development** - present high-tech image of the R&D group. The selection of top quality tapes, both in

production level and content is critical.

Items that will assist the communications process:

- Ads
- Brochures
- Bulletins
- Business Cards
- Catalogs
- Questionnaires
- Newsletters
- Post Cards
- Presentations
- Price Lists
- Promotions
- Stationery Forms
- Direct Mail

## **Major Sales Announcements**

Major membership agreements with companies representing 100 or more employees should be written up and released to selected media, as soon as practical, after the signing of papers.

## **Press Releases**

Develop a series of press releases on the entire Express Video Service product line and service area. Prepare press releases for each new inventory introduction/service area expansion, participation in a major event, recognition for product, etc.

## **Editorial Visitations**

Use local trade shows as a method for maintaining a high profile with the editors of key target media. Over the next 6 months invite the most influential reporters and editors from Madison Business, Central Jersey Business, Corporate Business Magazine, New Jersey Commerce, and the Targeted Publications to visit with Express Video Service's executives at the local trade shows and Chamber Of Commerce networking functions. During the visit, each of the editors would receive a product briefing, and an opportunity to interview the CEO and President. If logistics or timing is a problem with the interviews, then these could possibly be arranged at Express Video Service's corporate office.

If a major product/service announcement is feasible at one of the shows, care should be taken to plan the announcement well in advance. However, since the major publications send their editors to these shows, an opportunity exists to schedule, in advance, key personnel with selected reporters and editors. These mini-interviews can be used as opportunities to give editors a company or product update from a chief executive's point of view.

## **Internal/External Newsletter**

Produce a thirty-page, 2-color brochure/catalogue to serve both as an inventory list and as an informational piece for internal personnel, the sales force, and all corporate and residential customers. Include, sections covering each major department or inventory category within Express Video Service and a message from the executive staff. Highlight Express Video Service's major programming categories with a listing of all available titles. Prepare write-ups on key sales stories, successful customer applications and uses of our videotape line.

# FINANCIAL PROJECTIONS

## Review of First Year Income and Expense Schedule

The income and expense schedule was developed in order to compare our forecasted revenues against our forecasted expenses. Since this is a new venture, our projections are not based upon any historical data, therefore certain assumptions were made to arrive at these figures. These assumptions will be explained below.

## Assumptions Used in Calculating Revenue Projections

We determined a market potential by using a base figure of the total population of our targeted office and residential complexes. This figure was then multiplied by the average VCR penetration of the total U.S. population (70%) to arrive at the actual market potential for our product. From this market potential we set the following objective: within three months, we could achieve a 25% market penetration of this population and maintain it:

## Market Penetration First Year

Total Population										
<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>
1,500	2,400	4,250	4,600	5,750	5,750	5,750	5,750	5,750	5,750	5,750

### Total Population

<b>Oct.</b>	<b>Nov.</b>	<b>Dec.</b>	<b>Jan.</b>	<b>Feb.</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug.</b>
1,500	2,400	4,250	4,600	5,750	5,750	5,750	5,750	5,750	5,750	5,750

Express Video Service's projections are based on a very conservative estimate of only one (1) video rental per month per potential client. We also assumed that 2/3 of all rentals would be weekday rentals with the remainder being weekend rentals. Weekly corporate series rentals were conservatively calculated therefore these revenue projections are negligible and do not affect our outcome negatively. As this business grows, it can only improve our projections:

- Weekday Rentals 56.8%
- Weekend Rentals 42.6%
- Corporate Rentals 0.6%

## Weekday/Weekend Rentals

Revenues are based on a price structure which is untested in the marketplace. As part of our revenue projections we assumed all inventory (tape cost) as a part of cost of goods sold and therefore expensed the complete cost against gross revenues. At present the IRS has not made it clear whether, and on what basis, our inventory of tapes would become capital equipment and depreciated based on a useful life. There is presently a large market for used tapes and we have not calculated the resale value of our projected inventory, therefore our final net income calculations do not represent this hidden value and are therefore underestimated.

Finally, we have not included in our projections any revenue based on purchased product. We do not have any concrete data on what the potential ratio of sales to rentals may be, therefore we are assuming all revenues are based on a rental business only. We are still studying the dynamics of the business and will constantly update our projections as we proceed.

## Assumptions Used in Calculating Expenses

As our method of sales collection will be through credit card debits, 2.5% of gross rental revenues expense is calculated as the cost of all sales.

Interest expense has been calculated on a financing arrangement of two (2) separate \$50,000 loans or lines of credit with a three year payout at 13%.

Payroll taxes have not yet been calculated, but are covered under miscellaneous expenses.

There has not been any provision made for income taxes since we figure to break even on the year or report a loss.

All expenses have been budgeted on current cost in the marketplace multiplied by our anticipated needs. Expenses have been generously calculated and therefore we do not anticipate excessive overruns.

## Expense Breakdown

Credit Card Expense	1.5%
Employee Benefits	2.4%
Insurance	1.1%
Dividend Expense	1.6%
Loan Repayment	11.5%
Leasing Expense	3.0%
Marketing Expense	29.4%
Miscellaneous Expense	2.7%
Office Expense	1.9%
Professional Fees	1.5%
Rent	3.5%
Telephone	1.7%
Travel and Entertainment	5.5%
Wages	32.7%

Credit Card Expense	1.5%
Employee Benefits	2.4%
Insurance	1.1%
Dividend Expense	1.6%
Loan Repayment	11.5%
Leasing Expense	3.0%
Marketing Expense	29.4%
Miscellaneous Expense	2.7%
Office Expense	1.9%
Professional Fees	1.5%
Rent	3.5%
Telephone	1.7%
Travel and Entertainment	5.5%
Wages	32.7%

## Revenue & Expense Comparison - First Year

Our first year rental revenue projections amount to \$156,258.25 less anticipated expenses of \$263,438.36. Coupled with our anticipated start-up capital of \$155,200.00, we arrive at a modest positive net income of \$9,719.87. Overall, our third and fourth quarters represent a move to profitability as most major tape cost and marketing expenses have been covered in the previous quarters. In the third and fourth quarters, the marketing and tape expenses are only maintenance expenses. Following our initial marketing expenses for the our start-up and second phase expansion, we have assumed no further growth in order to determine whether, in six months time, we can cover our normal operating costs:



	Start-Up	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
<b>Start-up Capital</b>	55200.00	49999.98	31250.00	9375.00	9375.00	155200.00
<b>Revenues</b>						
Weekday Rentals		8183.01	23188.30	28645.19	28645.19	88661.68
Weekend Rentals		6128.05	17365.15	21451.68	21451.68	66396.57
Corporate Rentals		300.00	300.00	300.00	300.00	1200.00
Gross Rental Revenue		14611.06	40853.45	50396.87	50396.87	156258.25
Total Revenue	55200.00	64611.04	72103.45	59771.87	59771.87	311458.23
<b>Cost of Goods Sold</b>						
Tape Purchases	18000.00		18000.00			36000.00
Tape Packaging	1100.00		1200.00			2300.00
Net Cost	19100.00		19200.00			38300.00
Net Rental Revenue	(19100.00)	14611.06	21653.45	50396.87	50396.87	117958.25
Total Net Revenue	36100.00	64611.04	52903.45	59771.87	59771.87	273158.23
<b>Expenses</b>						
Credit Card Expense		365.28	1021.34	1259.92	1259.92	3906.46
Dues and Subscriptions	1000.00				1000.00	2000.00
Employee Benefits	400.00	1200.00	1500.00	1500.00	1500.00	6100.00
Insurance		2200.00	600.00			2800.00
Dividend Expense			2125.00		2125.00	4250.00
Loan Repayment		3369.42	7897.05	8844.66	9792.27	29903.40
Leasing Expense	350.00	1500.00	1950.00	1950.00	1950.00	7700.00
Marketing Expense	22750.00	16750.00	20250.00	8250.00	8250.00	76250.00
Miscellaneous Expense	1000.00	1500.00	1500.00	1500.00	1500.00	7000.00
Office Expense	680.00	1640.00	840.00	840.00	840.00	4840.00
<b>Payroll Expense</b>						
Professional Fees	2000.00	1250.00	250.00	250.00	250.00	4000.00
Repairs and Maintenance		450.00	600.00	600.00	600.00	2250.00
Rent	868.00	1302.00	2034.00	2400.00	2400.00	9004.00
Telephone	500.00	1250.00	1250.00	750.00	750.00	4500.00
Travel and Entertainment	2250.00	3000.00	3000.00	3000.00	3000.00	14250.00
Wages	1437.50	13875.00	23124.00	23124.00	23124.00	84684.50
Total Expenses	33235.50	49651.70	67941.39	54268.58	58341.19	263438.36
Net Income	2864.50	14959.34	(15037.94)	5503.29	14306.68	9719.88

	Start-Up	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
<b>Start-up Capital</b>	55200.00	49999.98	31250.00	9375.00	9375.00	155200.00
<b>Revenues</b>						
Weekday Rentals		8183.01	23188.30	28645.19	28645.19	88661.68
Weekend Rentals		6128.05	17365.15	21451.68	21451.68	66396.57
Corporate Rentals		300.00	300.00	300.00	300.00	1200.00
Gross Rental Revenue		14611.06	40853.45	50396.87	50396.87	156258.25
Total Revenue	55200.00	64611.04	72103.45	59771.87	59771.87	311458.23
<b>Cost of Goods Sold</b>						
Tape Purchases	18000.00		18000.00			36000.00
Tape Packaging	1100.00		1200.00			2300.00
Net Cost	19100.00		19200.00			38300.00
Net Rental Revenue	(19100.00)	14611.06	21653.45	50396.87	50396.87	117958.25
Total Net Revenue	36100.00	64611.04	52903.45	59771.87	59771.87	273158.23
<b>Expenses</b>						
Credit Card Expense		365.28	1021.34	1259.92	1259.92	3906.46
Dues and Subscriptions	1000.00				1000.00	2000.00
Employee Benefits	400.00	1200.00	1500.00	1500.00	1500.00	6100.00
Insurance		2200.00	600.00			2800.00
Dividend Expense			2125.00		2125.00	4250.00
Loan Repayment		3369.42	7897.05	8844.66	9792.27	29903.40
Leasing Expense	350.00	1500.00	1950.00	1950.00	1950.00	7700.00
Marketing Expense	22750.00	16750.00	20250.00	8250.00	8250.00	76250.00
Miscellaneous Expense	1000.00	1500.00	1500.00	1500.00	1500.00	7000.00
Office Expense	680.00	1640.00	840.00	840.00	840.00	4840.00
<b>Payroll Expense</b>						

	<b>Start-Up</b>	<b>1st Qtr</b>	<b>2nd Qtr</b>	<b>3rd Qtr</b>	<b>4th Qtr</b>	<b>Total</b>
Professional Fees	2000.00	1250.00	250.00	250.00	250.00	4000.00
Repairs and Maintainance		450.00	600.00	600.00	600.00	2250.00
Rent	868.00	1302.00	2034.00	2400.00	2400.00	9004.00
Telephone	500.00	1250.00	1250.00	750.00	750.00	4500.00
Travel and Entertainment	2250.00	3000.00	3000.00	3000.00	3000.00	14250.00
Wages	1437.50	13875.00	23124.00	23124.00	23124.00	84684.50
Total Expenses	33235.50	49651.70	67941.39	54268.58	58341.19	263438.36
Net Income	2864.50	14959.34	(15037.94)	5503.29	1430.68	9719.88

### Revenue and Expense Comparison - First Year

The table below is designed to illustrate our revenue growth beginning in September (July and August represent start up months, with September being planned as the first month to generate income). Our revenue increases monthly before stabilizing in March when we assumed no further growth. Our expenses show large increases in September due to initial start-up expenses and further expansion expenses in December. From then on, our expenses are assumed as stabilize

July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.
Net Rental Revenue	-20,000	3,000	4,500	7,500	5,000	6,000	10,000	17,500	17,500	17,500	17,500	17,500	17,500
Total Expenses	3,000	25,000	18,000	13,500	13,500	24,500	17,000	16,700	15,000	15,100	15,000	16,000	15,000

	<b>July</b>	<b>Aug.</b>	<b>Sept.</b>	<b>Oct.</b>	<b>Nov.</b>	<b>Dec.</b>	<b>Jan.</b>	<b>Feb.</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug.</b>
Net Rental Revenue														
Total Expenses	3,000	25,000	18,000	13,500	13,500	24,500	17,000	16,700	15,000	15,000	15,100	15,000	16,000	15,000

### Revenue & Expense Comparison - Phase One

The following table will illustrate our revenue and expense projection for initial start-up of operations and phase one of our marketing efforts:

	<b>July</b>	<b>Aug.</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov.</b>
Net Rental Revenue		-20,000	3000	4,500	7,500
Total Expenses	3,000	25,000	18,000	13,500	13,500

	<b>July</b>	<b>Aug.</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov.</b>
Net Rental Revenue		-20,000	3000	4,500	7,500
Total Expenses	3,000	25,000	18,000	13,500	13,500

### Revenue & Expense Comparison - Phase Two

The following table will illustrate our revenue and expense projections for our second quarter in which we plan our expansion phase:

	<b>Dec</b>	<b>Jan.</b>	<b>Feb.</b>
Net Rental Revenue	5,000	6,000	10,000
Total Expenses	24,500	17,000	16,700

	<b>Dec</b>	<b>Jan.</b>	<b>Feb.</b>
Net Rental Revenue	5,000	6,000	10,000
Total Expenses	24,500	17,000	16,700

## Revenue & Expense Comparison - Phase Three

This last table illustrates the constant revenue and expense projections we are forecasting for our third and fourth quarters. While Express Video Service does expect further revenue growth, we have not projected it into our calculations, thereby retaining conservative estimates at first:

	March	April	May	June	July	Aug.
Net Rental Revenue	17,500	17,500	17,500	17,500	17,500	17,500
Total Expenses	15,000	15,000	15,100	15,000	16,000	15,000

  

	March	April	May	June	July	Aug.
Net Rental Revenue	17,500	17,500	17,500	17,500	17,500	17,500
Total Expenses	15,000	15,000	15,100	15,000	16,000	15,000

## Conclusion

While we have maintained a conservative forecast of our revenues, we have also made sure that our expenses have not been underestimated. The dynamics of the business are new to us and at this time it is not viable to project a balance sheet or a cash flow statement. However, we will be constantly updating our projections as we become more familiar with the business and within the first quarter we should be able to project more definitively our financial statements.

Our initial costs are mainly the fixed costs of purchasing an inventory, which is an asset of the business with an undetermined resale value, and the initial variable cost such as marketing which can be easily controlled. From our forecast, if we wish to increase our total return on equity, we will need to closely monitor all expenses and make sure we reach our initial number of projected rentals. Finally, we believe if we do initially monitor the trends of the business closely in the beginning, we have allowed ourselves enough flexibility to adjust to any findings that will allow us to increase our profitability, and therefore, total return on investment.

## SUMMARY

Rentals and sales of pre-packaged videotape programming is a booming business. The Electronic Industries Association estimates that 200 million prerecorded videocassettes will be sold by manufacturers in 1989 - a 48% increase over last year's record sales of 135 million units. The EIA also expects double digit growth in 1990, with video sales soaring 30% to 260 million units. Program suppliers' revenues, which approached \$3 billion last year, are expected to rise to \$4.2 billion in 1989 and \$5.5 billion in 1990.

Express Video Service brings forth a new and unique marketing concept to videotape programming through inventory concentration of corporate management, training and sales tapes, complimented by special interest videos, including exercise, travel and classic movie titles. Our delivery and pick-up service is a first in our market and brings to the consumer a new era of quality service and convenience along with the selection, value and affordability of our inventory line.

Express Video Service will have an initial inventory selection completed by the second week of August with all videotapes shelved and available by the beginning of September. Actual start-up of order fulfillment and delivery will begin following Labor Day 1989.

Initial seed investment by the corporate officers, totalling \$5200.00, has been expensed toward market analysis and business plan development.

Start-up capital required is \$50,000.00. Additional working capital of \$50,000.00 is projected.

Express Video Service has received a commitment of investment for \$50,000.00 from a private investor.

A loan or line of credit for \$50,000.00 is required for initial operating expenses, with an additional line of credit of up to \$50,000.00 to be established for 2nd quarter expansion. Complete resumes for the Directors of Express Video Service are available upon request.

# APPENDICES

## Projected Inventory

A comprehensive listing of the videos available for rental and/or purchase at Express Video Service is available upon request. The alphabetic list includes the following information for each video: title, producer, length of play time, broad subject category, and specific sub category.

	July	August	September	October	November	December	January
<b>Start-up Capital</b>	\$5200.00	\$50000.00	\$16666.66	\$16666.66	\$16666.66	\$25000.00	\$3125.00
<b>Revenues</b>							
Weekday Rentals	—	—	\$1636.60	\$2454.90	\$4091.50	\$6274.26	\$7365.64
Weekend Rentals	—	—	\$1225.61	\$1838.42	\$3064.03	\$4698.64	\$5515.95
Corporate Rentals	—	—	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Gross Rental Revenue	—	—	\$2962.21	\$4396.32	\$7255.53	\$11072.90	\$12901.59
<b>Total Revenue</b>	\$5200.00	\$50000.00	\$19628.87	\$21059.98	\$23922.19	\$36072.90	\$16106.59
<b>Cost of Goods Sold</b>							
Tape Purchases	—	—	\$18000.00	—	—	—	\$6000.00
Tape Packaging	—	—	\$1100.00	—	—	—	\$400.00
Net Cost	—	—	\$19100.00	—	—	—	\$6400.00
Net Rental Revenue	—	—	\$2962.21	\$4393.32	\$7255.53	\$4672.90	\$6581.59
<b>Total Net Revenue</b>	\$5200.00	\$30900.00	\$19628.87	\$21059.98	\$23922.19	\$29672.90	\$9706.59
<b>Expenses</b>							
Credit Card Expense	—	—	\$74.06	\$109.83	\$181.39	\$276.82	\$324.54
Dues & Subscriptions	\$1000.00	—	—	—	—	—	—
Employee Benefits	—	\$400.00	\$400.00	\$400.00	\$400.00	\$500.00	\$500.00
Insurance	—	—	\$2200.00	—	—	\$600.00	—
Dividend Expense	—	—	\$2200.00	—	—	\$600.00	—
Loan Repayment	—	—	\$561.57	\$1123.14	\$1684.71	\$2527.06	\$2632.35
Leasing Expense	—	—	\$350.00	\$350.00	\$350.00	\$650.00	\$650.00
Marketing Expense	—	\$22750.00	\$6250.00	\$5250.00	\$5250.00	\$11750.00	\$4250.00
Misc. Expense	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Office Expense	—	\$680.00	\$680.00	\$680.00	\$280.00	\$280.00	\$280.00
<b>Payroll Expense</b>	\$500.00	\$1500.00	\$1000.00	—	\$250.00	—	—
Professional Fees	—	—	—	—	—	—	—
Repairs and Maintenance	—	—	\$150.00	\$150.00	\$150.00	\$200.00	\$200.00
Rent	\$434.00	\$434.00	\$434.00	\$434.00	\$434.00	\$434.00	\$800.00
Telephone	\$250.00	\$250.00	\$750.00	\$250.00	\$250.00	\$250.00	\$750.00
Travel and Entertainment	\$2250.00	—	\$1000.00	\$1000.00	\$1000.00	\$1000.00	\$1000.00
Wages	\$250.00	\$1187.50	\$4625.00	\$4625.00	\$4625.00	\$7708.00	\$7708.00
<b>Total Expenses</b>	\$5184.00	\$28051.50	\$19124.63	\$15021.97	\$15505.10	\$28800.08	\$10594.89
Net Income Before Tax	\$16.00	\$2648.50	\$504.25	\$6038.00	\$9417.09	\$872.02	(\$9888.30)
<b>Provision for Taxes</b>	\$16.00	\$2048.50	\$504.25	\$6038.00	\$9417.09	\$872.02	(\$9888.30)
Net Income	\$16.00	\$2048.50	\$504.25	\$6038.00	\$9417.09	\$872.02	(\$9888.30)
Cum Cash Deficit/Surplus	\$16.00	\$2864.50	\$7368.75	\$9406.75	\$17823.94	\$18695.86	\$8807.56
<b>Expense Breakdown Schedule</b>							
Dues and Subscriptions	\$1000.00	—	—	—	—	—	—
<b>Leasing Expense</b>							
CEO's Lease	—	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
First Delivery Vehicle	—	—	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Second Delivery Vehicle	—	—	—	—	\$150.00	\$150.00	\$150.00
<b>Total</b>	—	—	\$500.00	\$500.00	\$500.00	\$650.00	\$650.00

	July	August	September	October	November	December	January
<b>Start-up Capital</b>	\$5200.00	\$50000.00	\$16666.66	\$16666.66	\$16666.66	\$25000.00	\$3125.00
<b>Revenues</b>							
Weekday Rentals	—	—	\$1636.60	\$2454.90	\$4091.50	\$6274.26	\$7365.64
Weekend Rentals	—	—	\$1225.61	\$1838.42	\$3064.03	\$4698.64	\$5515.95
Corporate Rentals	—	—	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Gross Rental Revenue	—	—	\$2962.21	\$4396.32	\$7255.53	\$11072.90	\$12901.59
<b>Total Revenue</b>	\$5200.00	\$50000.00	\$19628.87	\$21059.98	\$23922.19	\$36072.90	\$16106.59
<b>Cost of Goods Sold</b>							
Tape Purchases	—	—	\$18000.00	—	—	—	\$6000.00
Tape Packaging	—	—	\$1100.00	—	—	—	\$400.00
Net Cost	—	—	\$19100.00	—	—	—	\$6400.00
Net Rental Revenue	—	(\$19100.00)	\$2962.21	\$4393.32	\$7255.53	\$4672.90	\$6581.59
<b>Total Net Revenue</b>	\$5200.00	\$30900.00	\$19628.87	\$21059.98	\$23922.19	\$29672.90	\$9706.59
<b>Expenses</b>							
Credit Card Expense	—	—	\$74.06	\$109.83	\$181.39	\$276.82	\$324.54
Dues & Subscriptions	\$1000.00	—	—	—	—	—	—
Employee Benefits	—	\$400.00	\$400.00	\$400.00	\$400.00	\$500.00	\$500.00
Insurance	—	—	\$2200.00	—	—	\$600.00	—

	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>
Dividend Expense	—	—	—	—	—	\$2125.00	—
Loan Repayment	—	—	\$561.57	\$1123.14	\$1684.71	\$2527.06	\$2632.35
Leasing Expense	—	\$350.00	\$500.00	\$500.00	\$500.00	\$650.00	\$650.00
Marketing Expense	—	\$22750.00	\$6250.00	\$5250.00	\$5250.00	\$11750.00	\$4250.00
Misc. Expense	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Office Expense	—	\$680.00	\$680.00	\$680.00	\$280.00	\$280.00	\$280.00
<b>Payroll Expense</b>							
Professional Fees	\$500.00	\$1500.00	\$1000.00	—	\$250.00	—	—
Repairs and Maintenance	—	—	\$150.00	\$150.00	\$150.00	\$200.00	\$200.00
Rent	\$434.00	\$434.00	\$434.00	\$434.00	\$434.00	\$434.00	\$800.00
Telephone	\$250.00	\$250.00	\$750.00	\$250.00	\$250.00	\$250.00	\$750.00
Travel and Entertainment	\$2250.00	—	\$1000.00	\$1000.00	\$1000.00	\$1000.00	\$1000.00
Wages	\$250.00	\$1187.50	\$4625.00	\$4625.00	\$4625.00	\$7708.00	\$7708.00
<b>Total Expenses</b>	<b>\$5184.00</b>	<b>\$28051.50</b>	<b>\$19124.63</b>	<b>\$15021.97</b>	<b>\$15505.10</b>	<b>\$28800.68</b>	<b>\$19594.89</b>
Net Income Before Tax	\$16.00	\$2848.50	\$504.25	\$6038.00	\$9417.09	\$872.02	(\$9888.30)
<b>Provision for Taxes</b>							
Net Income	\$16.00	\$2948.50	\$504.25	\$6038.00	\$9417.09	\$872.02	(\$9888.30)
Cum Cash Deficit/Surplus	\$16.00	\$2864.50	\$3368.75	\$9406.75	\$17823.94	\$18695.86	\$8807.56
<b>Expense Breakdown Schedule</b>							
Dues and Subscriptions	\$1000.00	—	—	—	—	—	—
<b>Leasing Expense</b>							
CEO's Lease	—	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
First Delivery Vehicle	—	—	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Second Delivery Vehicle	—	—	—	—	—	\$150.00	\$150.00
<b>Total</b>	<b>—</b>	<b>—</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>\$650.00</b>	<b>\$650.00</b>





	<b>Jul</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>
Office Supplies	—	\$500.00	\$500.00	\$500.00	\$100.00	\$100.00	\$100.00
<b>Total</b>	—	\$680.00	\$680.00	\$680.00	\$280.00	\$280.00	\$280.00
<b>Professional Fees</b>							
Accounting	—	\$500.00	—	—	\$250.00	—	—
Legal	\$500.00	\$1000.00	\$1000.00	—	—	—	—
<b>Total</b>	\$500.00	\$1500.00	\$1000.00	—	\$250.00	—	—
<b>Repairs and Maintenance</b>							
Gas and Maintenance for DV	—	—	\$150.00	\$150.00	\$150.00	\$200.00	\$200.00
<b>Telephone</b>							
Monthly Telephone Bill	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Additional Phones	—	—	\$200.00	—	—	—	—
Additional Lines	—	—	\$300.00	—	—	—	\$500.00
<b>Total</b>	\$250.00	\$250.00	\$750.00	\$250.00	\$250.00	\$250.00	\$750.00
<b>Wages</b>							
CEO	—	\$1187.50	\$2375.00	\$2375.00	\$2375.00	\$2375.00	\$2375.00
Exec Assist. & Salesman	—	—	\$1250.00	\$1250.00	\$1250.00	\$3333.00	\$3333.00
Delivery People	—	—	\$1000.00	\$1000.00	\$1000.00	\$2000.00	\$2000.00
<b>Total</b>	\$250.00	\$1187.50	\$4625.00	\$4625.00	\$4625.00	\$7708.00	\$7708.00
<b>Insurance</b>							
Auto Insurance	—	—	\$1200.00	—	—	\$600.00	—
Office Insurance	—	—	\$1000.00	—	—	\$0.00	—
<b>Total</b>	—	—	\$2200.00	—	—	\$600.00	—
<b>Employee Benefits</b>							
CEO	—	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Employees	—	\$100.00	\$100.00	\$100.00	\$100.00	\$200.00	\$200.00
<b>Total</b>	—	\$400.00	\$400.00	\$400.00	\$400.00	\$500.00	\$500.00
<b>Tape Costs</b>							
Actual Purchase	—	\$18000.00	—	—	—	\$6000.00	\$6000.00
Packaging Costs	—	\$1100.00	—	—	—	\$400.00	\$400.00
<b>Total</b>	—	\$19100.00	—	—	—	\$6400.00	\$6400.00





Feb	Mar	Apr	May	June	Jul	Aug	Total
—	—	—	—	—	—	—	\$1800.00
—	—	—	—	—	—	—	\$1000.00
—	—	—	—	—	—	—	\$2800.00
\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$3900.00
\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2200.00
\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$6100.00
\$6000.00	—	—	—	—	—	—	\$36000.00
\$400.00	—	—	—	—	—	—	\$2300.00
\$6400.00	—	—	—	—	—	—	\$38300.00

### Sales Projections

	Mkt Size	VCR					
		Penetration	Mkt Share Sept. (10%)	Mkt Share Oct (15%)	Mkt Share Nov (25%)	Mkt Share Dec (25%)	Mkt Share Jan (25%)
<b>1st Phase</b>							
Carnegie Center	2000	1400	140	210	350	350	350
Forrestal Center	6500	5950	595	892.5	1487.5	1487.5	1487.5
Princeton Meadows	2900	2030	203	304.5	507.5	507.5	507.5
Canal Point	621	434.7	43.47	65.205	108.675	108.675	108.675
<b>2nd Phase</b>							
					Dec. (10%)	Jan. (15%)	
Concordia	1500	1050	—	—	—	105	157.5
Rossmoor	2000	1400	—	—	—	140	210
Twin Rivers	2700	1890	—	—	—	189	283.5
Enterprise	2500	1750	—	—	—	175	262.5
Capital Complex	10000	7000	—	—	—	700	1050
Total	32721	22904.7	981.47	1472.205	2453.675	3762.675	4417.175
<b>Rental Revenue</b>							
Weekday @5.00	—	—	\$1636.60	\$2454.90	\$4091.50	\$6274.26	\$7365.64
Weekend @7.50	—	—	\$1225.61	\$1838.42	\$3064.03	\$4698.64	\$5515.95

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