

# L3monaid

Your cyber guide to spotting the lemons from the limes

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## EXECUTIVE SUMMARY

The prospect of saving money has appealed to people for centuries. The perfect balance of cost and quality is always sought, but rarely found. Our venture, L3monaid.org, seeks to make finding this balance not only possible, but simple as well. Our mission is to encourage consumers to make sensible and knowledgeable purchases, and provide them the means to do so.

L3monaid.org is a non-profit, user-generated consumer review site. It provides space for creating or adding to product reviews within four categories: electronics, entertainment, health and fitness, and cosmetics and beauty. These categories not only provide the site with product focus, but also represent the most popular purchases among our target market, students aged 18 to 24.

When adding a review, the consumer will complete a form with fields such as where the product was purchased, price, comments, and a rating out of ten. The rating plays a key role in what sets us apart. Companies can sell their products through our site if, and only if, their user rating is seven out of ten, or higher. If their rating falls below this level, they are relegated from the sales process, meaning withdrawn until they can improve the rating. L3monaid will assist in this improvement by offering the chance for the companies to provide freebies through the website, in order to increase their goodwill.

In order to ensure high population of the site, the founders will create lists of two or three hundred people each, who they will call and ask to contribute to the site. However, that is not the most impressive marketing tactic. The pièce de résistance is our offline presence – *The L3monaid Stand*. This is an event that will be held at campuses across North America. The booth will be constructed to reflect an old-fashioned lemonade stand, and at the booth will be representatives from our sponsor companies. These companies will have the opportunity to

demonstrate their product to the student population, and the students will have a chance to test products before making the all-important purchase decision. At the event, the goal is to develop trust and to obtain user feedback.

There are several other features of the site that provide value to the end user. There is a relational database, showing users what others have purchased along with the product they are currently viewing. Users can also vote on reviews as “most interesting” or “most useful”, which along with the most recent reviews, will be displayed on the front page news-feed. This feed will ensure timely searches for new and returning users. Finally, the L3monaid podcast. This video blog will document the differences in product brands, for example, following a student in his daily life using three different mp3 players. This can clearly and concisely showcase the differences in sound quality, battery life, and storage space – components that can ease the purchase process by offering concrete, visible proof of the review claims made.

What we hope to obtain utilizing this plan is support. L3monaid is currently seeking sponsors for its launch and hopes that the following plan will help in creating understanding of the benefit we provide and the wonderful long-term implications that will be found through more knowledgeable purchasing.

## COMPANY

### *Mission*

Our mission is to provide peer-produced information and encourage consumers to make sensible and knowledgeable purchases.

### *Description*

L3monaid is a non-profit organization which provides consumers with product information so that they are able to make smarter purchases. It is a user-generated consumer review site; a platform where consumers can create or add to reviews of products.

The four categories of products are: electronics, entertainment, health and fitness, and cosmetics and beauty. Users can generate reviews for products in any of these categories, providing a wide range of information for other users, including – where the item was purchased, the price, a review of performance/usefulness of the product, and a rating. The users are able to develop new pages for products not already listed, with these new pages being monitored by staff for appropriateness of category placement.

Sponsors and other companies linked with L3monaid will be given the opportunity to sell through the site if their user rating is 7 out of 10 or higher. If this rating drops they are relegated, meaning withdrawn from the sales process, until their rating returns to an acceptable level. This ensures the consumers are looked after by providing only high quality products, as dictated by the users, but also offers the relegated companies the chance to provide freebies through the site to increase their goodwill.

Although L3monaid is a not-for-profit organization and will be located at the URL l3monaid.org, the users will be provided the URL l3monaid.com, which has also been purchased, and it will resolve into the .org domain.

## ***Objectives***

As a non-profit organization, L3monaid's top priority is to achieve its mission of helping others. This mission is geared towards guarding consumers from making poor purchases. This objective is achieved by providing the space for open and honest reviews, and by allowing only top-rated companies to sell through the site.

Another objective is to create consistent revenue streams, to ensure the upkeep and continuous improvement of the website. Although advertising revenues provide significant income, it is the sponsorship funds that provide the most consistent income. Our sponsor companies will be funding the L3monaid Stand events, as described in the Marketing Plan, and the remaining revenues from them will be used to ensure the maintenance of the site.

Our third and final major objective is awareness. Because our services exist exclusively online, it is important that we maintain a high level of consumer awareness to ensure high levels of traffic. This is why using guerrilla marketing at all stages of our growth is key. The use of our offline presence, the L3monaid Stand events at campuses across North America, will help to create awareness in new groups of students each year.

## ***Value Proposition***

There are several components of our business that set us apart from others in the industry. The first aspect of our value proposition is the use of product sales. L3monaid will offer companies the opportunity to sell products as long as their company rating remains equal to or greater than seven out of ten. Once a company rating drops below seven, the company is relegated. This means that the company will be withdrawn from the ability to make sales until their rating improves. Companies will be offered the chance for "make-goods" or freebies to their consumers in order to improve their ratings and address product problems.

Our site will also have comparison technology to offer solutions, add-ons or alternatives to the product that the user is evaluating or commenting on. There will be a relational database, so that when a product is searched the system will recommend other products that may be of interest. The information collected will be from other users on the L3monaid site.

Another aspect of our value proposition is the ability for users to vote up products. This will save the users time in their searches by seeing quickly and easily what products other users enjoyed. The voting function also impacts the selling of products and product availability.

Podcasts are the fourth aspect of our value proposition. This unique feature will allow for users to see video blogs of products and the impact of daily use. An example is a blog that would document the use of three different MP3 players. The podcast would compare the various features such as clarity of sound, differences in battery life, and storage space. The podcasts would be generated by the founders originally and would then welcome user contributions.

Finally, the site will contain a real time news feed. This is not currently in use with any of the other review sites and will allow for a significant amount of time saved performing searches when users are looking for the most recent products.

Although those components of differentiated value are crucial, there is also a monetary value proposition for both consumers and suppliers of L3monaid. As seen in Appendix 1A, the example of a student purchasing a laptop shows the cost savings from longer lifespan, less search time, actual amount spend, and repairs needed. This savings totals 66.53% of the laptop cost when using the L3monaid reviews to search, versus traditional search methods.

For suppliers, the use of advertising on the site, based on our unique monthly visitor count in the third year of 250,000, shows a revenue increase of 1925.86%! As seen in Appendix

1B, this is based on the higher volume of click-throughs from advertisements and from free “buzz” generated through the reviews themselves.

### ***Business Model***

L3monaid is a part of a business ecosystem. The brain of the business will be the home of the sales platform, the ability to contact the founders, the ability to follow the company using social media and the opportunity for shared reviews. These aspects of the business will help L3monaid in running itself.

The supply side will be made up of a network of product companies, administration and website needs, and advertising suppliers. The product companies will be providing products, sponsorship and advertisements in exchange for information concerning their products and changing consumer wants and needs. This information will also be disseminated through their suppliers creating new channels and the next dimension of the ecosystem. The administration will be providing site assistance and ensuring that it runs properly. This will be controlled and handled by the founders and be considered sweat equity for the first year before salaries can be paid. The web design and developers will be the ones to develop and maintain the website. They will be included in the ecosystem.

The consumer side will be made up of three main groups. The consumers will further disseminate information to their family in friends. They provide information and receive information with regards to products available on the market. The same occurs for small to medium-sized enterprises and their consumers. Finally, we will seek out celebrities to endorse the site which can also assist in creating publicity and raising awareness.

A visual representation of this ecosystem can be seen in Appendix 2.

## **MARKETING PLAN**

### ***Industry Trends***

The industry in which our company is situated combines Web 2.0 with consumer protection. The term “Web 2.0” was coined in 1999 and began to increase in popularity in 2004. In 2009, the term was declared to be the one-millionth English word by the Global Language Monitor. Web 2.0 is characterized by collaboration, information sharing, interoperability, user-generated content and the development of web communities, all of which are prominently featured on our website. The success of social networking sites such as Facebook and Twitter make it eminently clear that Web 2.0 is the way of the future and that websites which do not embrace user comments, ratings and reviews will be left behind.

Consumer protection has become an increasing concern following the recent economic downturn. Efforts have been focused on increasing financial literacy and simplifying financial products. While these areas are not the focus of our website, the need to educate consumers and make products more user-friendly has increased concerns about vulnerable consumers across the globe. For example, in the United States, the House of Representatives is calling for an independent consumer protection agency. This concern as well as an increased interest by consumers in making more informed purchases and saving money could contribute a great deal of traffic to our website.

### ***Target Market***

The segment that we will be focusing on is individuals aged 18 to 24. The reason we chose this segment is due to the increased need for good purchase decisions on the part of students, since most students are unable to work long hours around class schedules and must put the majority of their income toward expenses such as tuition fees. Although all ages are able to

use and benefit from our site, the categories chosen are in place because of their prominence in the 18 to 24 age group. This group is also easy to market to because of they are generally clumped around post-secondary institutions.

### ***Competitive Analysis***

Our most significant competitor is Consumer Reports, an expert, independent, non-profit organization. Administered by Consumers Union and founded in 1936, the company publishes one of the top-ten-circulation magazines in the United States, and ConsumerReports.org, which has the most subscribers of any website of its kind, as well as two newsletters, which have combined subscriptions of eight million. Although this company is extremely well-established and well-respected, it differs significantly from our business in several ways. First of all, the company conducts their own research and testing on products, whereas L3monaid's reviews are user-generated. In addition, Consumer Reports requires a paid subscription to view product reviews, whereas our content is available for free. Although Consumer Reports hosts all categories of consumer products, our site focuses on the four categories that are most relevant to the target market.

Other worthy opponents include CNET Reviews and Epinions.com. CNET was acquired by CBS Corporation in 2008 while Epinions.com was acquired by Shopping.com in 2003 , which was in turn acquired by eBay in 2005. CNET's product reviews focus almost exclusively on technology, while Epinions' users may earn money and recognition for their reviews. What the two have in common which makes them both strong competition for L3monaid is the backing of reputable and well-known companies (CBS and eBay). If necessary, these companies could lend CNET and Epinions their brand in order to boost traffic on these sites or the revenue they

generate. L3monaid is not owned by a well-established brand and lacks the financial backing which would be available to these other sites.

### ***Porter's Five Forces***

1. *Supplier power* – Our suppliers consist of advertising brokers, Staples, iPage, the web designer and developer, and the sponsors and related companies. These entities do not hold much power over L3monaid, as there are many substitutes that could be sought out if the prices of the companies we are currently working with rise dramatically, or if their quality lowers.
2. *Buyer power* – The buyers of this venture are the end consumers that contribute to reviews, as well as the companies purchasing advertising space. While the site is in its growth stages and is relatively unpopulated, these parties hold considerable power, since L3monaid will not have much leverage. However, once established, the buyers will no longer have as much power due to L3monaid's brand identity and differentiation value.
3. *Barriers to entry* – The barriers involved with a website are low, regardless of their industry. However, because the coding involved in the consumer review site is simpler than many other websites, the learning curve is not steep and the venture is still attractive. The minimal cost involved in launching a website also serves as a low barrier.
4. *Threat of substitutes* – This threat is critical, because although there are currently no consumer review sites capturing substantial market attention in the same way as L3monaid, it is possible that once our site is populated substitutes will emerge. This threat can be mitigated with our differentiated value, which we will develop and utilize in the early stages.

5. *Rivalry* – L3monaid’s major competitor is consumerreports.org, another not-for-profit consumer review site. It is assumed that because the mission of both companies is to help consumers make better choices, that rivalry will not be as intense or as detrimental as it would be for for-profit organizations. There is substantial growth in the industry, meaning there is potential for more rivals in the future, as outlined in the Industry Trends section.

### ***Risks***

There are many risks involved in the launch and creation of the website. The main risk is the market displaying a lack of need or want for this kind of service. Although there is a proven demand for consumer reports on products, and whether or not they perform to the standard on which they are marketed, there is a slight risk of this demand no longer being relevant in time. If consumers do not need this service, the website will be inoperable as the reviews are our major contributing factor.

The lack of knowledge on the founders’ behalf with regards to web site design and development may also be a downfall in that we cannot repair technical problems ourselves. The risk in the long run is that we have no knowledge of how much skill is required to address issues. We then also run the risk that the design of the website is not capable of handling the projected influx of traffic and result in down time. The risk here is that we would be unable to meet the demands of the site traffic.

If our marketing plans are unable to effectively reach our target audience then we would have difficulties in populating the website. The risk here is that the website would then fail to meet its potential in revolutionizing the product purchasing industry. The competitors may also have a stronger following and larger influence in the industry than anticipated.

In order to address these risks we will be creating strong partnerships with our suppliers. We will be using the guidance of our mentors in selecting known designers and web developers in order to prevent the site from not meeting our expectations, and utilizing the technical skills of one of the founders, Randy Ly, who has a background in engineering. Although he cannot solve large-scale coding issues, he is capable of resolving small-scale problems in the development of the website.

We will be aggressive in our population of the website and clearly explain to consumers what sets us apart and how we will benefit them. Meanwhile, we will have some cash in savings and in personal lines of credit to mitigate the risk of having the development of the site cost more than expected.

### ***Guerrilla Marketing***

L3monaid will be utilizing three main forms of guerrilla marketing in the population and publicity of the website. We will begin to populate through the use of phone calls. The four founders of this website will be making at least 200 phone calls each to personal contacts informing them of our launch date, purpose of our site and asking for their contribution.

Campuses across Canada and the United States will create the second platform for our marketing campaign. Through these channels we will be distributing both business cards and stickers directing people's attention to our site. The business cards will have the company logo and address as well as a question concerning products. The stickers will be in the shape of a lemon and contain the company web address.

The final technique will be the use of a "L3monaid Stand". This will be funded by our sponsors and allow for further promotion of our products. The stands will be placed on college and university campuses both in Canada and the United States. They will allow for consumers to

try out new products as well as get any questions related to the product addressed by company representatives. The stand will also allow for companies to provide freebies or make-goods when their ratings drop on the website. The connection to L3monaid will provide publicity and continue to gain awareness of our site's services.

## **OPERATION PLAN**

### ***Suppliers***

Like any organization, L3monaid does require several suppliers to develop and maintain success. The current list of suppliers includes: domainsatcost.com, iPage, Staples, advertising brokerages, sponsors, a web designer, and a web developer.

Domainsatcost supplied L3monaid with both URLs active in the organization. They will continue to play a role in supply, as the usage of the domains must be renewed on an annual basis. iPage is the current hosting and back-up service used by L3monaid. After significant price and quality comparisons, this service was consistently spoken of as reliable and fairly priced. Staples is the supplier of business cards and other print services. Their prices tend to be slightly above average for similar print jobs, however, their reputation and reliability are the reason that the L3monaid founders have chosen to use them.

The final four suppliers are still in the process of being determined. For the purposes of financial statements, we have done extensive research into typical pricing of these services, but the specifics have yet to be ironed out. As it stands, the advertising brokerages will likely be Google AdSense and ValueClickMedia, due to their good reputations and fair prices. However, once the site is appropriately populated, the use of ProjectWonderful will be strongly considered,

as their auction-style sales process is both simple and has the potential for high revenues, with room for considerable growth.

The website development and design is something that we had considered bootstrapping with sweat equity, but this is not something that we can afford to lose quality on. Therefore, both of those tasks will be contracted out to professionals in the field.

### ***Operating Requirements***

In order for L3monaid to operate as efficiently, economically, and effectively as expected, there needs to be consideration of resource acquisition and key contacts. As outlined in the Implementation section below, we have a strong understanding of what steps need to be taken to have the website up and running in a timely manner. However, the relationship building element of the organization is crucial, as relationships are what the business is developed around, both in supply and in consumption.

The key resources that need to be acquired include personnel and partnerships. The L3monaid staff will, for as long as possible, consist of only the four founders. Tasks that cannot be performed by these individuals will be contracted out, such as the web design and development. However, it is acknowledged that as the site grows in popularity there may be a need for more staff to contribute to monitoring or general administrative activities of the organization. In order to locate these candidates, we will post career opportunities on the L3monaid website, hiring from within our own loyal consumer base.

Partnerships are another key resource, as the bulk of our revenues, through sponsored links and advertising, are obtained through partnerships. Sponsors will be our most valued partners, as they will be funding the L3monaid Stand events and other expenses. These relationships will be built using a cold-call method where the founders will approach large-scale

companies and describe the idea for L3monaid, proposing the partnerships. It is assumed that in the large number of approaches that we will perform, at least two or three will see the value in the opportunity and sign-on.

Contacts are similar to partnerships, except their relationship with the organization will be more indirect and often based on need. The first key contact is with a lawyer. Within our network there are several lawyers who are willing to provide their services to ensure that our terms and conditions are appropriately written and that there are no other legal implications within our services. The second key contact is a mentor. This mentor is not one individual, but all successful business men and women within our networks. Although this organization is purely web based, our mentors are not limited to the mentors that we have who have successfully launched online companies, although they are a crucial asset. Other mentors can include accountants and professors who have expertise in other fields of our service, such as accounting and finance.

### ***Implementation***

In order to start up this business, the website must first be constructed and launch clients and some reviews must be present. To ensure timely and efficient rollout of the idea, the domain names have already been acquired. In order to develop the website, a website development firm should be hired, and then requirements must be determined. Requirements may be determined by interviewing stakeholders, reviewing similar websites, handing out questionnaires, or similar techniques. Once the requirements are finalized, a software requirements specification document shall be produced. This document will outline all the requirements for the functionality of the website. This will be done in collaboration with the developers. The graphical user interface and the logo will be designed once the functionality is addressed. Regular meetings will be held with

the developers in order to accommodate changes in requirements, and adapt to any difficulties that may arise during the conception of the website. It is estimated that it should take 30 days to complete. After the development has reached a suitable level (such as a functional prototype), it shall be tested and validated by the stakeholders in order to ensure that the right product is being built. Once the website is validated, it will be deployed and the guerrilla marketing campaign will begin.

At first, the founders of the organization will start by doing personal phone calls to friends, family, and other personal contacts. This will start generating traffic on the website, and start the word-of-mouth process. Additionally, the internet will be alerted of L3monaid's presence through the use of internet community sites such as Facebook, Twitter, MySpace, and StumbleUpon. Those sites are portals to acquire users that have similar interests. Furthermore, small business cards will be handed out to the public to increase our presence offline. Such cards will include the website URL, and a small message such as "What do you think of your new toy?" in order to encourage them to visit the website and potentially create some content. In order to reverse-out the work, agreements with retailers can be made so that they attach the cards to their products in return for discounted, or possibly free, ad space on the L3monaid website. Finally, L3monaid Stands will be used. A L3monaid stand is where a manufacturer, supplier, retailer, or company can work with L3monaid and put out products for demonstration. The general populace will have a chance to interact with representatives and try out the products first-hand. By co-branding with companies, the L3monaid name will strengthen its own brand and create more trust and reputation. The L3monaid Stands will be set up on post-secondary campuses and will be paid for by our sponsors.

## ***Human Resources***

The website management team will consist of the founders. The following are brief character sketches:

Lisa Hoople is a fourth-year commerce student, graduating with an option in Management. Her experience is in customer service in both retail and in education. Currently she is employed with Everest College, a for-profit career college, with her roles surrounding student relations and teaching. She is enthusiastic, driven and has great organizational skills. Her biggest weakness is that she can be indecisive. She is L3monaid's marketing manager and relationship coordinator.

Randy Ly is currently completing his third year of Software Engineering at the University of Ottawa. During high school, he was part of the 832 Ottawa Twillick Royal Canadian Air Cadet Squadron, and graduated as the Squadron Cadet Commander with the rank of Warrant Officer First Class. The leadership skills and knowledge gained from that program has proven to be valuable throughout his studies and employment. Randy tends to be a perfectionist in the sense that he insists on top-quality in his work. He has already started a business and aims to have financial freedom by the age of 27. He is in charge of L3monaid's technology department.

Sarah Parr first gained work experience in the hospitality industry and has since worked in audit for the federal government and in risk-management at a management consulting firm. She will be completing an Honours Bachelor of Commerce degree in December 2010. She intends to begin her Bachelor of Laws in 2011. Her role will be to bridge the gap between the lawyer we choose to hire and L3monaid.

Natalie Smith is a fourth-year commerce student, graduating with an option in Management. Her experience is in both the private and public sector working mainly in research and statistics. Currently she is employed with the Department of National Defence as a research assistant. She is outgoing and has great time management skills. Her biggest weakness is that she can be impatient. She is L3monaid's public relations representative.

Our work experience varies and our skills complement each other. Our main weakness is that none of us have a background in website design and we have to rely on outside sources for large scale problems to be solved. Randy has the skills to solve small scale problems. The role distribution in our organization draws on our individual strengths. We will be hiring experts in the development and design field in order to have the best website possible.

## **FINANCIAL PLAN**

### ***Start-up Costs***

As an online organization without a bricks-and-mortar location, our start-up costs are significantly lower than many other start-ups. As seen in Appendix A, which depicts the cash flow statements for the first three years of business, in the first year the estimated cash requirements total \$19,200. This amount does not include salaries for the four founders, as our services to the organization will be free for the first year, representing a method of bootstrapping known as sweat equity. The remaining financial requirements will either be funded by sponsoring companies or, should a sponsor not be found, through cash already available to the founders, including savings and lines of credit.

### ***Cash Flow Statements***

As seen in Appendix 3A, the cash flow for the first three years represents clear success for L3monaid. Although the net cash value in the first year is negative due to limited run-time before the end of 2010, the next two years show surpluses in cash. This amount does not include the salaries of the four founders, as those were previously accounted for, meaning that significant amounts of cash is readily available in the L3monaid accounts for bettering the organization, as a reserve fund for later years, or as an endowment fund.

### ***Income Statements***

L3monaid is an online organization with no sales, as all sales made through the site are done so with L3monaid in the affiliate position and generating a commission through sales made. There are no costs of goods sold and no sales expenses that must be accounted for. As a result, the income statements as seen in Appendix 3B appear similar to the cash flow statements, with the only difference being that net cash from previous years is not included.

### ***Balance Sheets***

The final financial table, the balance sheets for the beginning of year one and end of years one, two, and three, can be seen in Appendix 3C. This table displays, as the income statements did, the limited financial obligations that L3monaid holds.

The liabilities in particular are minimal, as there are no expenses such as taxes payable or equipment to account for. The accounts payable represented is the sum of the costs of legal counsel, design and development, and site maintenance. Meanwhile, the assets portion assumes that we receive all payments in 70% cash and the rest is left to accounts receivable.

## APPENDICES

### *Appendix 1A: Value Proposition for Consumers*

#### **L3monaid's Value Proposition for Consumer**

##### ***Student purchasing a laptop***

	Purchase of a laptop without L3monaid	Purchase of a laptop using L3monaid	Total cost without L3monaid	Total cost using L3monaid
Time (@ \$15/hour)	6	2	\$90.00	\$30.00
Amount Spent	\$1,000	\$800	\$1,000.00	\$800.00
Repairs	\$150	\$0	\$150.00	\$0.00
Lifespan (years)	2	4		
			<b>Total Cost</b>	\$1,240.00
			<b>Cost/Year</b>	\$620.00
			<b>Percentage</b>	66.53% savings

### *Appendix 1B: Value Proposition for Suppliers*

#### **L3monaid's Value Proposition for Supplier**

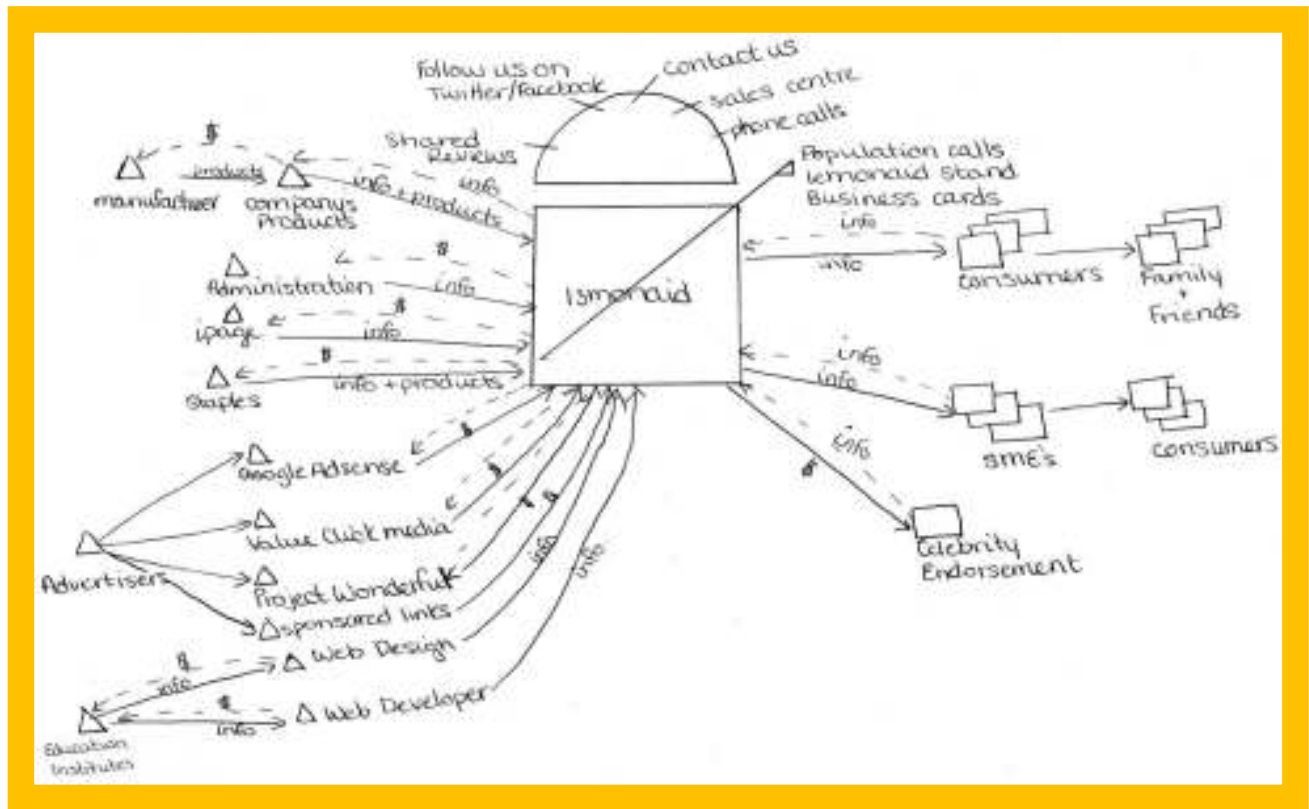
##### ***Online DVD supplier***

	Without L3monaid	With L3monaid	Total revenue without L3monaid	Total revenue with L3monaid
Click-through from ads monthly <sup>1</sup> (# people, \$5 per person)	100	1350	\$1,000.00	\$6,750.00
Cost of ads monthly (\$15 per CPM)	\$1.50	\$20.25	-\$1.50	-\$20.25
Consumer "buzz"/free ads <sup>2</sup> (# people, \$5 per person)	0	2500	\$0.00	\$12,500.00
			<b>Total Revenue</b>	\$998.50
			<b>Revenue/Year</b>	\$11,982.00
			<b>Percentage</b>	1925.86% increase

#### **Notes**

1. In the third year of business; assumes 1/200 people actually click and continue to the site
2. Consumer "buzz" means the free product exposure through online reviews; same as a normal ad but not paid for; assumes 1/100 visit site because of seeing the review

Appendix 2: Business Model



**Appendix 3A: Cash Flow**

<b>Source of Funds</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<i>Beginning funds</i>	\$0.00	-\$4,700.00	\$74,390.00
<i>Advertising revenue</i>	\$14,400.00	\$288,000.00	\$720,000.00
<i>Sponsored links</i> <sup>1</sup>	\$0.00	\$540.00	\$2,700.00
<i>Sales income</i> <sup>2</sup>	\$100.00	\$200.00	\$600.00
<i>Available cash</i>	\$14,500.00	\$284,040.00	\$797,690.00

<b>Use of Funds</b>			
<i>Salaries</i> <sup>3</sup>	\$0.00	\$200,000.00	\$200,000.00
<i>Legal expenses</i> <sup>4</sup>	\$4,500.00	\$4,500.00	\$4,500.00
<i>Web hosting and backup</i>	\$120.00	\$120.00	\$120.00
<i>Site design/development</i> <sup>5</sup>	\$11,500.00	\$1,950.00	\$1,950.00
<i>L3monaid Stand</i> <sup>6</sup>	\$0.00	\$0.00	\$0.00
<i>Site maintenance</i>	\$1,080.00	\$1,080.00	\$1,080.00
<i>Marketing expenses</i> <sup>7</sup>	\$1,000.00	\$1,000.00	\$1,000.00
<i>Other operating expenses</i> <sup>8</sup>	\$1,000.00	\$1,000.00	\$1,000.00
<i>Total cash out</i>	\$19,200.00	\$209,650.00	\$209,650.00

<b>Net cash out</b> <sup>9</sup>	<b>-\$4,700.00</b>	<b>\$74,390.00</b>	<b>\$588,040.00</b>
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**Notes**

1- Based on \$0.15/click

2 - Based on 1% of sales

3 - Four hired full time at \$50k each; first year is bootstrapped - sweat equity; does not account for future pay raises

4 - Based on \$150/hour

5 - Based on \$65/hour

6 - Fully funded by sponsors

7 - Stickers and business cards

8 - Overhead costs and administration

9 - Since we are a non-profit organization, the profits are not distributed, but reinvested into the company, placed in a reserve fund for later years, or placed into an endowment fund

*Appendix 3B: Income Statements*

	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Revenue</b>	\$14,500.00	\$288,740.00	\$723,300.00
<b>Operating Expenses</b>			
Salaries	\$0.00	\$200,000.00	\$200,000.00
Legal expenses	\$4,500.00	\$4,500.00	\$4,500.00
Web hosting and backup	\$120.00	\$120.00	\$120.00
Site design/development	\$11,500.00	\$1,950.00	\$1,950.00
L3monaid Stand	\$0.00	\$0.00	\$0.00
Site maintenance	\$1,080.00	\$1,080.00	\$1,080.00
Marketing expenses	\$1,000.00	\$1,000.00	\$1,000.00
Other operating expenses	\$1,000.00	\$1,000.00	\$1,000.00
<b>Total Operating Expenses</b>	\$19,200.00	\$209,650.00	\$209,650.00
<b>Net Income</b>	<b>-\$4,700.00</b>	<b>\$79,090.00</b>	<b>\$513,650.00</b>

*Appendix 3C: Balance Sheets*

	<b>Beg 2010</b>	<b>End 2010</b>	<b>End 2011</b>	<b>End 2012</b>
<b>Assets</b>				
Cash	\$0.00	\$10,150.00	\$202,118.00	\$506,310.00
Accounts Receivable	\$0.00	\$4,350.00	\$86,622.00	\$216,990.00
Prepaid Expenses	\$0.00	\$120.00	\$120.00	\$120.00
<b>Total Assets</b>	<b>\$0.00</b>	<b>\$14,620.00</b>	<b>\$288,860.00</b>	<b>\$723,420.00</b>
<b>Liabilities</b>				
Accounts Payable	\$0.00	\$17,080.00	\$7,530.00	\$7,530.00
<b>Total Liabilities</b>	<b>\$0.00</b>	<b>\$17,080.00</b>	<b>\$7,530.00</b>	<b>\$7,530.00</b>
Returned Earnings	\$0.00	-\$2,460.00	\$281,330.00	\$715,890.00
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$0.00</b>	<b>\$14,620.00</b>	<b>\$288,860.00</b>	<b>\$723,420.00</b>