

# Business Plan

## *A.D.A.P.T*



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# Executive Summary

A.D.A.P.T is a company created to design add-on accessories for wheelchairs to allow wheelchair bound individuals the opportunity to be more independent and adapt to any situation and allow them to live more comfortably.

Our first product is called the Adaptable Arm, which is a pivoting aluminum and steel pole attached to the back of a wheelchair. The Arm can swing around and can be used as a rack to hold, for example, a backpack or variety of bags. With this arm device, our customers can access their belongings quicker and easier than the industry leading competitors.

In order to start this business, our company will need approximately \$200,000 in order to run effectively and successfully.

## General Company Description

A.D.A.P.T stands for Accessible, Durable, Above Average, Personal Assistant, and Trustworthy, which is what our products represent. With this business, we will design a device that will make living easier for wheelchair bound individuals, and is also affordable. We will figure out how and where to market the Adaptable Arm, where to manufacture the Adaptable Arm, and how to ship it. A.D.A.P.T will start off as an internet business, collecting orders and selling products online. The designers will start working from home and meet to discuss business details and advertising to medical and wheelchair distribution stores and centers. However, all of the manufacturing will be done elsewhere through a designated manufacturing company that will produce all of A.D.A.P.T's products.

A.D.A.P.T's **Mission Statement** is: "A.D.A.P.T: creating products for wheelchair bound individuals that will allow them to conform to any environment and live more comfortably."

A.D.A.P.T's biggest goal is to create a product that is both affordable and durable. We want our customers to be able to use the Adaptable Arm for many years and have our name branded and recommended to others. One of A.D.A.P.T's objectives is to have sustained customer satisfaction and repeat business.

**Business Philosophy:** A.D.A.P.T wants to create a business that cares about their customers and understands their needs. We know that many of our customers may have limited income situations. We want to create a product that is both affordable to them and profitable to us. We will do this by creating a quality product. We want all of our products to last for years, giving our customers the ability to adapt to their changing lifestyle and environment. By creating a positive reputation, A.D.A.P.T will be recommended to other potential customers, who will bring us additional customer.

A.D.A.P.T is planning to market the Adaptable Arm to all permanently and temporarily handicapped individuals through their medical supply companies. Our plan is to create other accessories that will allow our business to continue to grow. With the success of the Adaptable Arm, our company will be able market a wide variety of products that will work off of each other.

# Products and Services

The Adaptable Arm is a steel rod that is attached to the back of powered wheelchairs. The Adaptable Arm will be located behind the wheelchair connected to the back side of the left armrest, and hooked to the right armrest. Once the hook is released, the aluminum arm “backpack rack” will swing around to the left side of the wheelchair to enable the customers to retrieve their belongings. The purpose of this invention is to allow people in wheelchairs to become more independent.

One advantage of our company is that competition is limited. The products we are up against are not up to today's standards. The other backpack racks are not efficient for the person manning the wheelchair. Our current competition's product hangs on the back of the chair out of reach of the driver. The Adaptable Arm is a backpack rack that is easy to use and accessible at the level of the driver. A.D.A.P.T will become one of the top leading companies with this new technology.

## Economics

According to the United States 2000 Census there were approximately nine million individuals in need of personal assistants for everyday activities. Out of these nine million, only 1.6 million were permanently wheelchair bound. Within the nine million, 48% are using assistive technologies which were paid for by the user or their family, and the other 52% of the people have a third party helping cover the cost through a foundation or government funding.

A.D.A.P.T will start out as a home based business that sells to particular medical supply companies. Once A.D.A.P.T brands its name to the public we can start introducing our products to other potential markets and increase the company's size and number of distributors.

Some of A.D.A.P.T's barriers will be the company's small size, and the smaller size of our target market. However, our prices will not be a barrier because our products will be affordable for all customers. The only cost barrier that would affect the overall costs of our products would be the labor costs to connect our product to the wheelchairs.

A.D.A.P.T plans on avoiding some of its barriers by immediately getting the company's name out in the public. This will eliminate the small business barrier. A.D.A.P.T is planning on meeting with bigger wheelchair appliance suppliers to give them information about our new product on the market.

A.D.A.P.T will also deal with the rise and fall of the economy by closely watching the statistics on supply and demand. We will also keep a close watch on the industry to see who our competition is and the price of their product.

# Marketing Plan

## Features and Benefits

A.D.A.P.T's major product is the Adaptable Arm which is a steel rod attached to the back of a motorized wheelchair. This is the product that the company is done designing. However, A.D.A.P.T is also working on designing another product called the Turn Table. This is a flat desk surface that is attached to the steel rod that the driver can flip over their lap and have an instant desk or table.

All of A.D.A.P.T's products have a 100% satisfaction guarantee and a one year warranty. Another benefit of our product is that it was created in order to make our customers feel independent and boost their self-confidence. The Adaptable Arm was designed to help wheelchair bound individuals, young or old, adapt to whatever environment they find themselves in. Our biggest benefit is that our company and its products are specifically created to do one thing and one thing only; satisfy our customer's needs.

A.D.A.P.T will have a website where our potential customers can research our company and products, and they can also watch a virtual guide of how the Adaptable Arm works. There will also be testimonials, surveys, and a blog that can be accessed through our site. Finally, medical supply companies businesses can purchase the Adaptable Arm online, or find out which stores currently have our products in stock.

## Target Market/Customers

A.D.A.P.T will create products that have been specifically designed for wheelchair users. Our products are beneficial for people who are handicapped from an illness or birth defect, but also for injured athletes, war veterans, victims of travel accidents. After looking at our population of three hundred million people within the United States, only 1.6 million are permanently disabled creating a very small percent. But we will branch out by marketing to any industry that assists temporarily disabled people as well. People recuperating from illness or surgery often are wheelchair bound for days to months, and our products would enhance their quality of life during their recovery.

Our most important target market group is going to be the individuals that are permanently disabled. The population of these individuals consists of over one million people all over the United States ranging from the age of 5-80 years old, both male and female. The family income level of 1.3% of these individuals make somewhere under \$10,000; 1.1% of these individuals make somewhere between \$10,000-\$14,999; 0.9% of these individuals make between \$15,000-\$24,999; 0.4% of these individuals make between \$25,000-\$34,999; 0.3% of these individuals make over \$35,000. The education level of these individuals is very low, and 2.2% have no high school education; only 0.7% graduated; 0.4% of these individuals are college graduates. However, even though the education rate is low, over 1/6<sup>th</sup> of the working-age wheelchair users have jobs, which is 107,000 individuals

ranging from the age of 18-64. Many of the causes for permanent wheelchair use are from a disease, such as Cerebrovascular disease, or a birth defect causing immobility.

## Competition

A.D.A.P.T. has no major competitors, only indirect competition. Some wheelchair companies do offer backpack holders as accessories, but they just hold the backpacks behind the wheelchair. Our swiveling backpack rack exceeds that by bringing the backpack from behind the user to their side.

### Competitive Analysis

Factor	Us	Strength	Weakness	Competitor A	Importance to Customers
Products	1	1	4	4	1
Price	1	1	4	4	1
Quality	1	1	4	4	1
Selection	1	1	4	4	1
Service	1	1	4	4	1
Reliability	1	1	4	4	1
Stability	1	1	4	4	1
Expertise	1	1	4	4	1
Company Reputation	1	4	2	3	1
Location	3	3	4	2	3
Appearance	2	2	4	3	2
Sales Method	1	1	5	1	2
Credit Policies	1	1	4	-----	1
Advertising	1	1	4	3	3
Image	1	1	4	3	3

Our competitive advantage is the fact that our product has not been available on the market before. Our major disadvantage is our small size competing against already established companies that have larger advertising budgets.

## Niche

Our niche within the world will start off in the United States. After A.D.A.P.T expands the business, we hope to market the Adaptable Arm and future products that we create around the globe. After the Adaptable Arm is out for the public to see on motorized chairs for permanently handicapped people, A.D.A.P.T will try to promote it to athletes and on regular collapsible chairs. However, the starting safety zone for A.D.A.P.T will be in hospitals and therapy medical centers.

## Promotion

A.D.A.P.T plans to advertise the Adaptable Arm, and the connecting Turn Table, to potential customers through commercials, billboards, hospitals, retirement homes, doctors' offices, and school athletics advertisements. By advertising to a variety of potential consumers, A.D.A.P.T. can expand our name recognition and therefore our sales.

A.D.A.P.T plans to use television commercials to get its name out into the public. However, A.D.A.P.T wants to make sure that many of our commercials are run in the morning because one target market is the elderly, who tend to start their day early and may be watching TV then. We also want to have other commercials throughout the day but focus the majority during the morning news while people are still at home.

Along with television, A.D.A.P.T also wants to have advertisements in the inserts of newspapers and magazines. We want to advertise in sections that the average American would look at and have an ad that is eye catching to our target markets, young or old, and big and bold so that our ad is readable. We plan on approaching the magazine ads in the same perspective. The Adaptable Arm ads should be catching but not too flashy. We want to find a way to grab our potential customer's attention when reading the magazine, such as a health and fitness, or nutrition and wellness magazine, or newspapers. We want to advertise to potential customers who will then seek out our distributors to have access to our products.

A.D.A.P.T wants to create a great company reputation because this will provide basically free advertising for our company. With our durable products we anticipate our customers spreading the news of the quality of our products through word of mouth. That is a key factor in our advertising process, not only through our customers, but also through the businesses that A.D.A.P.T will sell through. In these stores we want the owners as well as the customers to be completely satisfied with our products, so that they will recommend our products to interested customers.

Trade shows are another way that A.D.A.P.T is planning to advertise. Through trade shows our company can take a model of our product and actually demonstrate exactly how it works and talk about all of the benefits that our customers will receive when using our new adaptable products. By participating in trade shows and conventions, our company will not only market the products that are being designed, but market the foundation of the company. The four inventors will be able to talk one on one with potential customers and find out which products would be beneficial for their specific needs and form a bond with our customers. Our advertising through these shows will be to promote the company name, all of A.D.A.P.T's products, and what A.D.A.P.T stands for, building the company's reputation.

Along with trade shows, A.D.A.P.T will personally approach and educate different businesses that our potential customers may visit. We will aim to convince these other already existing businesses why they should purchase our products and sell to their customers. This will probably be the main way to advertise our products.

A.D.A.P.T has already designed a logo for the business, and is planning on buying the high quality computers and printers needed to create all of the basic advertising needs for the company, such as cards, logo designs, letterheads, and brochures. Within A.D.A.P.T, one of the four inventors is a graphic design artist, who has the knowledge and ability to create all of the advertisement designs that will be needed. If for some reason she is unavailable to complete one of the tasks required,

A.D.A.P.T will be willing to hire a temporary graphic design artist to finish a task, or one of the other company inventors can step in to finish a task. To ensure that any of the members can complete a needed task involving graphic design, the company is planning on purchasing software needed to continue creating all of A.D.A.P.T's designs and logos for advertising.

## **Promotional Budget**

The promotional budget will be much higher in the start up months of A.D.A.P.T to ensure that the company gets its name out for the public to see. These first months will be the months that we can see which advertisements are pulling in the most business, and which are not helping bring anyone in. After the first months, we will be able to see where we might stop putting money, and where we should start adding more money to our advertising costs.

## **Pricing**

The price of the Adaptable Arm was determined through the 2000 Census incomes. After researching this data, A.D.A.P.T decided that the company would create a product with an overall affordability affective to all potential customers. The price of the Adaptable Arm will be \$150 the first year. Once the Adaptable Arm has been publicized for a year and there is more of a demand, we will raise the price to \$155. This will allow our company to make a profit. Our goal is to not pull on our customers' pockets so hard that they will not be able to afford our product.

## **Distributing Channels**

At the start of the business, A.D.A.P.T will be selling the Adaptable Arm to companies and businesses that are affiliated with wheelchairs. We will sell to wheelchair or motorized vehicle companies, therapy centers, medical suppliers, and nursing homes. However, if individual customers would like to purchase one of A.D.A.P.T's products, then they access us online and find a local distributor. After the purchase is submitted to A.D.A.P.T, then the Adaptable Arm will be mailed directly to the location of the shop or business and applied to the chair. Our company will also have a sales agent who will try to sell our products to the different businesses.

# **Operational Plan**

## **Production**

A.D.A.P.T has signed a contract with TEAMCO, Tool Engineering and Manufacturing Company, LLC., stating that they will be the official manufacturing company for the Adaptable Arm and other future products. This manufacturing company is located near Madison, Virginia, which is convenient to Culpeper, VA, where the A.D.A.P.T home office is located.

A.D.A.P.T will create the designs for our inventions and send the design documents and files to TEAMCO. Once TEAMCO has looked over our designs and determined them to be sound, then our company can begin purchasing the raw materials for making the Adaptable Arm.

A.D.A.P.T has decided to purchase the raw materials for the Adaptable Arm from the McMaster-Carr catalog. We will be purchasing Multipurpose Aluminum tubes (Alloy 6061), which are rectangular tubes for the body or base of the Adaptable Arm. We will also use Thick Sheets (Alloy 6061) Unpolished (Mill) Finish to create the clamp of the Adaptable Arm. Then we will purchase Multipurpose Stainless Steel Rods (Type 304) Unpolished (Mill) Finish which will be used for the actual “swinging” arm.

## **Location**

Our start up location for A.D.A.P.T will be from our homes. A.D.A.P.T will not be actually manufacturing the products, but instead, designing them. Due to this, our company will not need to have an actual storefront office; however, we will be buying and creating a website, along with registering a domain name. The website will be where our customers can go to research our products, see testimonials, see how the Adaptable Arm works, and purchase our products. In order to set up this website, the four owners will work from their homes using high quality computers to design the Adaptable Arm and the connecting turntable, along with creating and updating the web site. We will design prototypes and research to see which companies chairs will work the best with our products to ensure that when our customers look online to research they will have a realistic view of our products. After collecting our data and updating our products, we will meet at either one of the owner’s houses or at local public facilities with accessible internet. We will then be able to discuss business and our different products.

A.D.A.P.T’s business hours will be Monday through Wednesday 9 a.m. to 5 p.m., and Saturday from 10 a.m. to 4 p.m. Thursday, Friday, and Sunday A.D.A.P.T will not actually be working together. However, all the members of our company will have access to our e-mail accounts, and can communicate back and forth with other members and the manufacturing company to place an immediate order, or set up a meeting.

## **Legal Environment**

A.D.A.P.T will be using Allstate Insurance Company for our business insurance. We will use Jay Hoffman as our representative to help our company with insurance questions. We will also be using Fray, Hudson, Clark, and Walker, LLP as our legal representation, and Bruce Clark will be our actual attorney.

## **Personnel**

Because A.D.A.P.T is going to start out as strictly a work from home company, there will not need to be any other employees. To start off, A.D.A.P.T will be run by the four inventors who will work together to complete the different jobs at hand. Some of our team will need to have more technical skills and a very good understanding of the product, and different types of wheelchairs, to ensure that they can create a long lasting and accessible product. Also, our graphic design artist will need to have a strong understanding of the software that will be used to create and design our different wheelchair accessories, so that A.D.A.P.T can flourish as a company and create products beneficial to our customers. However, once A.D.A.P.T does grow to a size that will require more help, our



original team of inventors will interview potential employees to ensure that they understand our company's principles, and that they have an idea of how our products work and benefit handicapped individuals.

Within our company everyone will need to learn how to use the designing software, and know every aspect of our company. Samantha Carlson and Liam Cornwall will be the marketing representatives. We will travel to medical supply businesses to introduce our product to their company, showing them the value for their customers. Jazmin Quaynor will be in charge of all of the technical information and creating computer designs for our products. She will be the graphic design artist for A.D.A.P.T and will create the logo and designs.

## Suppliers

Our products will be manufactured by TEAMCO, located in Brightwood, Virginia. TEAMCO has been operating for over 50 years, providing services to both individuals and businesses. Their credit policy is generally 30 days, but it can be adjusted if needed.

UPS will be A.D.A.P.T's shipping service. They will pick up our finished product from TEAMCO's facilities and ship them to our customers. We will set up a UPS shipping and billing account through TEAMCO.

We should have a back-up manufacturing company in case of any unforeseen circumstances such as a machine breakdown, forcing TEAMCO to close operation and wait several days for a replacement part or a replacement machine. Other than being held up in the manufacturing process, we do not anticipate any short-term delivery issues.

## Inventory

Our inventory will be the raw materials of aluminum stock, aluminum sheets and stainless steel rods which will be drop shipped to TEAMCO's location. We will also have our finished products as our inventory. The finished products will be picked up by UPS on the day of completion of our order. UPS will then ship our products across the nation to the customers. The lead-time for ordering will be two days. There is virtually no rate of turnover since we are our own employees. There are no seasonal buildups for our product

Our actual product inventory will consist of 100 of our Multipurpose Aluminum Rectangular Tubes, 63 Thick Aluminum Sheets, and 250 Multipurpose Stainless Steel Round Tubes. All of these materials will be our initial purchases for the starting order of 500 Adaptable Arms; these will all cost \$12,759.90 in total. We will pay \$55 for cardboard boxes to ship our product and \$66 for bubble wrap for shipping. A.D.A.P.T will be selling our products to medical supply companies, not directly to the individual. These companies will have online accounts set up for placing orders and making payments.

# Management and Organization

The four inventors of A.D.A.P.T. will run the company day to day company business. The inventors will work on answering A.D.A.P.T's business phones, receiving and making calls to businesses and our manufacturer, along with checking for orders and setting up orders. The inventors will also make sure to check e-mails even on days that we supposed to be working.

When our business opens our team will need to be ready to start working on creating and designing new products, doing research on our competition, and making sure we know what all of our products do and how they work. This is a key factor to ensure that our company is being run efficiently and is successful.

## Professional and Advisory Support

The Board of Directors of A.D.A.P.T are Samantha Carlson, Liam Cornwall, Zaneta Puller, and Jazmin Quaynor, , and the venture capitalists.

The Management Advisory Board for A.D.A.P.T are Samantha Carlson, Liam Cornwall, and Jazmin Quaynor. The board will make sure that A.D.A.P.T runs smoothly and the mission statement of the business is followed.

The Attorney for A.D.A.P.T is Fray, Hudson, Clark, and Walker, LLP., and our legal representative will be Bruce Clark.

The Accountant for A.D.A.P.T is Richard Kitts at KCS Inc. KCS Inc. is located in Culpeper so it will be easy to communicate and meet whenever needed.

The Insurance Agent for A.D.A.P.T is Allstate, located at 401 Meadowbrook Shopping Center in Culpeper. Through Allstate, A.D.A.P.T will be represented by Jay Hoffman, who is the Premier Service Agency.

The Banker for A.D.A.P.T is Tripp Butler, who is affiliated with Virginia Community Bank. He will set up an account for us so that the majority of our money will be kept within this bank and he will be able to answer our questions.

The key advisor for A.D.A.P.T is Kathi Reagan who is the owner of Autumn Songs in downtown Culpeper. She has been a key person and help in the start up of our business.

# Exhibits

This will be A.D.A.P.T.'s company packaging sticker.



This is a picture of the Adaptable Arm





## Startup Expenses

### A.D.A.P.T.

#### Startup Expenses

##### Buildings/Real Estate

Purchase cost (if purchased)	n/a
Construction	n/a
Remodeling	n/a
Other	n/a

##### Total Buildings/Real Estate

##### Leasehold Improvements

n/a	n/a
n/a	n/a
n/a	n/a
n/a	n/a

##### Total Leasehold Improvements

##### Capital Equipment List

Furniture	100
Office Equipment	8,431
Fixtures	36
Production Equipment	738
Other	230

##### Total Capital Equipment

9,535

##### Location and Admin Expenses

Rental	n/a
Utility deposits	n/a
Legal and accounting fees	16,800
Prepaid insurance	20,000
Pre-opening salaries	50,000
Other	n/a

##### Total Location and Admin Expenses

86,800

##### Opening Inventory

Multipurpose Rectangular Aluminum Tube	2,923
Thick Sheets of Unpolished Aluminum	6,042
Multipurpose Stainless Steel Rods	3,795
Uline 20X8X8 LONG BOX 25/250	55
Uline Bubble Wrap	60

##### Total Inventory

12,875

##### Advertising and Promotional Expenses

Advertising	10,800
Signage	n/a
Printing	500
Travel/entertainment	3,000
Other	500

##### Total Advertising/Promotional Expenses

14,800

##### Other Expenses


##### Total Other Expenses

##### Reserve for Contingencies

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TOTAL STARTUP EXPENSES \$124,010

## Breakeven Analysis

### A.D.A.P.T.

Selling price per unit	\$150.00
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#### Variable costs per unit

Materials	\$25.52
Labor	\$81.60
Other	\$1.00

Total Variable Costs \$108.12

Gross Margin per unit \$41.88

Total annual fixed costs	\$20,000
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**Annual breakeven in units 478**

**Annual breakeven in dollars \$71,633**

# Sales Forecast

## A.D.A.P.T.

Fiscal Year  
Begins **Jan, 2011**

**Projected  
Sales**

<b>Jan, 2011</b>	\$5,000
<b>Feb, 2011</b>	\$8,500
<b>Mar, 2011</b>	\$10,500
<b>Apr, 2011</b>	\$25,000
<b>May, 2011</b>	\$75,000
<b>Jun, 2011</b>	\$97,500
<b>Jul, 2011</b>	\$82,500
<b>Aug, 2011</b>	\$82,500
<b>Sep, 2011</b>	\$60,000
<b>Oct, 2011</b>	\$75,000
<b>Nov, 2011</b>	\$93,000
<b>Dec, 2011</b>	\$75,000
<b>12-Month Total</b>	<b><u>\$689,500</u></b>
<b>2012</b>	\$1,345,400
<b>2013</b>	\$1,662,375
<b>2014</b>	\$2,096,000

## Twelve-Month Cash Flow

### A.D.A.P.T.

Fiscal Year Begins: **Jan-2011**

Total startup expenses	124,010
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Balance available after startup	75,990
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	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
<b>Cash on Hand (beginning of month)</b>	75,990	56,990	49,394	41,182	33,505	100,729	191,092	267,055	341,814	392,747	459,555	543,833

#### CASH RECEIPTS

Cash Sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Collections from credit accts.					75,000	97,500	82,500	82,500	60,000	75,000	93,000	72,000
<b>Total Cash Receipts</b>					75,000	97,500	82,500	82,500	60,000	75,000	93,000	72,000

<b>Total Cash Available</b>	75,990	56,990	49,394	41,182	108,505	198,229	273,592	349,555	401,814	467,747	552,555	615,833
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#### CASH PAID OUT

Purchases (inventory & other)	n/a	n/a	n/a	n/a	500	650	550	550	400	500	620	480
Salaries & Wages	4,167	4,167	4,167	4,167	4,167	4,167	4,167	6,167	6,167	6,167	6,167	6,167
Payroll expenses	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Supplies (office & operating)	9,169	1,000	500	1,000	200	100	50	100	100	100	100	150
Repairs and maintenance	50	50	50		50		50			50		
Marketing / Advertising	2,160	2,160	2,160	2,160	2,160	1,750	1,000	600	1,500	1,200	1,350	2,000
Accounting and legal	2,000		1,000		500		500		500			
Technology	1,139					210		100			300	
Telephone	25	25	25	25	25	25	25	25	25	25	25	25
Utilities	65	70	55	50	50	65	70	75	50	50	50	60
Insurance (property & liability)	25	25	25	25	25	25	25	25	25	25	25	25
Rent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous	200	100	230	250	100	145	100	100	300	75	86	100
<b>Total Cash Paid Out</b>	19,000	7,597	8,212	7,677	7,777	7,137	6,537	7,742	9,067	8,192	8,723	9,007

<b>Cash on Hand (end of month)</b>	56,990	49,394	41,182	33,505	100,729	191,092	267,055	341,814	392,747	459,555	543,833	606,826
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Based on the cash flow above, enter the total capital needed.

200,000



## Twelve-Month Profit and Loss Projection

### A.D.A.P.T.

Fiscal Year Begins Jan-2011

	Jan-11	%	Feb-11	%	Mar-11	%	Apr-11	%	May-11	%	Jun-11	%
Revenue(Sales)	5,000	100%	8,500	100%	10,500	100%	25,000	100%	75,000	100%	97,500	100%
<b>Cost of Sales (COGS)</b>												
Material costs			200	2%					13,000	17%	13,000	13%
Labor costs			800	9%					40,000	53%	40,300	41%
Other direct costs			1	0%					500	1%	650	1%
<b>Total COGS</b>			1,001	12%					53,500	71%	53,950	55%
<b>Gross Profit</b>	5,000	100%	7,499	88%	10,500	100%	25,000	100%	21,500	29%	43,550	45%
<b>Expenses</b>												
Salaries & Wages	8,000	160%	8,000	94%	8,000	76%	8,000	32%	8,000	11%	8,000	8%
Payroll expenses	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!
Supplies (office & operating)	7,292	146%	100	1%	100	1%	100	0%	100	0%	100	0%
Repairs and maintenance	50	1%	50	1%	50	0%			50	0%		
Marketing / Advertising	900	18%	900	11%	900	9%	900	4%	900	1%	900	1%
Accounting and legal	2,000	40%			1,000	10%			500	1%		
Technology	1,139	23%									210	0%
Telephone	25	1%	25	0%	25	0%	25	0%	25	0%	25	0%
Utilities	50	1%	50	1%	50	0%	50	0%	50	0%	50	0%
Insurance (property & liability)	25	1%	25	0%	25	0%	25	0%	25	0%	25	0%
Rent	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!
Miscellaneous	200	4%	100	1%	230	2%	250	1%	100	0%	145	0%
<b>Total Expenses</b>	<b>19,681</b>	<b>394%</b>	<b>9,250</b>	<b>109%</b>	<b>10,380</b>	<b>99%</b>	<b>9,350</b>	<b>37%</b>	<b>9,750</b>	<b>13%</b>	<b>9,455</b>	<b>10%</b>
<b>Net Profit</b>	<b>(14,681)</b>	<b>-294%</b>	<b>(1,751)</b>	<b>-21%</b>	<b>120</b>	<b>1%</b>	<b>15,650</b>	<b>63%</b>	<b>11,750</b>	<b>16%</b>	<b>34,095</b>	<b>35%</b>

## Twelve-Month Profit and Loss Projection - Continued

### A.D.A.P.T.

Fiscal Year Begins Jan-2011

	Jul-11	%	Aug-11	%	Sep-11	%	Oct-11	%	Nov-11	%	Dec-11	%	12 Months	%
Revenue(Sales)	82,500	100%	82,500	100%	60,000	100%	75,000	100%	93,000	100%	75,000	100%	689,500	100%
<b>Cost of Sales (COGS)</b>														
Material costs	13,200	16%	13,200	16%	13,200	22%	13,000	17%	13,020	14%	12,960	17%	104,780	15%
Labor costs	40,150	49%	40,150	49%	40,000	67%	40,000	53%	40,300	43%	39,840	53%	321,540	47%
Other direct costs	550	1%	550	1%	400	1%	500	1%	620	1%	480	1%	4,251	1%
<b>Total COGS</b>	53,900	65%	53,900	65%	53,600	89%	53,500	71%	53,940	58%	53,280	71%	430,571	62%
<b>Gross Profit</b>	28,600	35%	28,600	35%	6,400	11%	21,500	29%	39,060	42%	21,720	29%	258,929	38%
<b>Expenses</b>														
Salaries & Wages	8,000	10%	8,000	10%	8,000	13%	8,000	11%	8,000	9%	8,000	11%	96,000	14%
Payroll expenses	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	#VALUE!	#VALUE!
Supplies (office & operating)	100	0%	100	0%	100	0%	100	0%	100	0%	100	0%	8,392	1%
Repairs and maintenance	50	0%					50	0%					300	0%
Marketing / Advertising	900	1%	900	1%	900	2%	900	1%	900	1%	900	1%	10,800	2%
Accounting and legal	500	1%			500	1%							4,500	1%
Technology			100	0%					300	0%			1,749	0%
Telephone	25	0%	25	0%	25	0%	25	0%	25	0%	25	0%	300	0%
Utilities	50	0%	50	0%	50	0%	50	0%	50	0%	50	0%	600	0%
Insurance (property & liability)	25	0%	25	0%	25	0%	25	0%	25	0%	25	0%	300	0%
Rent	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	n/a	#VALUE!	#VALUE!	#VALUE!
Miscellaneous	100	0%	100	0%	300	1%	75	0%	86	0%	100	0%	1,786	0%
<b>Total Expenses</b>	9,750	12%	9,300	11%	9,900	17%	9,225	12%	9,486	10%	9,200	12%	#VALUE!	#VALUE!
<b>Net Profit</b>	18,850	23%	19,300	23%	(3,500)	-6%	12,275	16%	29,574	32%	12,520	17%	#VALUE!	#VALUE!

## Four-Year Profit and Loss Projection

### A.D.A.P.T.

	First Year		2012	%	2013	%	2014	%
	2011	%						
Revenue(Sales)	784,000	100%	1,345,400	100%	1,662,375	100%	2,096,000	100%
<b>Cost of Sales (COGS)</b>								
Material costs	110,500	14%	225,680	17%	278,850	17%	340,600	16%
Direct labor costs	348,500	44%	711,760	53%	879,450	53%	1,074,200	51%
Other direct costs	4,250	1%	8,680	1%	10,725	1%	13,100	1%
<b>Total COGS</b>	463,250	59%	946,120	70%	1,169,025	70%	1,427,900	68%
<b>Gross Profit</b>	<b>320,750</b>	<b>41%</b>	<b>399,280</b>	<b>30%</b>	<b>493,350</b>	<b>30%</b>	<b>668,100</b>	<b>32%</b>
<b>Expenses</b>								
Salaries & Wages	96,000	12%	96,000	7%	96,000	6%	96,000	5%
Payroll expenses	n/a	#####	n/a	#####	n/a	#####	n/a	#####
Supplies (office & operating)	8,392	1%	300	0%	450	0%	300	0%
Repairs and maintenance	300	0%	425	0%	360	0%	400	0%
Marketing / Advertising	10,800	1%	10,000	1%	10,500	1%	10,000	0%
Accounting and legal	50,000	6%	50,000	4%	50,000	3%	50,000	2%
Technology	1,749	0%	n/a	#####	n/a	#####	n/a	#####
Telephone	300	0%	300	0%	300	0%	300	0%
Utilities	600	0%	600	0%	600	0%	600	0%
Insurance (property & liability)	300	0%	300	0%	300	0%	300	0%
Rent	n/a	#####	n/a	#####	n/a	#####	n/a	#####
Miscellaneous	1,786	0%	500	0%	500	0%	500	0%
<b>Total Expenses</b>	<b>170,227</b>	<b>22%</b>	<b>158,425</b>	<b>12%</b>	<b>159,010</b>	<b>10%</b>	<b>158,400</b>	<b>8%</b>
<b>Net Profit</b>	<b>150,523</b>	<b>19%</b>	<b>240,855</b>	<b>18%</b>	<b>334,340</b>	<b>20%</b>	<b>509,700</b>	<b>24%</b>

## Return on Investment

	Amount Invested (per person)	Net Profit	Return Back (per person)
Year 1	\$28,572 (\$200,000 total)	\$150,523	\$14,286 (1/2 borrowed money back)
Year 2		\$241,855	\$14,286 (other 1/2 of borrowed money; brake even for investors)
Year 3		\$334,340	\$28,572 (100% return on investment)