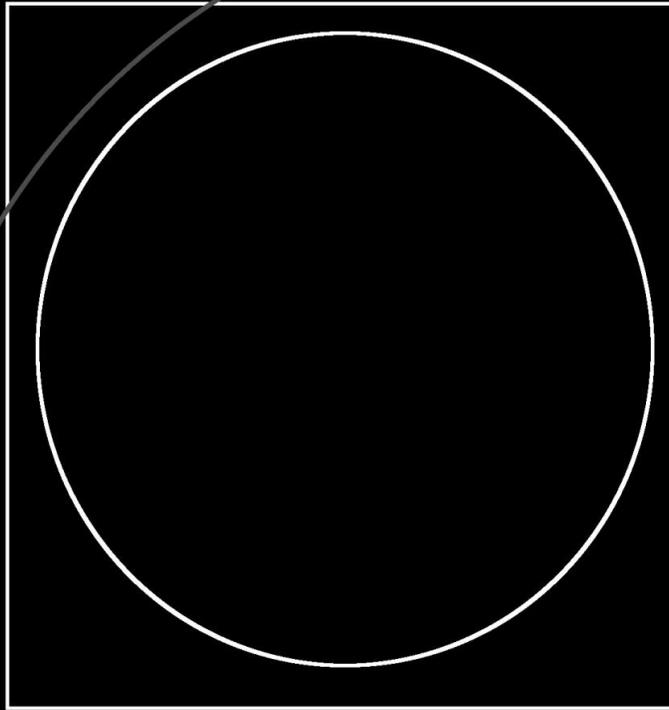


Kerri Barrett

Sample of Abbreviated Business Plan

NOTE TO READERS: This business plan has been edited to remove all proprietary information. As such, business names and information have been made generic. Additionally, this plan does not include a marketing strategy plan, which was provided in a separate document. Financial data, both historical and forecast, is provided with various details for one year only, with some general information provided for the 3-5 years that is standard for business plans.



Video-A Productions

Business Plan 2011

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Tele: 763-521-0000 | Fax: 763-521-1111
www.videoa.com

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I. EXECUTIVE SUMMARY

A. The Company

Video-A Productions is a Minneapolis-based creative-services provider that specializes in producing video content for individuals and corporations. Through new partnerships with advertising agencies, Video-A Productions' outreach is becoming global in scope. The company utilizes the latest audio/video technology to produce cost-efficient promotional, instructional, and original video content.

Video-A Productions' services are targeted to several markets, including television stations, corporations, advertising agencies, and individuals. We initially started our business by providing video packages for weddings, graduations, and corporate events as well as producing product-related instructional videos for manufacturers. Our business is increasing as we have recently established relationships with advertising agencies and maximized the opportunities provided by the explosion in web-based video content that did not exist a decade ago. By producing quality video to our clients' specifications and support for broadcasting their message, we are positioning ourselves to take over market share from our competitors and increase our profits.

B. Services Offered

We provide a full-range of video-related services including pre-production consulting, production, post-production editing, and video placement. For individual events, we offer three different taping and editing packages which are based on an hourly-pay scale. For corporate instructional videos, we work under contract depending on the scope of the project. After talking with potential clients, we found that many small- to medium-businesses felt they did not have the capacity to market video content effectively, so we developed our video placement package which helps place video on web outlets such as Youtube or directly on the clients' websites.

C. Location and Staffing

To mitigate costs, Video-A Productions is a home-based business which contracts with videographers as needed and rents supplemental video production equipment and studio space from local vendors, depending on the size of a client's project. We meet individually with clients at their homes, offices or potential filming sites. We maintain on a continuous basis a set of three HD Canon cameras, two audio kits, two lighting kits, and power generators. For post-production, we have two editing suites running both Final Cut Pro and Adobe After Effects. Staffing is provided primarily by the owner, with additional staff hired on a temporary basis.

D. Mission

The mission of Video-A Productions is to develop a relationship with our customers by providing uniquely tailored video production support and utilizing the increased gains in video production technology to fashion sophisticated creative content.

E. Goals

Our company goals of providing distinct creative content will be accomplished by pursuing our mission statement on a daily basis. To become the preferred video content provider for our potential clients, we will:

1. Promote feasible production and placement options for clients depending on their budgets.
2. Constantly expand and revise our offerings, reflecting the desires and needs expressed by customer feedback.
3. Continuously seek new opportunities and gain market share to become a regional market leader.

II. MARKET ANALYSIS

A. Industry Description

Video-A Productions' current business model places it under two Department of Commerce NAICS definition categories: U.S. Industry 512191—Teleproduction and Other Postproduction Services and U.S. Industry 54192—Photographic Services.

For U.S. Industry 512191—Teleproduction and Other Postproduction Service, industry ratios for revenues (in millions) are provided here using the latest figures available from the U.S. Department of Commerce:

Industry Ratios	2007	2002
Total revenue (Mil \$)	4,379	3,209
Revenue per establishment (\$000)	2,134	1,737
Revenue per employee (\$)	185,711	143,468
Revenue per \$ of payroll (\$)	2.77	2.56
Annual payroll per employee (\$)	67,046	56,083
Employees per establishment	11.5	12.1
Revenue per capita (\$)	14.53	11.15
Establishments per million residents	6.8	6.4

U.S.Department of Commerce

For U.S. Industry 54192—Photographic Services:

Industry Ratios	2007	2002
Total receipts (Mil \$)	6,767	6,538
Receipts per establishment (\$000)	355	349
Receipts per employee (\$)	76,007	82,106
Receipts per \$ of payroll (\$)	3.45	3.95
Annual payroll per employee (\$)	22,016	20,797
Employees per establishment	4.7	4.2
Receipts per capita (\$)	22.46	22.72
Establishments per million residents	63.2	65.1

U.S. Department of Commerce

A detailed spreadsheet is provided in Appendix A which delineates industry activity by *Product and Services Code* as determined by the U.S. Department of Commerce.

The industry outlook is expanding, particularly in the value-added video production company category. This category enlarges the services production companies offer by placing the focus on how the video is applied to increase brand awareness and profitability. The following chart from One Market Media (see Figure 1) details the five levels of video production capability, its market, and its potential growth. As shown by the chart, price ranges for potential projects rise considerably as video capacity is expanded.

Five Levels of Video Production Capability			
Video Production Capability Level	Number of video production providers	Size of Market Demand (# of companies)	Price range for video production projects
1. Equipment Owner	10,000's	100,000's	Free to \$2,500
2. Experienced Videographer	1,000's	1,000's	\$1,000 to \$5,000
3. Experienced Production Company	1,000's	10,000's	\$2,000 to \$30,000
4. Value-added Production Company	100's	1,000's	\$5,000 to \$75,000
5. Regional Market Leader	1 or 2 per market	100's	\$20,000 and up

www.onemarketmedia.com

Figure 1

B. IDENTIFYING A TARGET MARKET

Because Video-A Productions' business model incorporates both B2B and B2C customers, we have utilized a two-pronged approach to identifying our target market. B2C customers, such as couples or families planning a wedding or party, typically have an expressed interest in our services, so the focus has been on using inbound marketing techniques as well as traditional advertising to communicate our services to them. Conversely, some potential B2B clients do not have an understanding of the applicability and affordability of video to promote their services, so we are actively developing this market by communicating the benefits of video use. For example, major corporations have a clear-cut market strategy that includes web-based, print, broadcast, and radio advertising plans which are managed by either in-house or outside agencies, but often small- to medium-sized businesses assume that video production is beyond their available budget or not relevant to their operations. By outreaching to these potential customers through business associations and government-support agencies, we have increased local awareness of how our services can provide smaller businesses with a competitive advantage at an affordable cost.

C. LEAD TIME

For our B2C customers like couples planning a wedding, we have made the most of our ability to provide them with a finish video faster than the industry standard. "Have It Before the Honeymoon's Over" has become our motto for this market segment, owing to the fact that our lead time for this and for parties is less than one week after the video is shot. For our B2B customers, lead times depend on the size of the project. A straight forward shoot with minimal graphic effects for a 30-second commercial will have lead time of one week. A complicated long-form video shoot with multiple levels of graphic rendering will have a lead time of one month or more.

D. COMPETITIVE ANALYSIS

Because Minneapolis is the communications and advertising center of the Upper Midwest, multiple video production companies have established their operations in the Twin Cities. Altogether, there are 108 businesses which identify themselves as Commercial Video Production Services in the local market. Looking at the capacities of each, however, we have identified seven major competitors. The identification was narrowed down based on a number of factors:

1. Point-and-Shoot Practice – many of the video production companies have a "point-and-shoot" approach, meaning that their taping process relies on setting up the camera and pressing the record button. No set, sound, or lighting design is used. These competitors were eliminated from the competitor list.
2. Graphics-Lite – these competitors provided little or no graphics rendering for their videos outside of providing a title and credits at the beginning and end of a piece.
3. No Animation – these competitors do provide graphics but have not shown the capacity to create animations.

We base our competitor criteria on having the capacity to provide high-quality video imagery, interior and exterior shooting, set/lighting/sound design, and advanced graphic and animation rendering. The remaining video production providers in the Twin Cities who provide this attributes are:

- Crash and Sue’s
- Flying Colors
- Sinard Productions
- Inhouse Media
- Blue 60 Pictures
- Chilibeau Productions
- Film Matters

III. ORGANIZATION AND MANAGEMENT

A. OWNERSHIP AND MANAGEMENT

Video-A Productions is owned and operated by John Smith who received his Bachelor Degree in Film Production from the University of Wisconsin-Madison. John has worked at KARE-11, the NBC affiliate station in Minneapolis, TPT, HBO, and Pixar.

B. STAFFING

Staffing is on a per-project basis. Sourcing is typically done through repeat hires, referrals, and the Minnesota Film and TV Commission’s freelance database.

C. COMPENSATION

Video-A Productions pay-rates are provided in the table below. All rates are per hour.

Position	Rate Per Hour
Cinematographer	\$45
Lighting Assistant	\$30
Sound Engineer	\$30
Actor	\$30
Voice Talent	\$28
Video Editor	\$30
Animator/Graphic Designer	\$30

D. START-UP EXPENSES

The start-up expenses, provided by the owner, prior to day one of operations were:

Item	Amount
Canon XF105 HD Professional Camcorder	\$4,000
Technica Shotgun Microphone Kit	\$600
Octocool-9 Light Kit	\$600
Final Cut Pro	\$800
Website Domain	\$100
Legal Expenses	\$1,000
TOTAL	\$7,015

IV. FINANCIALS

The financial projections in this business plan are developed on the cash basis of accounting. As you will see in the figures below, Video-A Productions carries little debt and has a

Sources and Uses of Funds

Sources	Owner Investment	\$40,000	
			\$40,000
Uses	Start-Up	\$8000	
	Operating Overhead	\$32,000	\$40,000
Total Initial Investment	\$40,000		
Start-Up Expenses	-\$8,000		
Balance Forward to Operations			\$32,000

Income Statements

Income-Year 1

Item	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Individuals	1400	2500	3000	1400	8300
Businesses	0	8000	3000	400	11400
Total Income	1400	10500	6000	1800	19700

Expenses

Item	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Taxes	817	817	817	817	3268
Transportation	60	150	92	57	359
Utilities	120	120	120	120	480
Advertising	200	200	200	200	800
Office Supplies	15	15	15	15	60
Insurance	80	80	80	80	320
Legal and Accounting	75	75	75	75	300
Telephone/Internet	80	80	80	80	320
Miscellaneous	30	30	30	30	120
Total Operating Expenses	1477	1567	1509	1474	6027
Net Profit (Loss) Pretax	-1477	-1567	-1509	-1474	-6027

Cash Flow Statement

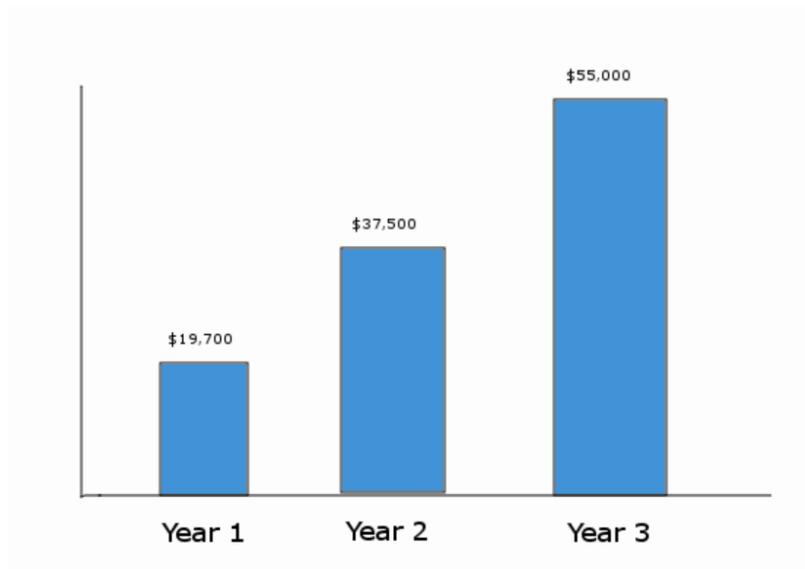
Item	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Opening balance	32000	19700	18500	18450	32000
Sources of funds					
Total Sales	2400	10500	6000	1800	20700
Total Sources	2400	10500	6000	1800	20700
Uses of funds					
Personal expenses	10000	7500	5200	4000	26700
Other operating Expenses	2300	1700	850	760	5610
Total Uses	12300	9200	6050	4760	32310
Net cash flow	-12300	-9200	-6050	-4760	-32310
Ending cash balance	22100	21000	18450	15490	15490

Balance Sheet

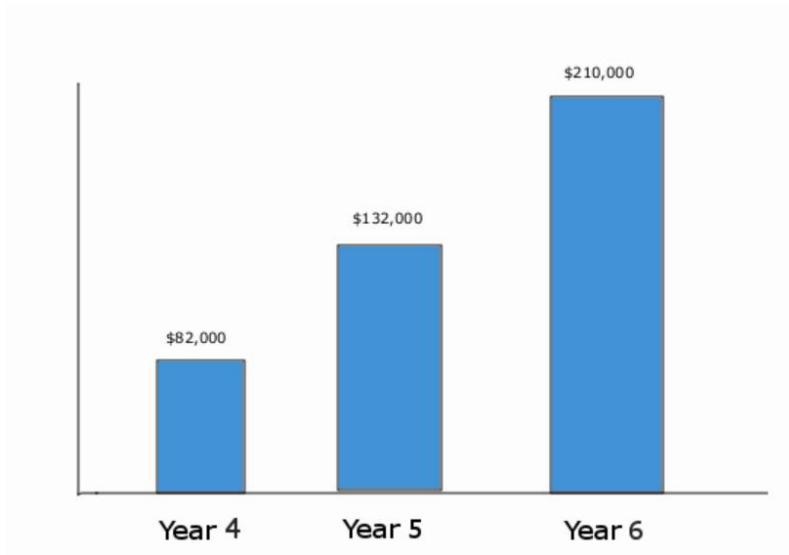
Item	End of Yr 1
Assets	
Cash	15490
Equipment	6000
Total Assets	21490
Liabilities	
Accounts Payable	250

Common stock	21240
Total equities	21490

Three-year Revenue Forecast



Pro Forma Revenue Projections



APPENDIX A

2007 Economic Census

Release Date: 11/23/2010

[Sector 54: Professional, Scientific, and Technical Services: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007](#)

These data are final; they supersede data released in earlier data files. Includes only establishments of firms with payroll. Data based on the 2007 Economic Census. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see [Survey Methodology](#) [pdf].

Geographic Area Name	2007 NAICS code	Meaning of 2007 NAICS code	Products and services code	Meaning of Products and services code	Meaning of Type of operation or tax status code	Footnote identifier	Number of establishments	Total sls/rcpts/rev of estabs with line (\$1,000)	Receipts/Revenue (\$1,000)	Line sls/rcpts/rev as % of tot sls/rcpts/rev of estabs w/line (%)	Line sls/rcpts/rev as % of tot sls/rcpts/rev of all estabs (%)	Coverage of product lines inquiry (%)
United States	54192	Photographic services	30000	Industry total	All establishments		19,056	X	6,766,968	X	100.0	83.4
United States	54192	Photographic services	31960	Maintenance & repair services for consumer electronics	All establishments		65	8,302	284	3.4	Z	X
United States	54192	Photographic services	32440	Photofinishing services	All establishments		993	387,359	76,672	19.8	1.1	X
United States	54192	Photographic services	37810	Marketing research services	All establishments		109	29,724	7,099	23.9	0.1	83.4
United States	54192	Photographic services	37811	Marketing research services, conducted by telephone	All establishments		27	9,588	452	4.7	Z	X
United States	54192	Photographic services	37812	Marketing research services, conducted over the Internet	All establishments		40	14,886	1,554	10.4	Z	X
United States	54192	Photographic services	37813	Marketing research services, conducted by mail	All establishments		56	13,162	667	5.1	Z	X
United States	54192	Photographic services	37814	Marketing research services, conducted using focus groups	All establishments		15	2,640	232	8.8	Z	X
United States	54192	Photographic services	37815	Marketing research svcs, face-to-face methods, excl focus groups	All establishments		52	20,737	1,540	7.4	Z	X
United States	54192	Photographic services	37816	Media audience research services	All establishments		16	3,219	44	1.4	Z	X
United States	54192	Photographic services	37817	Other marketing research services	All establishments		27	9,996	2,610	26.1	Z	X

APPENDIX A (continued)

2007 Economic Census

Release Date: 11/23/2010

Sector 54: Professional, Scientific, and Technical Services: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007

These data are final; they supersede data released in earlier data files. Includes only establishments of firms with payroll. Data based on the 2007 Economic Census. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see [Survey Methodology](#) [pdf].

Geographic Area Name	2007 NAICS code	Meaning of 2007 NAICS code	Products and services code	Meaning of Products and services code	Meaning of Type of operation or tax status code	Footnote identifier	Number of establishments	Total sls/rcpts/rev of estabs with line (\$1,000)	Receipts/Revenue (\$1,000)	Line sls/rcpts/rev as % of tot sls/rcpts/rev of estabs w/line (%)	Line sls/rcpts/rev as % of tot sls/rcpts/rev of all estabs (%)	Coverage of product lines inquiry (%)
United States	54192	Photographic services	37840	Portrait photography services	All establishments		14,579	4,821,993	4,259,434	88.3	62.9	67.7
United States	54192	Photographic services	37841	General individual & group portrait photography services	All establishments		12,796	3,142,034	2,278,335	72.5	33.7	X
United States	54192	Photographic services	37842	School portrait services	All establishments		4,211	2,393,215	1,771,890	74.0	26.2	X
United States	54192	Photographic services	37843	Passport photography services	All establishments		1,260	220,824	13,630	6.2	0.2	X
United States	54192	Photographic services	37844	Other portrait photography services	All establishments		3,601	705,520	195,579	27.7	2.9	X
United States	54192	Photographic services	37850	Wedding photography services	All establishments		4,604	954,821	383,475	40.2	5.7	82.0
United States	54192	Photographic services	37851	Wedding still photography services	All establishments		4,413	882,545	296,887	33.6	4.4	X
United States	54192	Photographic services	37852	Wedding video photography services	All establishments		848	245,662	86,588	35.2	1.3	X
United States	54192	Photographic services	37860	Other special event photography	All establishments		2,723	701,739	266,836	38.0	3.9	X
United States	54192	Photographic services	37870	Commercial or industrial photography services	All establishments		5,588	1,947,257	1,472,290	75.6	21.8	X
United States	54192	Photographic services	37880	Other photography services	All establishments		1,786	486,910	172,887	35.5	2.6	X
United States	54192	Photographic services	37900	Contract photo journalism services	All establishments		247	53,565	6,784	12.7	0.1	X
United States	54192	Photographic services	37910	Licensing of rights to use stock photos	All establishments		690	249,523	37,661	15.1	0.6	X
United States	54192	Photographic services	37930	Translation & interpretation services	All establishments		59	9,504	1,119	11.8	Z	X
United States	54192	Photographic services	39500	Rental or lease of goods and/or equipment	All establishments		151	63,459	6,524	10.3	0.1	83.4
United States	54192	Photographic services	39518	Photographic equipment rental	All establishments		151	63,459	6,524	10.3	0.1	X
United States	54192	Photographic services	39600	Resale of merchandise	All establishments		1,424	428,757	42,445	9.9	0.6	83.1
United States	54192	Photographic services	39628	Resale of photographic equipment & supplies	All establishments		248	88,431	14,332	16.2	0.2	X
United States	54192	Photographic services	39629	Resale of other merchandise	All establishments		1,192	343,788	27,874	8.1	0.4	X