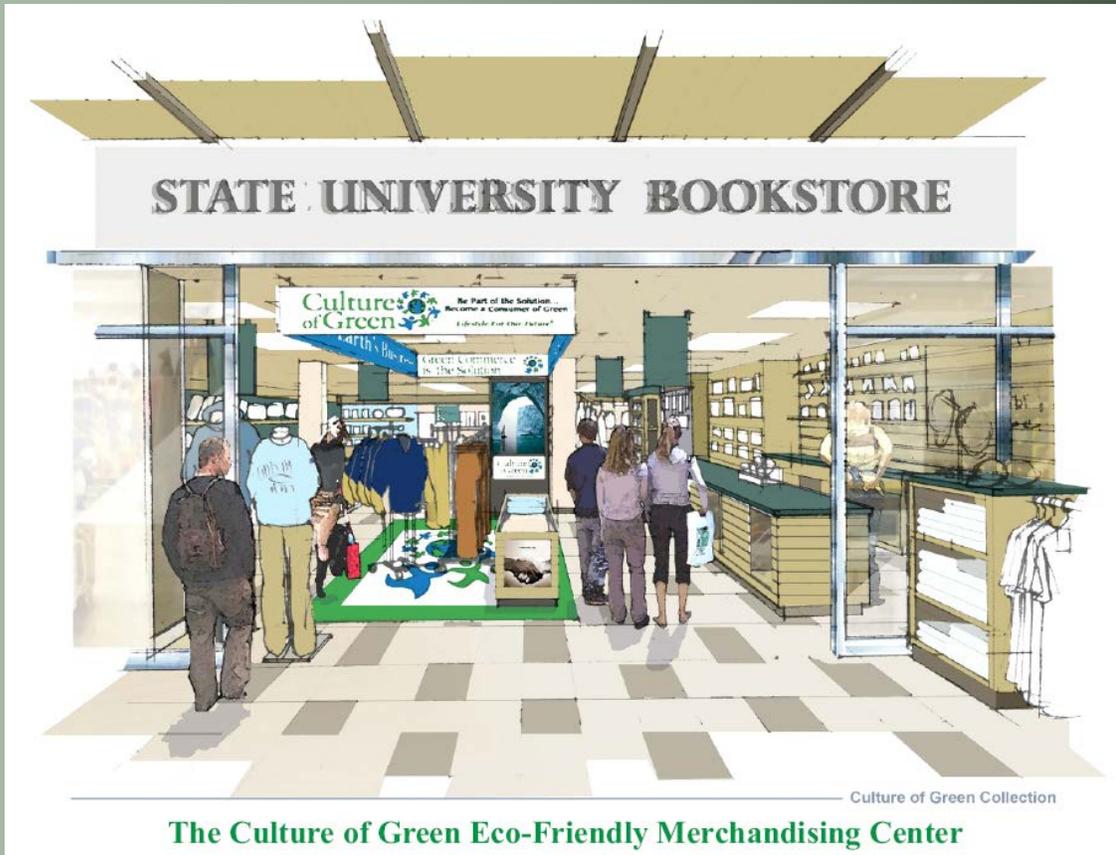


# Culture of Green, Inc.

Business Plan  
October 2007

CONFIDENTIAL



The principals of *Culture of Green* want to thank you for taking the time to review this proposal which is the result of our strong desire to make a positive difference in the world.



## **The Color of Green**

Green is life! Green signifies hope, growth, renewal, health, the environment, commerce, and currency. Green represents the highest standard in both the physical and humanistic parts of our world. When we refer to green products we refer to products that are good for the physical world and good for humanity. Products good for the physical world are environmentally friendly. Products good for humanity are produced utilizing fair trade & employment practices.

Green products are referred to in many different ways; eco friendly, environmentally friendly, Earth friendly, natural, organic, and sustainable are the most common. These are all terminologies used to describe a movement that recognizes the importance of producing products created with the earth in mind; products developed with renewable resources and utilizing environmentally sound production processes.

Fair Trade is an organized social movement and market-based model of international trade which promotes the payment of a fair price as well as social and environmental standards in areas related to the production of a wide variety of goods. The movement focuses in particular on exports from developing countries to developed countries, most notably textiles, handicrafts, coffee, cocoa, tea, bananas, honey, cotton, wine, fresh fruit.

Fair Trade's strategic intent is to deliberately work with marginalized producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency. It also aims at empowering them to become stakeholders in their own organizations and actively play a wider role in the global arena to achieve greater equity in international trade.

Going forward, when we speak of “green” products, we are referring to certified products that are good for the planet as well as products produced under Fair Trade and employment practices. The two are inseparable and critical for a hopeful future.

*Culture of Green* is about securing hope for humanity through the acceleration of “green” commerce.



**Imagine** a business where the only measure of success to achieve an altruistic objective was to make as much money as possible for all stakeholders.

**Imagine** a business where the marketing message to the consumer inspires the purchase of our products for personal as well as global benefit.

This is what our business opportunity is about!

1. ***Culture of Green*** has created a sound business model that will make a difference for our planet and offers exceptional potential return for our investors.
2. The future of our planet depends on our ability to balance the relationship between what we take from the earth to what we give back. This lifestyle of sustainability is the definition of a green culture.
3. ***Culture of Green*** has created a compelling platform that communicates an important and relevant message to the mainstream consumer inspiring them to take action and purchase our “green” products.
4. It’s clear our society is moving towards becoming a green culture. Our future depends on it. The marketplace is the only way we are going to get there. Pure economics! Corporations with vision recognize this and are leading the way. What is lagging behind is the demand for green products by mainstream consumers. Our research tells us there is a desire by a significant percentage of mainstream consumers to be part of the solution – to want to live “greener” but aren’t there yet – they need help!
5. ***Culture of Green*** will lead the way by accelerating the production of more green products at more affordable prices through the basic and sound principles of economics.

### **Greenomics Is The Solution!**

*Half of the 18- to 30-year-old respondents to a 2007 Maritz Research poll said environmental messaging influences their shopping behavior, and 46% reported that they would visit a retailer more frequently if it were environmentally friendly. About 47% even said they would pay more for earth-friendly products, services, or brands, according to the poll. The poll findings indicate that environmental messaging has a major impact on customer loyalty in this key demographic. ...you can’t ignore that 46 percent of shoppers said they’d spend more with a retailer that was environmentally friendly. The percentage lends credibility to environmental messaging, which is only likely to gain more momentum with consumers in the future.”*



***Culture of Green***  
**Business Plan**  
**Table of Contents**

Executive Summary .....	4
Company Vision .....	6
Vision statement.....	7
Goal.....	7
Company name .....	8
Management team.....	8
Martin Z. Rolnick- President .....	8
Outside support .....	10
Market Analysis .....	13
Market definition .....	15
Campus Size and Potential Market .....	15
Producers of “Green” Products.....	17
Product Analysis .....	17
Product Pricing Analysis.....	18
Pricing Analysis - Conclusion .....	19
<b><i>Culture of Green</i></b> Merchandising Centers .....	20
Other Revenue Streams.....	21
SWOT Analysis .....	21
Marketing Strategy.....	22
Financial Plan.....	25
Revenue Projections.....	26
Expected Operating Results .....	26
Round “B” Financing.....	27
Investment Considerations.....	28
Conclusion .....	29



## Executive Summary

The single most pressing issue facing our world is the future sustainability of the Earth. The media reminds us of this 24/7. It is this inundation that has created a desire for people to want to become a part of the solution. But, most of us do not know how. There isn't a convenient or accessible means available to help us understand what we can do. While approximately 20% of the US population is already part of the solution, having embraced a "greener" lifestyle and making a conscious decision to purchase "green" products; *Culture of Green* believes this figure is too small and that this trend must accelerate exponentially for us to solve our problem.

### Greenomics Is The Solution!

The power to accelerate the trend toward green products lies in the hands of consumers. US Retail sales in 2006 were in excess of \$3 Trillion with current sales of "green" products estimated at \$230 Billion, or less than 8% of the total. Increasing the percentage of "green" sales is imperative to securing the future of our planet. Driving more consumers to purchase green products will motivate companies to become more socially responsible. This will naturally lead to more competition, which will result in more affordable green products. It is the combination of more affordable prices, along with providing easy access and convenience to the mainstream consumer marketplace that will accelerate the trend.

Our proactive and viable solution will help us secure a bountiful future for ourselves and subsequent generations by increasing the pace at which our planet adopts a *Culture of Green* (*Culture of Green*), a culture where the majority of the planet's people will have embraced a greener lifestyle and become "consumers of green," and where greenomics, with the help of "companies of green," will be pervasive throughout the world.

**Greenomics Is The Solution!** This is the message that will resonate with mainstream consumers as a catalyst for their transformation into becoming consumers of green.

The ideal consumer group to lead our transformation into a *Culture of Green* society is current and future college students. They have a strong desire to be part of the solution. According to Alloy Marketing and Media's College Explorer Survey, of the returning class of 2007-2008, 37% of the students surveyed said they preferred brands and companies that are "socially conscious", a 4% increase over the previous year. In addition, according to a recent JWT online survey, 75% of teenagers said they would buy environmentally sustainable products if available.

Our sweet spot is the college bookstore market. We will reach the college student in their own environment at the point they are ready to make a purchase. Based on the Wal-Mart model, but using a more strategically focused approach, we will make the purchase of affordable green products convenient and accessible to college students by placing a *Culture of Green Merchandising Center* inside participating college bookstores<sup>1</sup>. There are approximately 4216

---

<sup>1</sup> Wal-Mart offers their suppliers the opportunity to reach their consumers (25% of marketplace) in return for reaching pre-determined price points



bookstores in the US reaching 17.9 million college students who spend approximately \$11.0 billion annually. 8%, or almost \$900 million is spent on non insignia, non course related supplies & materials; this is the fastest growing segment of the college bookstore market.

***Culture of Green*** believes that **Greenomics Is The Solution** and provides the acceleration of “green” commerce by connecting greenstream with mainstream. We will aggregate Earth Friendly and Fair Trade products under one merchandising umbrella to make the purchase of affordable green products convenient and accessible to college students. The result is a significant increase of “green” product sales for the bookstore. College students become part of the solution. It is a win-win-win for everyone.

The innovative ***Culture of Green*** Merchandising Center will serve many purposes. It is the sum combination of the following unique functions that enables this innovative concept to achieve our ultimate objective; the increased activity of Greenomics amongst college students. ***Culture of Green*** offers numerous benefits to participating bookstores, including:

1. Substantial increase of revenue for the bookstore on a per square foot basis
2. Aesthetic merchandising umbrella platform that attracts college students
3. Store within a store concept that promotes green products & enhances shopping experience
4. Media center to communicate relevant Environmental messages
5. Public Relations and Financial Solution Instrument for the College

The beta phase of our roll out strategy calls for launching two (2) ***Culture of Green*** Merchandising Centers (CBMC) by the end of January 2008 and rolling out a total of 20 by the end of 2008<sup>2</sup>. A ***Culture of Green*** Merchandising Center requires approximately 100 sq. ft. of space within a participating bookstore and costs approximately \$8,000 per unit to construct and install. ***Culture of Green*** will split the revenue generated 60 / 40 in favor of the bookstore through products sold within the Merchandising Center. Concurrent with the beta phase we will develop the strategic relationships with suppliers and the marketing, operational and financial plans necessary to roll out ***Culture of Green*** on a national level. Our goal is to have 500 Merchandising Centers operating within 5 years. With 506 stores our preliminary estimates show annual revenue growing to more that \$8,000,000 and operating profits reaching more than \$2,600,000.

Our beta phase requires an investment of \$250,000. With this investment ***Culture of Green*** will refine the business model that will play a significant role in moving our society towards sustainability and securing a hopeful future for generations to come. The potential benefits for an investor in ***Culture of Green*** are two-fold; first we are offering an equity stake of 20% of the firm with the potential to earn a significant return on investment. Second, the investor will be part of the team leading the transformation of our society to a “***Culture of Green.***”



<sup>2</sup> SUNY Purchase College will showcase our ***Culture of Green*** Merchandising Center in their newly renovated bookstore scheduled to open January 2008. We will also have a location in their student activity center.



## Company Vision

In March of 2007 Marty Rolnick reconnected with Dr. Bruce Piasecki, an environmental business expert, author, and former high school teammate of Marty's. They discussed the impending release of Dr. Piasecki's sixth book, *World, Inc.* The book describes the new world order: Governments have waned in power, while multinational corporations have risen. It is these multinational corporate mansions that now hold the keys to the future. As the facets of the world transition, Dr. Piasecki has traced the production of socially responsible products as a significant factor affecting traditional business models. In simple terms, there are profits to be made in producing green products. Bruce had sought Marty's recommendation about extending his influence into the consumer marketplace. Marty remarked about the importance of developing the name of a brand that would resonate with people. Several days later, while reading a book by a renowned wordsmith and political consultant, Frank Luntz, Marty created "*Culture of Green*" and after much research, immediately registered it with the USTPO. He had no idea what it was, but knew it was something special.

A couple of weeks later while in Chicago, Marty got together with a close friend of his, John Stocker who was also a former partner of Marty's from a previous business venture from over 15 years ago. They began to relive the past. Then a conversation ensued about current affairs. John, who was living over-seas in the Balkans, had remarked how astonished he was about the high level of interest in environmental issues in the United States. Marty and John discussed how in earlier times these issues were always on the fringe and passionately concerned people were labeled "environmentalists" and were perceived in non-complementary terms as activists. It was never main stream. Since both Marty and John have extensive business backgrounds, the discussion led to a debate on viable solutions. A conversation ensued about providing viable solutions to the environmental crisis. They agreed that the traditional approach to trying to solve the problem was not feasible. The message of fear wasn't sufficient. There needed to be an economic solution that would lead our society to become a "green" culture. Any viable long term solution requires an economic incentive that benefits everyone. While the "green" marketplace is growing significantly in percentage terms, it is still is not growing fast enough to make a meaningful difference. Leading global corporations are doing their part. But it is the Consumer that has the power to accelerate the transformation. The problem is the lack of accessibility, convenience and price affordability of "green" products available to the mainstream consumer. Green products are too expensive relative to their non-green counterparts. Marty and John believed the solution was twofold. One, green products need to be made convenient and accessible to mainstream consumers. Additionally, the price of green products must come down. Once green products are embraced by mainstream consumers, innovation from the marketplace would take over. Companies will compete for "green" business and more affordable "green" products will result. It was at this time Marty shared with John, "*Culture of Green*".

Marty and John recognized the opportunity was immense but struggled with how to gain the traction to build on it. Over the subsequent six months thanks to Skype, they worked diligently on developing the business model to monetize the "*Culture of Green*" concept. After considering a plethora of options, they decided the best avenue to gain traction and build the foundation for future growth is the \$11 billion college bookstore marketplace.



## **Vision statement**

*Culture of Green* will lead the transformation from mainstream commerce to greenstream commerce within the college bookstore market. Ultimately, *Culture of Green* will be synonymous with greenomics .

## **Goal**

Our immediate objective is to conduct a beta test validating our business model. The beta phase will generate greenomics and optimize the product mix to maximize revenue and profit. The beta phase will also help us to create a scalable template to effectively and efficiently roll out *Culture of Green* on a national level.

We have secured our first strategic partnership with SUNY Purchase College in Harrison New York. Purchase is a small liberal/performing arts school with 4600 students. This relationship is ideal. Purchase College is renovating their bookstore and will showcase our *Culture of Green Merchandise Center* for the unveiling of the 2008 Spring Semester (January 2008). We will also install a *Culture of Green Merchandise Center* in the Student Union at Purchase. The bookstore is operated by Nebraska Book Company and the Student Union is operated by the college.

Concurrent with the beta test we will develop the strategic relationships, marketing, operational, and financial plan necessary to roll *Culture of Green* out on a national level.

*With its Geo-4 report, the United Nations tells us that most aspects of the Earth's natural environment are in decline; and that the decline will affect us, the planet's human inhabitants, in some pretty important ways. Geo-4 shows us that if 20 post-Brundtland years have upped the rhetoric, they have done little to change the reality; despite a plethora of good intentions, global society is less sustainable than ever. Without major changes in direction, we had better hope that the people who believe that human ingenuity, technology and economic growth will always solve our future problems turn out to be right.*

*Hence, **Culture of Green!***



## **Company name**

The name of the corporation is: *Culture of Green*, Inc. *Culture of Green*, Inc. was incorporated on May 14, 2007, in the State of Delaware. The address of record is: 113 Lee Road, Scarsdale, NY 10583 We are authorized to operate in New York State.

## **Management team**

### ***Martin Z. Rolnick- President***

Marty Rolnick is a multi-talented business competitor who transforms change into significant revenue. Since graduating Bowling Green State University in 1978, Marty has achieved over the course of his 25 year mostly media centric career, a large portfolio of success and the wisdom necessary to bring *Culture of Green* to the world. He is a leader with over fourteen years of management experience and has a proven track record of securing tens of millions of dollars of new business. His diverse media and marketing journey has included television, radio, the internet, out-of-home media, sports sponsorships and cable communications. Marty has worked in small, medium and major markets with major media companies such as NBC, ABC, Univision and Westwood One, as well as several niche media companies including an internet start-up. He knows the challenges companies face today in trying to favorably position products and services as well as creating brand awareness in a cluttered and fragmented environment.

Marty provides for *Culture of Green* the invaluable experience of national television, radio, cross platform media, and sponsorship sales as well as the knowledge of the value of engaging the customer via interactive technologies.

Marty has the unique ability to comfortably wear many different business hats depending on the situation and can naturally transition accordingly. He possesses an unusual common-sense, is fluent and competent in most areas of business but specializes in sales & marketing. Marty believes that long-term success can only be obtained by honoring a process and by engaging with people in an honorable and straight forward way. You can review Marty's achievements by visiting [www.martyrolnick.com](http://www.martyrolnick.com)

Marty's biggest asset though is that he is a true team player in every sense of the word and excels in teambuilding.

Marty has been married to Marguerite for over 22 years and they have three wonderful children, Nicholas a college sophomore, Troy a high school junior and Alexandra, a high school freshman. They reside in Scarsdale, NY.

Marty grew up in West Islip, NY where he was honored as his high schools most outstanding athlete having lead the WHS Basketball and Baseball teams to League titles and the Soccer Team



to the Suffolk County Championship in 1973. Marty was the MVP of the Championship game and earned all league honors in all three sports.

Marty played soccer at BGSU where he earned All Ohio honors in 1976. Upon graduation, Marty played world class softball and was recognized as one of the top players in the world when he received “All-World” honors in 1981.

Some of Marty’s professional accomplishments include:

- Authored “Successful Selling Despite The Firewall”.
- Conceived, sold and executed GM BEST Jobs! Program to General Motors, an initiative designed to attract, recruit and train qualified bilingual Hispanic Salespeople for their dealerships.
- Co-wrote and produced G.R.E.A.T. Jobs! Sales DVD
- Credited for bringing in an additional \$5 million dollars of GM business to Univision
- Developed expertise on helping companies enhancing their Hispanic infrastructure to increase their share of the burgeoning and lucrative Hispanic market
- Managed and directed the new business team at the largest radio network in the country
- Cultivated innovative strategic partnerships and developed creative, big picture, national marketing strategies with companies such as IDG, ADA, Arthritis Foundation, Guideposts, AKC among others
- Created an impressive library of audio produced spec spots
- Closed over \$3 million dollars of new business for a National Radio Network
- Recruited to open the New York office for an Internet Start-up, headquartered in San Francisco
- Internet start-up focused on building an ASP engine and marketplace for the buyers and sellers of sponsorships. Our vision (6 years too early) was to be the “ebay” in the sponsorship world
- Opened the New York office for a niche sponsorship and event marketing company with over 40 employees in eight offices nationwide
- Secured six figure skating title sponsorships, accounting for over \$3.3 million in revenue
- Created nationally recognized award winning sales tools for a fledgling professional sports league
- Developed the overall sales strategy and created league and media sponsorship platforms for a women’s professional basketball league start-up
- Achieved \$2 million of new revenue in sales of broadcast sports sponsorships for professional Sports teams on regional Sports Channels
- Opened \$10 million satellite sales office for expanding strategic and niche targeted out of home media/marketing company
- Co-Authored business plan and co-produced radio demo that attracted \$50,000 of seed money and \$1.2 million of investment capital
- Managed 15 offices with over 50 salespeople and managers, nationwide, and was responsible for \$20 million in national revenue for an ABC/CBS affiliate television station in Tampa, Fl



- Won several ABC company wide sales contests including a trip to the 1984 LA Olympics.
- First salesperson in station history to ever secure new revenue (\$200,000) for a pro-bono campaign produced by WTVD, an ABC O&O in Durham, NC.
- Winner of many sales contests at various companies early in career, including NBC O&O in Cleveland, 1981

### *Outside support*

During its formative period *Culture of Green* had developed relationships with exceptionally talented individuals representing a wide range of skills and experience. Key relationships include:

#### **Financial & Business Planning Consultant:** *John Stocker*

John Stocker PhD is a seasoned educator and practitioner whom has taught undergraduates, graduate students, and business professionals in the United State, Southeastern Europe, Central Asia, and the Far East.

Stocker currently serves as the Director of a USAID project in Bosnia charged with creating a sustainable entity offering the only AACSB accredited MBA program in Southeastern Europe. Stocker is also a founding partner in FLAG International, LLC. (FI). FI FLAG International LLC (FI) is a consulting company based in Annapolis, MD that provides technical and management consulting services for US and international companies seeking to generate an above-average return on the capital of their owners and investors. FI offers its services worldwide to SMEs, multilateral organizations, government authorities, banks and financial institutions, as well as to investment and privatization funds.

Stocker has completed a wide range of consulting assignments including the development of a restructuring plan for a failed aircraft manufacturing facility in Germany and the successful search for funding for a start-up insurance company in the United Kingdom. Stocker developed a Customer Service Plan for USAID/Bulgaria which formed an integral part of the overall framework for the restructuring of USAID activities in Bulgaria and a Company Valuation training program adopted by the Bulgaria Privatization Agency which led to the licensing of more than 500 individuals. Stocker has raised over \$25,000,000 in funds for firms in the United States, Southeastern Europe, and Central Asia

John has been married to Malina for over 10 years and they have a 9 year old son Robert. They reside in Sarajevo.

#### **Fair Trade Consultant, Supplier, and Collegiate Licensing Partner** – *Joe Falcone*

Joe Falcone has over 15 years of international health and human rights work experience, primarily in Asia and the United States. In 2000, Mr. Falcone oversaw social and environmental compliance for Nike's south and Southeast Asia regional office in Bangkok, Thailand. Mr. Falcone also oversaw Nike Thailand's "Global Alliance for Workers and Communities" programs,



a \$7.8 million Nike investment over 5 years, which began in Thailand in 2000 and were adapted and replicated by Nike and Gap in several countries in Asia from 2000-2005.

In 2001-2005, Mr. Falcone developed and managed Corporate Social Responsibility and Health projects in Asia. His clients included:

- Fair Labor Association
- USAID/Family Health International
- Reebok
- Phillips-Van Heusen Corporation, which manages the brands Calvin Klein, Van Heusen, Izod, Geoffrey Beene and Kenneth Cole
- The UN agency International Organization for Migration

In 2005, he founded Counter Sourcing Inc. in New York. The firm sells fair trade insignia t-shirts in 10 major college bookstores. Over the 14 months Joe generated over \$150,000 in sales and expects to significantly increase his reach over the next 12 months.

Mr. Falcone holds a Bachelors degree from Hamilton College and a Masters degree from Harvard University. He lives in Brooklyn, NY with his wife.

**Webmaster:** *Animacol-Ivan Bejarano*

Animacol headquartered in Bogata, Columbia has been developing Web solutions since 2001, and in 2003 started working with VR technologies; This company has a talented team of professionals in areas such as web development, design, photography and architecture.

Animacol has the knowledge and expertise to create efficient and measurable marketing and tools based on leading edge technologies.

**Architect Designer:** *Alison Ford*

Alison Ford - Dynamic designer and first-rate collaborator with significant experience designing, documenting and implementing evocative and compelling spaces. These three-dimensional environments include residential interiors, theatrical presentation, film and television sets, museum exhibits, corporate presentations and virtual spaces. Drawing by Hand Expert, 25 year(s). Drawing with a Computer Expert, 15 year(s). Drafting by Hand or Computer Expert, 15 year(s). Art Direction (film, television, live venues) Advanced, 10 year(s). Kitchen and Bath Design Intermediate, 7 year(s).

**Marketing Consultant:** *Macskon Financial Services*

Macskon Financial Services (MFS) was started as a Small Business Consulting/Accounting firm in May of 2000. The mission of the company is to provide small businesses with financial services such as Cash Flow Management, Tax Preparation/Planning, and the acquisition of Start-Up capital. The goal of the company is to formulate long term relationships with clientele that help to build both companies.



To date MFS has assisted over 250 clients, in 35 states, and 12 foreign countries. MFS has an extensive client list that includes Fortune 500 companies, Government Agencies, Large Banks, and Educational facilities. While MFS has larger clients, small businesses and start-ups still make up over 80% of their client base. MFS takes pride in assisting start-up companies develop into self sufficient companies who become success stories. MFS enjoys helping small businesses acquire the capital, or develop operations, or formulate marketing strategies, that not only keep them in business, but help them develop and grow. MFS feel privileged to help companies realize their potential, and that is the essence of this company, its people, and its future.

**Graphics Designer:** *Tia Martyn & Design Presentation*

Design Presentation, is a global company which employs a team of talented illustrators, animators and programmers to satisfy all graphics and web design, animation and imaging needs. Their creative instincts, breadth of graphic design capabilities, depth of expertise, and unmatched resources allow clients unmatched graphic and web design services. Quick facts • KPMG-certified ISO-2000 certified • D&B listed • Member of IRGA with five years of design experience• Offices in US, UK, Australia and India

**Logo Designers:** *Distinctive Design Solutions Melanie McDonald & Lisa McDonald*

Melanie McDonald & Lisa McDonald bring a unique focus on corporate branding, web design and illustration. Whether developing designs from scratch or revamping existing materials, they handle complex brand projects with ease, delivering complete, targeted solutions for clients. It is Lisa's & Melanie's skills and their experience that brings creative vision to their studio. Their relentless pursuit for the best solution for each of their clients, accounts for the high quality of their studio's distinctive design solutions. Strengths Logo Design Expert, 8 year(s). Brand Development Expert, 8 year(s). Identity & Collateral Design Expert, 8 year(s). Illustrations Expert, 8 year(s).

**Fashion Designer:** *Karla Schuftan*

Karla Schuftan was born in Bogota, Colombia and has been in New York City, since 1999. Karla's interest in fashion led her to Florence, Italy where she began her studies at Polimoda in the University of Florence. Wanting to broaden her horizons, she then moved to New York City, where she received a BFA in Fashion Design from The Fashion Institute of Technology. She has been working in the fashion industry ever since..

**Environmental Consultant:** *Dr. Bruce Piasecki*

Dr. Bruce Piasecki is the President and Founder of the American Hazard Control Group, a management consulting firm specializing in energy, materials, and environmental corporate matters since 1981.

Dr. Piasecki is the author of five seminal books on business strategy, valuation, and corporate change, including the Nature Society's book of the year, *In Search of Environmental Excellence: Moving Beyond Blame*. His articles have appeared in the *Los Angeles Times*, *Baltimore Sun*, *Technology Review*, and the *Christian Science Monitor*. His latest book, [World Inc.](#), was released in April 2007.



Since 1990, Dr. Piasecki and his staff have run hundreds of benchmarking workshops for 42 multinational Corporate Affiliates, involving key executives in site remediation, power markets, emerging issues, and governance concerns since ENRON.

Since finding that his 1995 *Corporate Environmental Strategy* book attracted the attention of change agents and Board members in his client and affiliates network, Dr. Piasecki has moved the field of environmental and energy strategy closer to financial markets and mainstream financial diagnostics. The AHC Group has done this through a series of key alliances, including a multiyear agreement with INNOVEST and Island Press.

**Retail Consultant:** *Kevin Bove*

Kevin Bove has served dozens of top brand name clients including Cingular Wireless, ABC Television, America On Line, Cadbury Schweppes, Gillette, Microsoft, Konica, The American Legacy Foundation, ConAgra Foods, Grupo Bimbo, WWE, Thrivent Financial, Timberland and Wal-Mart. He has planned, developed and managed in excess of 6,000 events annually made up of in-store consumer intercept programs, national food sampling tours, local street marketing programs, touring mall productions, festival & venue based event marketing productions. Services include strategic marketing development; vehicle, equipment & display design/production; full scope staffing and event execution/management; and reporting & ROI measurement. Kevin has over twenty-five years experience in the service, manufacturing and marketing promotions agency categories. Most recently, Kevin was the Chief Operating Officer of Mobile Media Enterprises before taking the reigns of its newly formed division as President of Mobile Media Retail. He has developed and executed business recovery/development plans for companies as diverse as a printed circuit board manufacturer to a marketing/advertising agency. His business turn-around success has been attributed to successful brand creation in commodity-driven markets, national sales force development, organizational expertise, and quality control process improvements. Kevin holds Bachelor of Arts in Communications from Bowling Green State University; played Division I soccer and continues his education with postgraduate studies.

**Market Analysis**

The \$11BB college bookstore industry is dynamic. Once known for primarily selling textbooks and school supplies the typical college bookstore's business model continues to evolve. Historically, textbook sales have accounted for 90% of bookstore revenue. This is changing. Competition continues to drive the profit margins on textbooks down.

In an effort to maintain profitability, college bookstores are forced to innovate and identify new lines of merchandise. This expansion of products is driven by intense competition and the realization that future growth



Barnes & Noble College Bookstore,  
Worcester Polytechnic Institute - Worcester,



in profits will come from non textbook merchandise.

It is now common for college bookstores to carry apparel, consumables, electronics, and a host of other products designed to meet the needs of their college student customer.

In 2005 Harris Interactive's Youth and Education Research Division conducted a series of survey research studies of the college textbook and bookstore business. The poll identified two key insights that are particularly relevant to *Culture of Green*<sup>3</sup>:

1. Today's college students are savvy shoppers not afraid to go online

The current generation grew up with the Internet and directed marketing and will shop around before making a purchase decision. The "average" college student shopped at 1.8 traditional stores and went online twice when buying materials for the most recent term.

2. Students prefer shopping in bookstores to shopping online

Many students have experience buying both in traditional college textbook stores and buying online. Traditional bookstores remain the preferred source: in total 48% of college students prefer bookstores, 23% prefer online, and 30% are neutral. Students continue to favor traditional bookstores because stores are seen as convenient and for the social/experiential element of traditional shopping – many students enjoy the opportunity to get out, go somewhere, shop, and/or to see people.

The success of college bookstores in the future will depend heavily on their ability to provide a positive shopping experience for their customers. *Culture of Green* will prove to be a valuable strategic partner to bookstores by addressing the desire of this consumer group to purchase green products and feel they are part of the solution in moving our society toward a green culture. *Culture of Green Merchandising Centers* are visually appealing and are designed to enhance the college student's shopping experience in the bookstore.

### ***Concern for the Environment***

College students want to purchase green products – Alloy Marketing found in a recent survey that the returning college class of 2007 / 2008 shows more concern about social issues than any of the previous five classes surveyed<sup>4</sup>. College students represent by \$198 billion in spending power. 37% of the 2007-2008 class said they preferred brands and companies that are "socially conscious." The socially conscious cohort ranked "fair labor" practices as most important (74%), but were also concerned about corporate environmental policy (66%) and philanthropy (63%).

Meanwhile, a separate online study from JWT discovered that more than 80% of American teenagers are concerned about the environment and the role of the United States in causing pollution; with 54% saying they are "strongly bothered." Eighty percent of teens surveyed said corporations should be held to an ethical standard of environmental conduct, and 59% said

---

<sup>3</sup> Textbook Insights What is in store for the college bookstore? [www.harrisinteractive.com](http://www.harrisinteractive.com), 2006

<sup>4</sup> Alloy Finds Growing Concern Among Young For Social Issues, Media Daily News, 10 September 2007



corporations should bear most of the responsibility for cleaning up the environment. Most useful: 75% said they would buy environmentally friendly products if available.

Alloy also finds that, "there's a lot of research, showing that particularly among young people the notion of corporate social responsibility is a loyalty driver." Pointing to the increasing difficulty of reaching young consumers in a fragmented media universe, Alloy suggested that "cause alignment" can help brands break through the clutter and establish a connection with young people.

### ***Market definition***

There are approximately 4216 college bookstores in the US reaching 17.9 million college students who spend approximately \$11.0 billion annually. 8%, or almost \$900 million is spent on non insignia, non course related supplies & materials. 1665 bookstores are managed by the top three independent bookstore management companies, Follett's (850 stores), BN College (570 stores), and Nebraska Book Co (245 stores). Combined, they reach over 14.3 million college students. The remaining two-thirds are independently operated.

The largest percentage of stores are owned or operated by the institution. On-campus stores are mostly institutional, but they may also be contract managed, cooperatives, or student associations. Off-campus stores are typically privately owned. Sales volume in college stores is determined by many factors, but the major influence on sales seems most closely tied to the size of the institution served. Average sales for college stores in 2006 were \$6 million, with the majority of stores having less than \$3 million in sales each year.

Campus retail outlets' size in square feet also shows a wide range between the average and median. The average was 16,416 square feet<sup>5</sup> with annual revenue of \$365 per square foot. The more typical college store is probably closer to the median reported by all respondents, at 8,320 square feet. According to the *NACS 2007 College Store Industry Financial Report*, campus retailers returned an average net income of 7.5% of net sales to their institutions. On top of this, they contributed an average of 5.8% of net sales to support campus activities such as scholarship funds, donations of merchandise, advertising dollars to school media, store revenue paid to institutional accounts, rent paid to the institution, non-store administrative salaries, alumni gifts, and many other such valuable contributions to the college or university<sup>6</sup>.

### ***Campus Size and Potential Market***

While larger school have more resources and the ability to stock campus stores with general merchandise, the vast majority of U.S. colleges and universities are not considered "large." In fact, 49% have an enrollment between 1,000 and 10,000, with an additional 39% having less than 1,000 students. This leaves only 12% of campuses with significantly large student populations:<sup>7</sup>

---

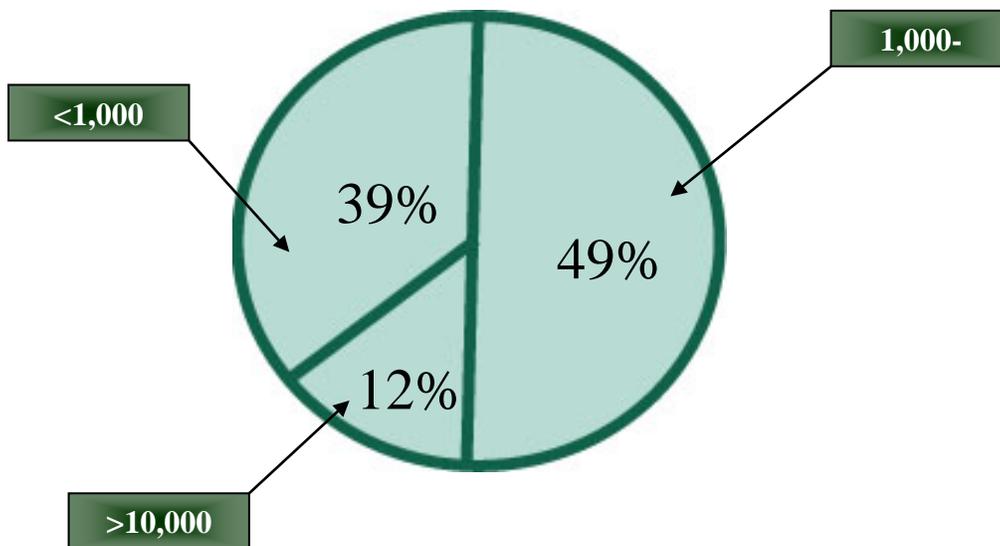
<sup>5</sup> Based on average bookstore sales of \$6,000,000 and average 16,416 square feet of floor space this equates to annual revenue of \$365 per square foot.

<sup>6</sup> NACS 2007 College Store Industry Financial Report, [www.nacs.org/public/research/higher\\_ed\\_retail.asp](http://www.nacs.org/public/research/higher_ed_retail.asp)

<sup>7</sup> The National Center for Education Statistics, Dept. of Education.



### National Enrollment Share by Student Population



Understanding that a conservative expectation is for any student in any-sized institution of higher education to spend no more than \$50 per month on non-school supply purchases, these rank the three college market segments as follows:

Market Revenue Analysis: American Colleges and Universities		
	Segment Population	Anticipated Market Revenue
Small Institutions	5.6 MM	\$ 280 MM
Medium-sized Colleges	7.1 MM	\$ 355 MM
Large Universities	1.7 MM	\$ 85 MM



The estimated number of total college enrollees is 14,500,000<sup>8</sup>

As demonstrated by the table above, small and medium-sized campuses represent the highest revenue potential. They can also represent the highest entry barrier; under the merchandising center business model, *Culture of Green* will be asking for 100 sq. ft. of space to establish its market presence. While such spacing needs likely present no issue at all for a large university bookstore, the small college outlets may have difficulty accommodating such floor space needs. That said, however, students at smaller campuses in little towns should be very receptive to the retail alternatives presented by *Culture of Green* and the confluence of new, earth-friendly products with a viable shopping alternative could prove very profitable.

### ***Producers of “Green” Products***

There are currently tens of thousands of independent and passionate green organizations and entrepreneurs, each promoting their own green products and unique value propositions. And the movement is growing. There remain however several obstacles to effect significant change. First, the “green” market is crowded. Most of these “green” companies are trying to gain a foothold with the same choir. The choir is composed of two targets sometimes referred to as; The “Naturalites” and The “Committed” green consumer. The “committed” person is the “green” consumer that knows what to do and does it. The “Naturalite” is primarily concerned about personal health and wellness, uses many natural products and would like to do more to protect the environment. These two make up less than 8% of mainstream consumer spending. Secondly, the “green” pie (the choir) they are competing for is small in relationship to the overall economy. This is because the biggest barrier to extreme growth is the lack of convenient access of green products and affordable prices to the remaining 92% of mainstream consumers. Another factor limiting the growth is the lack of a consistent environmental terminology that resonates with them. *Culture of Green* is about increasing the size of the pie by connecting green stream with the mainstream consumer (the remaining 92%).

**Currently *Culture of Green* is the only company presenting a solution to connect mainstream consumers with greenstream products.**

### **Product Analysis**

As with any retail operation, campus or college store sales carry a margin structure. Anticipated product segments of *Culture of Green* have been indexed with the departmental gross margins from a national survey of college stores.

---

<sup>8</sup> U.S. Department of Education



Departmental Gross Margins as % of Net Sales <sup>9</sup>				
<i>Category</i>	<i>National Mean</i>	<i>25 Percentile</i>	<i>Median</i>	<i>75 Percentile</i>
Insignia Apparel	37.8%	36.5%	41.2%	46.2%
Non-Insignia Apparel	40.4%	32.5%	41.7%	49.6%
Food/Beverages	32.6%	35.0%	41.0%	46.0%
General Merchandise	35.5%	25.2%	34.7%	47.3%

As mentioned, college stores sell a variety of items, ranging from textbooks to toothpaste. The percentage of sales in each category will vary by store depending on both the size of the school served and whether it is a two-year or four-year institution. There is, however, a growing trend for college bookstores to adjust their focus away from textbooks and insignia products. Tufts University, for example, has just brought in a new line of apparel, linens, cosmetics, and name brand items such as Levi's and Glamour Girl.<sup>10</sup> A *Culture of Green* Merchandise Center may be a welcome addition as store management seeks to broaden the product line.

### ***Product Pricing Analysis***

While "green" products tend to be more expensive than their mainstream counterparts the price disparity is not uniform across all product lines. The following section examines major product lines *Culture of Green* will carry.

#### *Apparel/Textiles*

Price disparity within this sub-sector reflects some of the greatest gaps of all product lines considered. The reason is that of all products considered in this study, textiles incorporate the majority of environmental concerns. From the raw materials, to the construction process (often by hand or labor-intensive methods for the Green producers), to the finishing (natural dyes rather than chemical for the environmentally-conscious), each aspect of textile manufacturing is more labor intensive and, in some cases, carries higher raw material costs.

#### *Food*

In the food category there is a very close, arguably competitive, price relationship between Green or Organic foods and general products. The reason for this is two-fold. First, of all Green concepts, healthy eating has been around the longest; it is also quite intuitive to the aging baby boomer market. If people are what they eat, the message has gotten out that organic goods produce desired results in people who wish to control everything from hypertension to diabetes. The second reason is that Green foods have always contained natural, purer ingredients which were more expensive than the processed foods of two decades ago. As the general market

<sup>9</sup> 2007 *College Store Margins*. NACS: Collegiate Retailing Industry: College Store Margins.

<sup>10</sup> Tufts University Editorial Board. (August 6, 2004). *Campus bookstore brings in brand-new brands Expanded inventory helps bookstore meet students' grooming, fashion, and decor needs.*



producers were forced to meet public demand for healthier foodstuffs, their supply chain efficiency was unable to overcome the raw material costs. Therefore, their once-absolute price and cost advantages for this sector were obviated by raw material cost and, for once, the inefficiencies in most Green supply chains were not pronounced enough to create much more than a relatively smaller price gap.

### *Household Products*

This sub-sector shows significant disparity in pricing, particularly in the glass and tile cleaners segment. The reason for this relatively simple; natural, environmentally-sensitive substances cost more to obtain and produce than the noxious chemicals which are a byproduct of the massive chemical industry. For example, an ammonia-based cleaner can be derived from the agro-chemical industry for almost nothing. A natural, citrus-based cleaner with similar efficacy is dependent on the highly-volatile produce commodity markets which regulate the prices of oranges. Given the fact that orange production byproducts have multiple uses within several industrial sectors; manufacturers of organic cleaning products have to pay the going rate for their supply. Accordingly, it is doubtful that organic cleaners will ever be highly price competitive with general products—it will be up to companies like ***Culture of Green*** to build consumer awareness and interest to the point that the market will willingly pay the higher price for the good of the planet.

### *Personal Care*

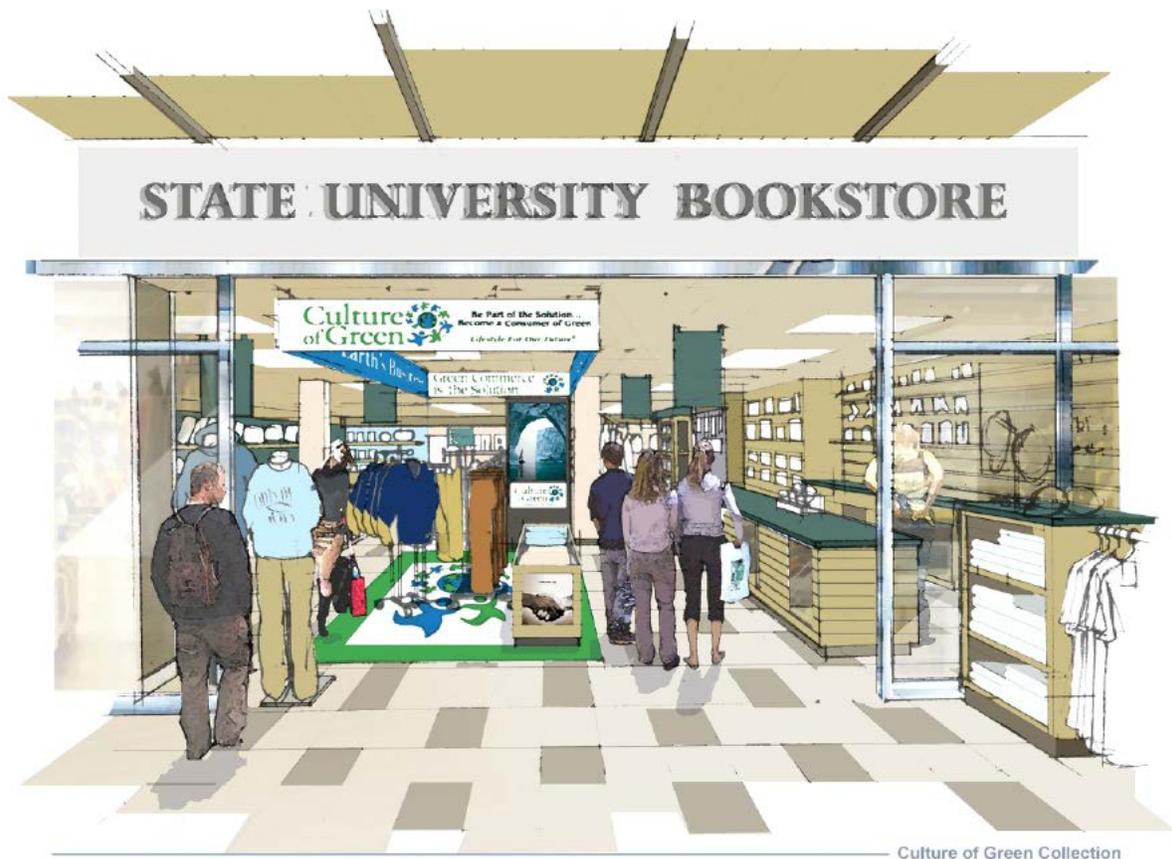
With a few exceptions, the personal care sub-sector suffers from the same causative relationships as that of household products. In terms of lotions, shampoos, and other personal care products, chemicals are less expensive and far easier to obtain than natural ingredients with similar properties. Herein, ***Culture of Green*** recognizes that it will take more than marketing and supply chain management to be competitive in some areas; innovative product development will be required.

### ***Pricing Analysis - Conclusion***

Taken as a whole, it is reasonable to expect that ***Culture of Green*** can effectively compete with general merchandise producers in terms of pricing. As shown in this analysis, some sub-sectors will be much easier than others. To obtain the materials at the price points indicated, ***Culture of Green*** will have to locate efficient suppliers while the entire Green market moves from cottage industry to commercial production. Controlling the supply chain will be a key factor. Once cost effectiveness is obtained in supply, operational efficiencies will be required so that the generous wholesale pricing scheme, intended to induce retailers with its higher-than-usual margins, will result in company profits. Obviously, ***Culture of Green*** should also devote resources to product development and image marketing. As more efficient and less expensive Green products are brought to bear on the market, and the image of the environmentally-conscious consumer is cultivated as reasonable and sophisticated, price margins should increase allowing ***Culture of Green*** to grow in both market share and product innovation.



## *Culture of Green* Merchandising Centers



### **The Culture of Green Eco-Friendly Merchandising Center**

The *Culture of Green* Merchandising Centers utilizes 100 square feet of floor space and will strategically drive the purchase of “green” products by making them accessible, convenient, and affordable. Working with a network of hundreds of suppliers *Culture of Green* will distribute the highest quality products at the most favorable prices. Merchandising Centers will consist of:

- 8' x 10' hand tufted rug
- 4 over-hanging double faced banners with proprietary messages
  - *A Culture of Green: Let's Become One!*
  - *Be Part of the Solution... Become a Consumer of Green*
  - *Greenomics Is The Solution!*
  - *The Earth's Business – We Are All Owners*
- Interactive Kiosk – Internet connected
- Cosmetics rack
- Clothing rack
- Foodstuffs rack



The total investment per merchandising center is approximately \$8,000 per unit. The *Culture of Green* Merchandising Centers offer a win-win-win for everyone:

- Students are given a convenient way to make good environment purchase decisions.
- Bookstores benefit with increased revenues for their investment in floor space. We estimate \$800 in annual revenue on a square foot basis compared to an industry average of \$365 – a 119% increase in expected revenue!<sup>11</sup>
- Colleges acquire a public relations platform for communicating environmental messages to their stakeholders

## Other Revenue Streams

The College Bookstore market is just the first step in a strategy to roll *Culture of Green* out on a national level. For instance, *Culture of Green* currently has an ecommerce site under development which will showcase products from our network of suppliers. Other potential streams include:

- Establishing merchandising centers to other retail outlets – such as shopping malls.
- Place based media revenue from the interactive kiosks into the revenue stream
- The development of a *Culture of Green* catalogue along the lines of Sharper Image
- Eventual licensing revenue

Over the next 10 years *Culture of Green* will become synonymous with greenomics .

## SWOT Analysis

In evaluating both the advantages and the challenges of *Culture of Green*'s business model, the resulting balance of strengths, weaknesses, opportunities, and threats are noted below:

Strengths:

- *Concept*
- *Pioneer Positioning*
- *Growth Potential*

Weaknesses:

- *Capitalization*
- *Risk of Beta Failure*

Opportunities:

---

<sup>11</sup> *Culture of Green* estimates daily sales of \$224 with a 60 / 40 split arranged with the participating bookstore



- *Development of Niche Market*
- *Development of Retail Alliances*
- *High Cause Consciousness of Target Market*

Threats:

- *Economies of Scale*
- *Risk of Price Competition*

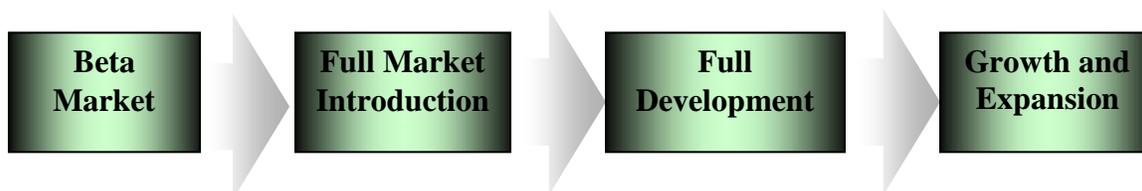
Assimilating these lists into relevant, task-oriented analysis based on categorized criteria yields the following Strengths and Risks Matrix:

Criteria	Strength	Risk
Market Presence	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> has a strong concept and the ability to refine its offerings through beta testing.</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers may or may not accept the cost of purchasing earth-friendly products.</li> </ul>
Strategic Alliances	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> has a broad niche for development.</li> <li>• The company will be working to increase the number of alliances.</li> <li>• Being first in the market provides ample opportunity for growth.</li> </ul>	<ul style="list-style-type: none"> <li>• The company must obtain additional market entry points.</li> </ul>
Capitalization	<ul style="list-style-type: none"> <li>• The business model and concept are in place and <i>Culture of Green</i> only needs to complete its beta efforts to provide product and input data.</li> </ul>	<ul style="list-style-type: none"> <li>• Undercapitalization will thwart any concept, regardless of its feasibility.</li> </ul>
Demand	<ul style="list-style-type: none"> <li>• There is a significant portion of the college-age population which will accept the products.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> will have to overcome the pricing disparities, regardless of the zeal of some consumers.</li> </ul>
Growth	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> is uniquely positioned to take advantage of the target market opportunities.</li> </ul>	
Regulatory	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> faces no regulatory pressures.</li> </ul>	
Cost Structure	<ul style="list-style-type: none"> <li>• <i>Culture of Green</i> will price its products as reasonably as possible.</li> <li>• The offering is structured so that a beta test will inform future development.</li> </ul>	<ul style="list-style-type: none"> <li>• Other products have an absolute price advantage for non-Green products.</li> </ul>

## Marketing Strategy



While the focus of this plan is the beta phase of our roll out strategy, *Culture of Green* has set out a viable path forward leading to a national launch with the goal of effectively introducing earth-friendly products to the mainstream markets as a viable alternative to traditional mainstream products. The following details the method by which *Culture of Green* will penetrate the targeted markets within the first five years of operations on a four stage basis.



*Stage One – Beta Phase*

- Raise \$250,000 in seed financing
- Build a supplier list from small retailers and suppliers within the industry utilizing the aforementioned consolidation strategy
- From this list *Culture of Green* must begin a direct targeted marketing program that is intent on providing these retailers with information about *Culture of Green* while simultaneously providing them the call to action to become a member of the network
- Develop a brand network of no less than twenty-five retailers and suppliers
- Acquire participants from the target market through the utilization of strategic alliances and informative presentations to school officials
- Develop a complete beta group of up to 20 participants
- Implement the following marketing initiatives:
  - Secure beta test sites
  - Install merchandising centers and product line
  - Limited direct promotion
- Establish and define the limited product line for each institution based on supply, logistics, placement potential, and fluctuating costing variables.
- Establish efficient human resources capability in scale to operations. This will include identifying individuals for the following positions:
  - Direct Sales Staff (Commission based) who are capable to selling *Culture of Green* installations to universities after the beta stage is complete
  - R&D Team (Staff) – who are responsible for scouting new market opportunities both in the college bookstore market place and in the retail market space and developing strategies to expand the number of *Culture of Green* installations.
  - Internal Sales Team (Staff) – who are responsible for managing the expansion of *Culture of Green* installations and are responsible for increasing *CULTURE OF GREEN*'s presence within those installations



- Logistics Team (Staff) – who are responsible for managing the acquisition of supply to central locations and are responsible for managing distribution to ***Culture of Green*** outlets
- Supply Management (Staff) – who are responsible for continuously building the ***Culture of Green*** brand through consolidation and locating appropriate supplier who are capable of meeting the cost and quality standards that will be set forward by ***Culture of Green***
- Administrative (Staff) – who are responsible for handling day-to-day administration tasks such as customer service

These positions will expand with the development of the company and therefore are considered scalable and can be controlled in the face of cost-based development issues.

- Refine financial and payment processing systems. Our goal is to implement a payment system, by which, ***Culture of Green*** is paid daily (and automatically) based on the sales of ***Culture of Green*** products. To manage sales in this way management must implement a payment processing system in each installation that monitors sales so that ***Culture of Green*** can qualify all payments made to assure that it is receiving all earned income.

#### *Stage Two – Full Market Introduction*

- Raise approximately \$2,000,000 in second round financing
- Develop and strengthen campus retail alliance portal in the beta group
- Analyze the full beta stage and utilize that information to improve the development and sales process
- Aggressively increase direct marketing efforts to campus retail outlets
- Hire a public relations specialist to promote ***Culture of Green***.
- Promote ***Culture of Green*** to a minimum of 1,000 campus retail outlets throughout the first year of operations.
- Install 100 ***Culture of Green*** merchandising centers within the first full year of operations growing to 500 installations within 5 years
- Increase retail alliances with those retailers who choose to become a part of the ***Culture of Green*** brand
- Have no less than three suppliers (either small retailers, domestic suppliers, or international suppliers) for every product offering that ***Culture of Green*** has
- Begin utilizing direct sales to acquire installation relationships with small-midsize retailers

#### *Stage Three – Full Development*

- Develop solid relationships with online retail outlets to sell ***Culture of Green*** products.



- Begin attempts to market *Culture of Green* to outside retail markets with a national client base.
- Build a marketing team that consists of independent marketing agents and that is focused on both developing the *Culture of Green* brand and also growing the company's network of retail sale points.

#### Stage Four – Growth and Expansion

- Focus on the development of additional relationships with national retailers.
- Focus on the development of business relationships with a sizeable number of suppliers.
- Expand the business model to provide a larger marketing resource to retail partners.
- Begin attempts to raise round B capital which can be utilized to fund major expansion through the implementation of a much larger marketing plan.

#### Financial Plan

The financial plan is built around the financial requirements necessary for the beta phase, the development of the strategic partnerships, and the marketing, operational and financial plan necessary for the national roll out. Major assumptions include:

1. *Culture of Green* raises \$250,000 in equity at the beginning of the beta period. The funds will be used to produce and install *Culture of Green* merchandising centers and working capital needs.
2. *Culture of Green* understands, based on documented research, that 13% of the \$16,438 (or \$2,137) that an average college bookstore generates per day is spent on items in the product categories that *CULTURE OF GREEN* will provide products for.
3. *Culture of Green* assumes that with quality promotions and product placement that it can immediately cannibalize 10.5% of these sales in each institution; immediately *CULTURE OF GREEN* will account for \$224 per day in retail sales per *CULTURE OF GREEN* merchandising center
4. *Culture of Green* assumes that its initial beta group consists of 10 universities for a period of six months, and that it is able to add 5 schools per quarter after the initial six-month beta period.
5. *Culture of Green* assumes that the sales split between the bookstore and *CULTURE OF GREEN* will be 60%(CBS)/40%(*CULTURE OF GREEN*).
6. Based on this *Culture of Green* will generate \$90 per day in revenue per installation or \$2,700 per month per installation
7. *Culture of Green* estimates that it will spend roughly \$8,000 for set-up per installation and this will be for the display and for the payment processing set-up.
8. It is assumed that the direct costs associated with each installation will equal 5% during the beta period, which will account for payment processing fees and other miscellaneous direct costs. This cost is expected to increase to 6.5% after the first year when continuous commissions are paid to agents who successfully sell *CULTURE OF GREEN* installations.
9. It is assumed that *Culture of Green*'s Cost of Goods Sold will be 60% of gross sales; this refers to the costs paid to either retailers or suppliers for their products. Management



expects this rate to decrease by 7.5% per year as *Culture of Green* becomes a more valuable asset to its strategic alliances by providing more consumers and more direct market access.

10. It is assumed that the initial staff (for a period of one year) will be skeleton in nature with the owners filling the sales and R&D positions with the assistance of sub-contractors.

### Revenue Projections

With estimated sales of \$224 per day and a 60 / 40 split with the bookstore, *Culture of Green* expects to generate approximately \$80,000 in annual revenue with an split of 60 / 40 in favor of the participating bookstore. Annual sales of \$80,000 equates to a \$800 per square foot, or 119%

		Culture of Green Gross Profit		
		Daily	Monthly	Annual
Total Revenue		\$ 224	\$ 6,720	\$ 80,640
Split with the bookstore	0.6	134	4,032	48,384
CoG Revenue		\$ 90	\$ 2,688	\$ 32,256
CoG COGS	0.65	58	1,747	20,966
CoG Gross Profit		31	941	11,290

more than the current average revenue per square foot of \$365. *Culture of Green* anticipates moving to a more favorable split of the revenue as we develop a track record.

### Expected Operating Results

With a \$250,000 investment and based on the above assumptions *Culture of Green* estimates generating sales of \$109,133 and gross profit of \$40,379 within the first six months through ten merchandising centers. The following table illustrates:

Culture of Green Operating Projections For 6 months ended 30 June 2008							
	January	February	March	April	May	June	Jan - June
Total Revenue	\$ 9,677	\$ 13,440	\$ 26,880	\$ 26,880	\$ 16,128	\$ 16,128	\$109,133
Cost of Product	6,096	8,467	16,934	16,934	10,161	10,161	68,754
Gross Profit	3,580	4,973	9,946	9,946	5,967	5,967	40,379
Operating Expenses							
Marketing	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Wages	13,000	13,000	13,000	13,000	13,000	13,000	78,000
Professional Services	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Travel	500	500	500	500	500	500	3,000
Misc	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total Operating Expenses	20,000	20,000	20,000	20,000	20,000	20,000	120,000
Operating Profits	\$ (16,420)	\$ (15,027)	\$ (10,054)	\$ (10,054)	\$ (14,033)	\$ (14,033)	\$ (79,621)
Investment in Merchandising Centers	30,000	50,000	-	-	-	-	80,000
Outside Investment	250,000						250,000
Net Cash	\$203,580	\$ (65,027)	\$ (10,054)	\$ (10,054)	\$ (14,033)	\$ (14,033)	\$ 90,379
Beginning Cash	\$ 25,000	\$228,580	\$163,553	\$153,499	\$143,444	\$129,412	\$ 25,000
Ending Cash	\$228,580	\$163,553	\$153,499	\$143,444	\$129,412	\$115,379	\$115,379



Concurrent with the development of the business model *Culture of Green* will continue to expand organically through the establishment of five bookstores per quarter. For the 12 months ended 30 June 2009 *Culture of Green* expects to generate \$702,966 in revenue and \$50,770 in operating profit. If the national roll out is delayed with the initial seed capital *Culture of Green* can operate on a positive cash flow basis while securing the necessary resources to move forward. The following table illustrates:

	Culture of Green Operating Projections For 12 months ended 30 June 2009				12 months ended 30-Jun-09
	Quarter I	Quarter II	Quarter III	Quarter IV	
Total Revenue	\$130,637	\$ 139,561	\$ 255,360	\$ 177,408	\$ 702,966
Cost of Product	82,301	87,923	142,778	99,193	412,196
Gross Profit	48,336	51,638	112,582	78,215	290,770
Operating Expenses					
Marketing	7,500	7,500	7,500	7,500	30,000
Wages	39,000	39,000	39,000	39,000	156,000
Professional Services	6,000	6,000	6,000	6,000	24,000
Travel	1,500	1,500	1,500	1,500	6,000
Misc	6,000	6,000	6,000	6,000	24,000
Total Operating Expenses	60,000	60,000	60,000	60,000	240,000
Operating Profits	\$ (11,664)	\$ (8,362)	\$ 52,582	\$ 18,215	\$ 50,770
Investment in Merchandising Centers	50,000	-	50,000	-	100,000
Outside Investment					-
Net Cash	\$ (61,664)	\$ (8,362)	\$ 2,582	\$ 18,215	\$ (49,230)
Beginning Cash	\$115,379	\$ 53,715	\$ 45,352	\$ 47,934	\$ 115,379
Ending Cash	\$ 53,715	\$ 45,352	\$ 47,934	\$ 66,149	\$ 66,149

### **Round “B” Financing**

Assuming the beta test succeeds *Culture of Green* will search for approximately \$2,000,000 in equity capital. With this investment *Culture of Green* can achieve a presence in 500 college bookstores across the country. Preliminary estimates of operating results indicate this strategy is very profitable. The following table illustrates:



Culture of Green  
Operating Projections  
For 12 months ended 31 December 20xx

	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13
Revenue					
Stores Open	100	150	225	338	506
Revenue per store					
Total Revenue	\$ 1,339,807	\$ 2,110,196	\$ 3,323,558	\$ 5,234,604	\$ 8,244,501
Cost of Product	703,399	1,107,853	1,744,868	2,748,167	4,328,363
Gross Profit	636,408	1,002,343	1,578,690	2,486,437	3,916,138
Operating Expenses					
Marketing	72,504	79,755	87,730	96,503	106,153
Wages	780,000	858,000	900,900	945,945	993,242
Office	75,000	82,500	86,625	90,956	95,504
Travel	50,000	55,000	57,750	60,638	63,669
Misc	25,000	27,500	30,250	33,275	36,603
Total Operating Expenses	1,002,504	1,102,755	1,163,255	1,227,317	1,295,172
Operating Profits	\$ (366,096)	\$ (100,412)	\$ 415,435	\$ 1,259,120	\$ 2,620,967
Tax expense (35%)	-	-	-	422,817	917,338
Net Income	\$ (366,096)	\$ (100,412)	\$ 415,435	\$ 836,303	\$ 1,703,628
Investment in Merchandising Centers	800,000	400,000	600,000	900,000	1,350,000
Outside Investment	2,000,000	-	-	-	-
Net Cash	\$ 833,904	\$ (500,412)	\$ (184,565)	\$ (63,697)	\$ 353,628
Beginning Cash	\$ 25,000	\$ 858,904	\$ 358,492	\$ 173,927	\$ 110,231
Ending Cash	\$ 858,904	\$ 358,492	\$ 173,927	\$ 110,231	\$ 463,859

Assuming a value at 30 June 2013 of 10X current profits (a conservative estimate) *Culture of Green* will have a value in excess of \$17,000,000. A 45% share of the equity would generate a return of over 30% per year for the round “B” investment. The “seed” investor would own 11% percent of the firm yielding an expected return over 45% per year.

### *Investment Considerations*

From March 2007 through October 2007 the principles behind *Culture of Green* have invested approximately \$50,000 and over 1,200 hours of time. Assuming a successful beta test and securing of the capital necessary to launch a national roll out the profit potential is significant. With a presence in 500 college bookstores *Culture of Green* estimates annual sales of approximately \$16,000,000 and expected operating profit in excess of \$2,600,000. However, as with all new ventures, the risk is significant. We may fail to secure the necessary test sights, sales may fall significantly below expectations, or a competitor may enter the market with a more desirable offering. With *recognition* of both the potential financial benefits and risks the principles of *Culture of Green* are offering 20% of the firm to a strategic investor with the capability to bear a financial risk of \$250,000 as well as contribute to the management of the venture. In addition to considering the business plan in making the decision to invest an investor may also want to consider the following:



- Web Site ecommerce/advertising is not factored into the revenue stream
- The college bookstore place based media revenue is not factored into the revenue stream
- Other retail outlets are not factored into the revenue stream
- The development of a *Culture of Green* Catalogue is not factored into the business plan
- The licensing revenue is not factored into the business plan

The primary risk is in execution as the idea is based on sound economic principles and the fact of a growing real marketplace. An equity investment of \$250,000 will allow the principles of *Culture of Green* the time necessary to fully develop the business model and form the relationships necessary to roll out a national launch within 6 to 12 months.

## **Conclusion**

The only achievable long term solution to fix the environmental crisis is the acceleration of “green” commerce. As “green” products gain a foothold among mainstream consumers more and more “green” producers will be drawn to “green” production techniques as a means to remain competitive. The greater the number of “green” producers the greater the level of innovation and the quicker that retail prices will move lower – stimulating the consumption of additional “green” products. With the right investor, *Culture of Green* has the opportunity to be part of the solution our environment and society need.

***Together, We can make a Positive Difference and Make an abundance of Money as well!***